

IN THE HIGH COURT OF NEW ZEALAND  
WELLINGTON REGISTRY

I TE KŌTI MATUA O AOTEAROA  
TE WHANGANUI-A-TARA ROHE

CIV-2023-485-411

Under Part 19 of the High Court Rules and Part 7 of the Trusts Act  
2019

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

And

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

Applicants

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

Dated: 31 July 2023

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**BUDDLE FINDLAY**

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I, **DAVID IAN RUSCOE**, of Wellington, Chartered Accountant, swear:

1. I am a Chartered Accountant and partner in the Wellington office of the firm Grant Thornton. I am also a licensed insolvency practitioner (LIP No. IP50). I am authorised to swear this affidavit on behalf of the Applicants.
2. I make this affidavit in support of our application for court directions regarding the distribution of digital cryptocurrencies held by Cryptopia Limited (in liquidation) (**Cryptopia**) (**Company**) for the benefit of account holders.
3. I attached marked **DIR1** a paginated bundle of documents to which I refer below. In this affidavit, I refer to documents as DIR1-xx, with "xx" being the relevant page number in the exhibit bundle.
4. I seek leave to refer to the various affidavits I have already sworn in proceedings CIV 2019-409-544, CIV 2019-409-286, CIV 2021-409-33, CIV 2022-485-47 and CIV 2023-485-375.

#### **BACKGROUND**

5. Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide. In January 2019 Cryptopia was hacked, and a significant amount of cryptocurrency was stolen from it (**Hack**). On 14 May 2019, Malcolm Russell Moore and I were appointed liquidators of Cryptopia by a special resolution of shareholders. An extract from the Companies Register confirming those appointments is exhibited to this affidavit at **DIR1-1**.
6. At the time that we were appointed as liquidators, Cryptopia held approximately 900 different types of cryptocurrencies on behalf of its account holders (**Cryptocurrencies**), although a large number had been delisted and were therefore not able to be traded. I discuss this in more detail later in my affidavit.
7. On 8 April 2020, Justice Gendall released a judgment holding that Cryptopia held the Cryptocurrencies on bare trust for the benefit of account holders. A separate trust was held to exist in respect of each Cryptocurrency.<sup>1</sup>

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<sup>1</sup> *Ruscoe v Cryptopia Ltd (in liquidation)* [2020] 2 NZLR 809 at [187]



8. Since Justice Gendall released his judgment on 8 April 2020, the liquidators have been working on the following tasks in administration of the trust assets on behalf of account holders:
- (a) Reconciling and rekeying the Cryptocurrencies.
  - (b) Building a claims portal with capacity for more than 960,000 account holders in 180 countries (including registration, identity verification and balance acceptance).
  - (c) Tracing hacked Cryptocurrency.
  - (d) Investigating the affairs of Cryptopia and its directors and officers.
  - (e) Applying to the Court for orders to convert Cryptocurrency into fiat currency to meet the reasonable costs and expenses of and incidental to the protection, preservation, recovery, management and administration of the Cryptocurrencies on behalf of account holders. The applications are to convert:
    - (i) 344 Bitcoin (CIV-2019-409-286) (**BTC**).
    - (ii) 80 BTC (CIV-2021-409-33).
    - (iii) NZD 5 million of Dogecoin (CIV-2022-485-47) (**DOGE**).
    - (iv) NZD 5 million of either (or a combination of) DOGE or BTC (CIV-2023-485-375).
9. Consistently with Gendall J's finding that the Cryptocurrencies are held on trust for the benefit of account holders, the liquidators have kept separate time and cost records for steps taken in the liquidation of Cryptopia and in the administration of the trusts.
10. These actions are outlined in the liquidators' statutory reports. Copies of the nine liquidation reports are exhibited to this affidavit at **DIR1-3, DIR1-29, DIR1-44, DIR1-59, DIR1-73, DIR1-86, DIR1-102, DIR1-117** and **DIR1-132**.
11. The liquidators have kept account holders updated by posting updates on the Grant Thornton website, through the company's social media channels, and by email. In total, we have issued 15 updates to all account holders, in addition to the nine statutory liquidation reports. I discuss this further at [73]-[74] below.

## Hack

12. Cryptopia's servers were hacked in January 2019, and approximately NZD30 million of Cryptocurrency (valued at the time of Hack) was stolen.
13. The liquidators have employed several tracing tools to trace the stolen Cryptocurrency to several large exchanges and have commenced or are planning investigation and recovery actions in several jurisdictions on the basis of that information (Southern District of New York, USA; Malaysia; and Singapore, and Seychelles).
14. The FBI has also contacted us about ~17 BTC that were seized for forfeiture arising from a violation of "proceeds of a specified unlawful activity" that appear to belong to Cryptopia, for which we have lodged a petition for remission. We understand that this process will take some time for the FBI to finalise before we can expect the return of the BTC.

## RECONCILING AND GAINING CUSTODY OF TRUST ASSETS

15. As explained in my earlier affidavits, Cryptopia itself did not have physical custody of all of the private keys for the Cryptocurrency. Most of the Company data was stored at Phoenix NAP, LLC (**PNAP**), a datacentre in Arizona, United States of America (**US**). The data included:
  - (a) The contact email address for each account holder.
  - (b) Data stored on the Structured Query Language database (**SQL database**) which included the Cryptocurrency balances of each customer wallet stored on the exchange.
  - (c) The total holdings of several specific Cryptocurrency wallets stored on Cryptopia-owned servers at PNAP.
16. At the date of liquidation approximately 75% by volume of Cryptocurrencies were stored in wallets in Cryptopia's direct custody. The remaining 25% was held in wallets on PNAP's servers.
17. On PNAP being informed of the liquidation it purported to terminate the contract with Cryptopia, demanded a balloon payment equal to the entire remaining contract value (~USD1.9 million) and threatened not to preserve the data and servers held by it, if the Liquidators did not pay the amount demanded. We instructed US counsel to obtain court orders to preserve the data stored on the PNAP servers. After PNAP was served with the

injunction granted by the SDNY Bankruptcy Court, we were able to resolve all matters with PNAP, including preservation and recovery of all data.

18. The reconciliation process of Cryptocurrency between what is held in the wallets and what is recorded in the SQL database was challenging and time consuming. There are several reasons for the complexity of that process:
  - (a) Cryptocurrencies were pooled and account holders did not have control of individual wallets. Once a deposit was made to an account holder's generated wallet address, it was swept to the exchange's own wallets. It was therefore impossible to determine individual ownership using only the private keys in the wallets. Trades made on the exchange were reflected in the SQL database, including details of customer holdings. The Cryptocurrencies themselves were pooled in wallets. As a centralised exchange, account holders' trades occurred in the exchange's internal ledger without a transaction on the blockchain. The only transaction types that would generate on-chain activity were deposits and withdrawals to/from the exchange.
  - (b) No detailed reconciliation process between the SQL database and the Cryptocurrencies held in the wallets had ever been completed by the Company pre-liquidation.
19. In order to carry out a detailed reconciliation, the liquidators have had to reconstruct forensically parts of certain exchange wallets and corroborate on-chain transactions for certain customer deposits and withdrawals. That process involved a significant amount of data discovery involving millions of transactions and addresses.
20. The reconciliation process was initially conducted internally by re-employed Cryptopia staff. Progress was adversely impacted by COVID-19 restrictions. Because of the security risks following the Hack, it was necessary to restrict any remote access to Cryptopia's systems while working from home. From 8 June 2020, all Cryptopia staff were able to return without restriction to working from secure premises.
21. To ensure that no malicious code left over from the Hack would corrupt the Cryptocurrencies, the liquidators decided that it was necessary to build a new, secure wallet environment. We believe that it was necessary to do this before the liquidators would be in a position to distribute the Cryptocurrencies to account holders: if there was malicious code left over



from the Hack, then this could have further compromised the Liquidators' preservation, reconciliation and distribution processes. The liquidators decided that the reconciliation process could be undertaken at the same time as the move to the new secure environment.

22. Then, in November 2020, following the theft of Cryptocurrency by an ex-employee of Cryptopia and disclosure of customer database spreadsheets,<sup>2</sup> the liquidators engaged a third-party service provider to conduct a review of Cryptopia's controls and security footprint of the current wallet environment (**Cyber Review**). The Cyber Review identified several security issues with the preliminary reconciliation process. These included that the ex-employee involved in the theft had been part of the 2019 Hack recovery. The recovery process that had been undertaken prior to liquidation, which had continued under our supervision as liquidators, therefore had to be re-classified as potentially compromised.
23. The liquidators engaged the party who conducted that review to design a toolset concurrently, to:
  - (a) remedy the security issues identified in the Cyber Review;
  - (b) carry out a reconciliation of Cryptopia's holdings; and
  - (c) move Cryptopia's holdings to a new, secure wallet environment.

That work proceeded on the assumption that the toolset itself would meet the principle of being secure by design. In software engineering terms, that means that the software products and capabilities have been designed to be foundationally secure.

24. From November 2020, following the Cyber Review, the liquidators created enhanced protocols for Cryptopia's handling of its Cryptocurrency holdings. In summary, the enhanced protocols ensured that:
  - (a) The private keys for the Cryptocurrencies were in safe and secure custody.
  - (b) Reconciliation procedures were mapped to traditional financial statement level and audit assertions were utilised to include assurances that the reconciled databases were accurate, complete and

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<sup>2</sup> [Former Cryptopia staffer gets home detention after stealing almost \\$250k of cryptocurrency | Stuff.co.nz](https://www.stuff.co.nz/business/technology/125484843/former-cryptopia-staffer-gets-home-detention-after-stealing-almost-250k-of-cryptocurrency)

reflected that Cryptocurrency holdings existed and were in the liquidators' control.

25. As part of the move to a secure wallet environment, the liquidators built an information system in order to complete a re-keying process. The objective of the re-keying process was to generate new, secure cryptocurrency keys for the liquidators and to facilitate the secure transfer of the Cryptocurrencies to these new keys. To assist with reconciliation, the liquidators ensured that audit logs for all components of the system were generated.
26. That process has been complex because Cryptopia supported more than 850 different Cryptocurrencies throughout its operation period, about 400 of which were still live at the date of liquidation.
27. By December 2022, the liquidators had re-keyed over 90% of the Cryptocurrencies (by value). At that stage, we believed that we had made sufficient progress to begin work on the distribution process.

#### **Deposit tracker issue**

28. In order to deposit Cryptocurrencies on the exchange, each account held with Cryptopia had a unique deposit address. This enabled account holders to arrange for cryptocurrencies to be sent to that wallet address. Once confirmed based on blockchain data, deposits were then credited to that account holder's account balance(s). Deposits were tracked by Cryptopia running its own nodes in order to maintain records of all transactions that occurred. A function of the exchange included a deposit tracker to monitor the deposit addresses for new deposits.
29. In the days following the Hack, Cryptopia took the exchange offline on advice from law enforcement, in light of the risk of leftover malware potentially resulting in further losses. That meant that the deposit tracker was switched off. Cryptopia was unable to close existing deposit addresses, and so when Cryptopia reopened the exchange in early 2019, it introduced security protocols requiring all deposit addresses to be regenerated. Account holders were instructed not to send cryptocurrency to any Cryptopia deposit addresses that existed when the Hack took place.
30. However, it appears that some account holders ignored or were not aware of that advice and used those old deposit addresses to deposit further Cryptocurrency. As a consequence, the SQL database was not updated to



reflect these transactions. Utilising blockchain forensics the liquidators have estimated that at least NZD200,000 worth of Cryptocurrencies were deposited by or at the direction of account holders and were not swept from those addresses into Cryptopia's wallets as quickly as would normally have happened.

31. A consequence of account holders' use of the old deposit addresses was that their balances in the SQL database were understated (because the deposit tracker did not record them). Accordingly, those account holders who deposited Cryptocurrency after the liquidators were appointed and while there were instructions not to deposit to the exchange will need to provide proof of the transaction to us so that we can verify the Cryptocurrency that belongs to them. That could be done through the balance acceptance process, which I discuss from [59] below.
32. In the circumstances, we think those deposits ought to be treated as mistaken deposits rather than as trust property. The liquidators propose to transfer those mistaken deposits back to account holders upon receipt of proof of the deposit. If those deposits are not claimed before the distribution process begins, then we propose to treat the mistaken deposits as Company property.

### Haircut

33. We understand from the directors and those managing Cryptopia that following the Hack an assessment was carried out as to the extent of losses from the Hack. In general terms this involved reviewing the balances of Cryptocurrencies left in Company wallets and comparing those against the totals of those Cryptocurrencies being held, as recorded in the Company records. (Noting that those Company records had never been reconciled against the holdings.)
34. We understand that Cryptopia management took two steps (relevantly): First, Cryptopia assessed the loss of the hacked Cryptocurrencies. It then used the amount of hacked Cryptocurrencies to determine a percentage loss of the total holding. For example, it assessed that the amount of BTC stolen was 14.0489% of total BTC holdings.
35. Secondly, Cryptopia issued what it named a "Cryptopia Loss Marker" (**CLM**) to account holders of the BTC, Litecoin (**LTC**) and Ethereum (**ETH**) whose holdings had been lost. The quantum of CLMs was based on

management's percentage assessment of the losses from the Hack (ie, 14.089% for account holders of BTC) as a New Zealand dollar conversion of the currency stolen (valued at the time of the Hack). By illustrative example, if an account holder had a BTC holding valued at NZD500 as at 14 January 2019, they would have been issued a CLM of 70.445 (14.089% of NZD500). We understand that Cryptopia management then amended account holders' balances for the hacked Cryptocurrencies in the SQL database to reflect the percentage loss I explain above.

36. It is possible that Cryptopia management overestimated the BTC losses suffered. After applying the 14.089% haircut and issuing CLMs to BTC account holders, an additional 600 BTC remained in the Company's BTC wallet (worth several million dollars at that point). Management then took the 600 BTC and treated it as if it were Company property and liquidated some of it to meet liabilities in the lead up to our appointment.
37. Because Cryptopia had never undertaken a reconciliation of its holdings, we are not able to determine with certainty whether that 600 BTC is Company or trust property. However, based on our reconciliation process, it appears that the loss was overstated by ~5%, resulting in that additional 600 BTC remained in the Company's BTC wallet. On that basis, we consider that the entire 600 BTC should be treated as property of the BTC trust.
38. Following our appointment we spoke to Mr Dawson, one of the founders and directors of Cryptopia. He informed us that 344 of the original 600 BTC remained. We took control of those and all other holdings from Mr Dawson a week after our appointment.
39. We identified that we needed urgently to take a number of steps to preserve the Cryptocurrencies. While there was some money in bank accounts, there were insufficient funds to meet what we expected to be our costs and expenses both here and in the USA. We therefore made an urgent application to the High Court for permission to sell the 344 BTC referred to above. We made clear that we were uncertain as to whether the 344 BTC were Company or account holder property.<sup>3</sup> The Court permitted the sale and we used the proceeds to fund various steps that needed to be taken in administration of the trusts, including applying for recognition of the

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<sup>3</sup> I refer to the affidavit I swore in CIV-2019-409-286 at [23]-[29].



liquidation in SDNY, and obtaining the injunction against PNAP, as noted at paragraph [17].

40. Accordingly, we consider that the 344 BTC spent from the Company wallet ought to be treated as having been realised from the BTC trust. The remaining 256 BTC was spent by Cryptopia prior to our appointment as liquidators, and account holders in the BTC trust may have a claim against the Company for their share of that 256 BTC.

### Cryptopia's holdings

41. Ownership of cryptocurrency is based on possession and control of a private key. If a person has access to a private key, that person can send or use the cryptocurrency by "signing" a transaction. Signing a transaction effectively unlocks a cryptocurrency. The majority of private keys are randomly generated 256-bit sequences, often presented in a hexadecimal format, such as the key appearing below:

5K8BwE76VsatQiRa5wJpGng7758FAz4vLkMxAry8Qny2TdQJxPn

42. According to the SQL database Cryptopia had across its lifetime listed a total of 851 different Cryptocurrencies. This was understood to be one of the largest number of cryptocurrencies listed on any one exchange at the time. Cryptopia was willing to list any cryptocurrency that a developer wished to list, provided that its listing fee was paid (typically NZD75,000, although this figure varies depending on the cryptocurrency). A large number of the Cryptocurrencies (known as altcoins) had a relatively short life due to a lack of interest from Cryptopia account holders, among others, or a failure to support the Cryptocurrency by its developer.

43. Examples of such altcoins are shown below:



44. As at the date of liquidation approximately 400 of those altcoins had 'died'. By that, I mean that they had ceased to function. One of the core functions of a cryptocurrency is its ability to be transferred between different parties. The record of this is known as the blockchain. To be added to this data structure, connected network actors validate and process transactions into blocks and the network updates the distributed ledger. If the network ceases to exist or validating network participants leave, then transactions cannot be processed, and records are completely lost unless historical backups are kept. There are a variety of reasons for these actors to leave a cryptocurrency: for example, the project could be abandoned by cryptocurrency developers or used as scam in which users leave the cryptocurrency to die. Since the date of liquidation, a further 300+ have died. That leaves, as at the date of this affidavit, approximately 125 "live" Cryptocurrencies (ie, Cryptocurrencies that still function).
45. In February 2023, the liquidators engaged a third-party cryptocurrency market maker to provide a market liquidity analysis of the Cryptocurrencies. That market maker concluded that 72 of the 125 live Cryptocurrencies had a notional value, meaning that there is realisable value in them.
46. The liquidators intend to obtain an updated market liquidity analysis of the Cryptocurrencies at four to six weeks before distribution commences. The liquidators are concerned that those Cryptocurrencies with no realisable value will not be able to bear their allocation of trust administration costs. Accordingly, the liquidators propose to take no steps to distribute any Cryptocurrency that has no realisable value, in accordance with that updated market liquidity analysis, because they do not have sufficient value to contribute to the costs of distribution. The liquidators will at regular stages review the realisable value of the Cryptocurrencies to ensure that as much Cryptocurrency as possible can be distributed to account holders.

#### **CLAIMS PROCESS**

47. The liquidators have established a claims portal in order to identify the beneficiaries of the trusts, verify their identities, and verify their entitlement to the Cryptocurrencies. Account holders were invited to:
- (a) Register in the claims portal.
  - (b) Complete identity verification.
  - (c) Accept or dispute their balances.

48. A document stepping through each stage of this process with screenshots of the claims portal is exhibited to this affidavit at **DIR1-147**. I also explain each stage in the process in more depth below.

### **Registration**

49. In order to identify the beneficiaries of the trusts to a standard sufficient to enable distribution of the Cryptocurrencies, the liquidators have established a claims portal. Based on our reconciliation of the SQL database, we identified 960,190 account holders with a positive account balance at the date of the liquidation (excluding internal Company accounts). We have worked with a third party service provider to establish an online claims portal to allow accountholders and creditors to lodge claims with us.
50. The portal was launched in early December 2020. The claims process to date has involved three steps, with each step launching at a different stage:
- (a) Registration.
  - (b) Identity verification.
  - (c) Balance acceptance.
51. The first step we took to engage with account holders was an email to each of the account holders who had positive account balances inviting them to register with the liquidators' claim portal. The registered email address used in each case was the address associated with the user's account with Cryptopia. We sent further invitations to register to account holders who had not interacted with the claims portal in any way on 26 July 2021, 15 February 2022 and 25 October 2022. 262,679 account holders have opened at least one of the emails inviting them to register (27.4%).
52. As at 27 July 2023, 133,208 account holders have registered (13.87% of total users).

### **ID verification**

53. For those that qualified, (registered and had an account balance of greater than USD20, which I explain in the next paragraph) an ID verification process was rolled out on a country-by-country basis. This in itself was challenging because of the different types of identity verification permitted in each of the more than 200 countries in which Cryptopia had customers.



54. Account holders with an account balance of less than USD20 were not invited to participate in the identity verification process, because the risk associated with a holding of that value was, in the liquidators' view, negligible. Due to the way that the Cryptocurrency values fluctuate, we check whether there are any further account holders who have qualified for ID verification (ie, have an account balance of greater than USD20) on a semi-regular basis. We last checked this in April 2022, and intend to check again prior to commencing the distribution process.
55. The identity verification process was split into four tranches, depending on the NZD value of each account holder's wallet. The identity verification process was modelled on the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**AML/CFT Act**), and is reflected in the table below:

AML/CFT Act requirements	Wallet value			
	< USD20	> USD 20	> NZD 1,000	> NZD 100,000
Collection of name, date of birth and address	✓	✓	✓	✓
Verification of name		✓	✓	✓
Verification of date of birth		✓	✓	✓
Verification of address		✓	✓	✓
PEP/Sanction screening		✓	✓	✓
Enhanced verification				✓

56. The liquidators intend to carry out enhanced verification (source of wealth) for users with an account balance of more than NZD100,000 as at the date of liquidation (14 May 2019). That verification will be carried out closer to the distribution date.

57. As at 27 July 2023, 66,408 registered account holders had been invited to identity verification. 40,590 (61.12%) of those account holders have successfully completed identity verification.
58. I expect that some account holders will have chosen not to make a claim in the liquidation because that would require them to disclose identifying information in order to comply with identity verification requirements.

### **Balance acceptance**

59. In November 2022, stage three of the claims process was launched to qualifying users. Those who had completed stages one and two were invited to review their balance. The purpose of this stage was to confirm that Cryptopia's records of the assets held on behalf of account holders were accurate, not to indicate the assets that would be distributed to that account holder.
60. The balance acceptance stage displayed to account holders the Cryptocurrencies held by Cryptopia for that account holder's benefit, based on the SQL database (following the reconciliation process). The balance displayed was the balance as at 14 May 2019 (the date of liquidation).
61. Account holders could accept their balance to confirm that it reflected the holdings they thought they had, or dispute it if they believed the balance was incorrect. If an account holder disputed the balance, they were asked to provide substantiating evidence within 20 working days of disputing the balance.
62. We believed that this step was particularly important in light of the deposit tracker issue I discuss above (see [28] – [32]). Because Cryptopia had not undertaken any reconciliation of its holdings pre-liquidation, and because the deposit tracker had been switched off, we were not confident that the SQL database was accurate. As account holders have confirmed or disputed their balances, we have recorded that in the portal database (**Claims Database**).
63. The claims portal displayed a disclaimer to account holders explaining that the balances shown were per Company records as at the date of liquidation; that the actual amount returned may differ from the displayed balance; and explaining the disputes process. A copy of the disclaimer is exhibited to this affidavit at **DIR1-176**. The liquidators also included on the claims portal a frequently asked questions (FAQs) sheet regarding the

balance acceptance process. A copy of that document is exhibited to this affidavit at **DIR1-177**.

64. As of 27 July 2023, 40,341 account holders have been invited to accept their balance. 32,684 (81.02%) of those account holders have completed this stage. 962 account holders disputed their balances. Of those:
- (a) 365 contacted customer support and asked for the balance acceptance stage to be 'reset' (ie, no longer wanted to dispute their balance).
  - (b) 593 did not provide substantiating evidence within 20 days.
  - (c) Two account holders are within the 20 day timeframe for providing substantiating evidence.
  - (d) Two disputes have been resolved and the account holder's balance in the Claims Database was amended.
65. If an account holder has participated in the claims process throughout and has been invited to balance acceptance but not proceeded, the liquidators want to be able to distribute to that account holder in reliance on the records it holds based on its reconciliation of Cryptopia's database. That would ensure that as much Cryptocurrency as possible is able to be distributed. For that reason, the liquidators seek a direction that, if an account holder has been invited to accept their balance, but has not done so by a specified cut-off date, or has not provided any substantiating evidence within 20 days of disputing their balance, that account holder can be deemed as having accepted their balance.
66. To accommodate situations where an account holder may have genuine reasons for failing, or being unable, to provide that substantiation or accepting / disputing their balance, we seek a direction that the liquidators can, at their discretion, extend the time for an account holder to dispute their balance or provide substantiating evidence.

### **Reviews**

67. We consider that an independent dispute resolution process is necessary to determine the outcome of any disputed balances that the liquidators think ought to be rejected, in whole or in part. To avoid the time and expense of a challenge in Court, we have designed a review process whereby the liquidators' decision on a disputed balance can be referred to a reviewer.



68. The reviewers proposed by the liquidators will be independent barristers with at least seven years' experience in commercial disputes and / or trust law. We have contacted Rachel Pinny of Thorndon Chambers and Paul Chisnall of Stout Street Chambers, who have both advised that they are available to assist. Our intention is that Ms Pinny and Mr Chisnall will be the primary reviewers, but that we would ensure that there are other suitably qualified barristers available to act if the volume of reviews is significant, and/or Ms Pinny and Mr Chisnall are unable to consider them within a reasonable timeframe.
69. The process envisaged by the liquidators would operate as follows:
- (a) If the liquidators' reject an account holder's dispute to their balance in whole or in part, we will, as soon as practicable, prepare and provide to that account holder a written decision including a statement of reasons for the decision.
  - (b) Account holders can request a review to determine if the liquidators' decision should be reversed or varied. That application should include any further substantive documentation or submissions the account holder would like the reviewer to have regard to. The application should also include a selection of either one of the Reviewers. The timeframe for making an application for review will be 20 days:
    - (i) For those who disputed their balance and received a written statement of reasons prior to directions being made in respect of this application, the liquidators propose a timeframe of 20 days from the date that orders are made.
    - (ii) For those who dispute their balance and / or receive a written statement of reasons after directions are made in respect of this application, the liquidators propose a timeframe of 20 days from delivery of a written statement of reasons to the email account associated with the account holder.
  - (c) The application will be provided to the selected reviewer. If the reviewer is unavailable or unable to act, then the liquidators would appoint another reviewer. The reviewer would be required to make a determination either declining the claim or varying the liquidators' decision within 28 days of receipt of the application for review.
  - (d) The reviewer's determination would be final and binding.

- (e) If the reviewer varies the liquidators' decision, the account holder's balance would be updated in the Claims Database.
70. To avoid unduly burdening other account holders with the expense of the disputes process, and to avoid an influx of frivolous review applications, we think that:
- (a) Each claimant should initially bear the cost of proving their own entitlement, including any costs incurred in providing documents or evidence.
  - (b) The claimant should initially bear the reviewer's costs. Upon application for review, we propose that the claimant pays to a solicitor's trust account NZD750 to account for the reviewer's costs. This is approximately the cost of one hour of Ms Pinny's / Mr Chisnall's time, plus GST. Once the reviewer has reached a determination, the claimant would be invoiced for the actual cost of the review. The reviewer may withhold their determination until their fees are paid in full by the account holder.
  - (c) The reviewer will have the power to direct that the costs of review be reimbursed from the relevant trust if the account holder is successful in their review.
71. We recognise that there is a risk that the reviewer may not receive payment for their time from the account holder. In those circumstances, we propose that the liquidators can decide to pay the reviewer's fees and expenses from funds set aside for trust administration, if the claimant fails to do so within 20 days of the reviewer's invoice. We seek a direction from the Court that in those circumstances, the liquidators are authorised to reimburse themselves for the reviewer's fees from the account holder's Cryptocurrency.
72. We believe that this approach strikes an appropriate balance between competing interests. By including a review process, account holders can challenge the liquidators' decision on their claim, final decisions will be made by a person independent from the trusts but with relevant expertise, and trust assets are not expended unnecessarily. The liquidators believe that this process will be much cheaper than requiring any claims to be disputed in Court. It further permits claimants to be reimbursed for the cost of their review if they are successful (at the discretion of the reviewer).



## Communications with account holders

73. At all stages, we have contacted account holders about these steps by posting updates to the Grant Thornton website page for Cryptopia and posting those on social media (Twitter and Facebook). Copies of all updates to account holders are exhibited to this affidavit at **DIR1-179, DIR1-181, DIR1-183, DIR1-185, DIR1-188, DIR1-191, DIR1-193, DIR1-195, DIR1-199, DIR1-201, DIR1-204, DIR1-206, DIR1-208, DIR1-211, and DIR1-215**. Each of the liquidation reports has been communicated in the same manner.
74. The liquidators have also emailed account holders in respect of each stage in the process using the email address associated with their Cryptopia accounts. I have included summary of all mass communications we have had with account holders at **DIR1-233** of this affidavit.

## DISTRIBUTION

75. I believe that before the trust assets could be distributed, the steps set out above were necessary. I believe that we are now in a position to distribute the Cryptocurrencies to those account holders that we have been able to identify through our claims process. The distribution process discussed in this section will apply to account holders who have fully completed the process in the Cryptopia claims portal, including accepting or amending their balance (**eligible account holders**).
76. We have put significant work into designing a distribution model and a cost allocation model. This has been a lengthy and complex process for various reasons:
- (a) It has been difficult to design a process that would have capability to transfer the Cryptocurrencies. That is because a lot of the Cryptocurrencies are altcoins or lower value cryptocurrencies that are typically not supported on other platforms, limiting the third-party support the liquidators could rely on.
  - (b) Because wallet generation can be technically complicated, the number of account holders (960,190) means that the liquidators would need to provide significant resource in terms of customer support or rely on third parties such as cryptocurrency developers that would have customer support capability to assist account holders.



- (c) The distribution and cost allocation processes have raised numerous complex and novel legal issues. We wanted to ensure that both models were consistent with a trustee's duties, as well as being as efficient and pragmatic as possible to avoid increasing trust administration costs unnecessarily.
- (d) Each account holder's entitlement would be assessed based on the Claims Database, which includes:
  - (i) the holdings displayed in the liquidators' claims database (ie, their holdings as at 14 May 2019, the date of liquidation);
  - (ii) the outcome of any dispute; and
  - (iii) the outcome of any review.

**(finalised claim).**

77. We have designed a distribution model and cost allocation model that accounts in the first instance for the possibility that all account holders will be eligible for a distribution. However, we are confident that not all account holders will participate based on the participation of account holders in the claims process to date. For that reason, we have also provided for orders that would:

- (a) Permit the liquidators to distribute the Cryptocurrencies on the factual footing that the only beneficiaries of each of the trusts are those account holders who have participated in the claims process in some way, and use the unclaimed holdings to cover trust administration costs (reducing or eliminating the costs to be borne by eligible account holders).
- (b) At a later date, permit the liquidators to deem account holders who have commenced, but not completed, the claims process as having abandoned their claims, to use the abandoned holdings to cover trust administration costs, and to top up distributions to eligible account holders up to a maximum of 100% of their finalised claim.

The ultimate intent of the proposed directions is to distribute to eligible account holders up to 100% of their finalised claim.

78. In this section, I first discuss the process by which the liquidators propose to distribute the Cryptocurrencies. Second, I discuss the method by which we

propose to distribute. The following section also addresses the liquidators' proposed method by which trust administration costs should be allocated.

*Distribution process*

79. We anticipate that a large number of account holders may not participate in the claims process at all, for various reasons. For example:
- (a) they have chosen not to make a claim in the liquidation because that would require them, as noted, to waive anonymity in order to comply with identity verification requirements;
  - (b) they have lost access to their registered email address and are unable to prove ownership of the Cryptocurrencies; or
  - (c) they do not believe that the effort of registering a claim is worth the cryptocurrency in their account (particularly if they have lower value holdings).
80. Further, a number of account holders may not exist. Some account holders may have passed away. Other accounts may have been opened and operated on the Cryptopia exchange fraudulently.
81. The liquidators have gone to extensive effort to contact and identify account holders for the purposes of distributing the trust assets (as I explain at [73], and as set out at **DIR-233**) Beyond this, I do not believe that there is anything further we can do to ascertain whether these account holders exist. For that reason, the liquidators seek *Re Benjamin* orders that, on a specified date at least 90 days after the date of this Court's order (**Soft Cut-Off Date**), would permit the liquidators to distribute the Cryptocurrencies on the factual footing that the only beneficiaries of each of the trusts are those account holders who have participated in the claims process in some way.
82. However, as I explained above at [52], only 13.87% of users have participated in the claims process in some way. We believe that, because of the adverse media around Cryptopia's insolvency, many account holders are sceptical of the liquidators' intention to distribute the Cryptocurrencies. It appears that some account holders believe that the liquidation is an "exit scam" and have not participated in the claims process for that reason. I have exhibited to this affidavit at **DIR-217** some illustrative examples of social media posts and articles to that effect. We hope that more account



holders will register their claims and complete the process once it is clear that the Cryptocurrencies are being distributed.

83. As I explain from [57], there are also a significant number of account holders who have registered a claim but have not proceeded to any further steps in the claims process (ie, identity verification or balance acceptance). As set out at [73], and as set out at DIR1-233, the liquidators have made continuous attempts to contact those account holders and encourage them to complete the process.
84. Although we have an indication that those account holders exist, we do not have sufficient information to enable us to identify them as beneficiaries of a trust. The fact that those account holders have engaged with the claims process but have chosen not to continue with it, despite several reminders, suggests to us that they have abandoned their claims. Accordingly, the liquidators seek a direction that as of a specified date when the liquidators will be looking to wind up the trusts, any account holders who have begun the process but have not completed it will be deemed to have abandoned their claims. We anticipate that 31 December 2024 (**Final Cut-Off Date**) would give those account holders sufficient opportunity to complete the process in order to receive a distribution.
85. Accordingly, we believe that a phased distribution process is an effective way to ensure that Cryptocurrency is distributed (and more account holders are encouraged to register their claims) without disadvantaging those account holders who have assiduously participated in the claims process.
86. At some stage after this application is filed but before the end of 2023 (and possibly before this application is determined), the liquidators intend to undertake an interim distribution (**Interim Distribution**). Only eligible account holders in the BTC and DOGE trusts with a holding of more than USD500 of BTC or DOGE will be invited to participate in the Interim Distribution. Further, our current intention is to distribute to recipients in the Interim Distribution a maximum of 50% of that recipient's BTC or DOGE holding.
87. The purpose of restricting the Interim Distribution to the class of account holder set out in [86] above is to avoid any prejudice to the allocation of trust administration costs. The BTC and DOGE trusts have borne most of the trust administration costs to date and we consider that this restriction

will mean there is no risk, based on our current calculations, that we will distribute too much of either Cryptocurrency.

88. This application proposes two further phases of distribution.
- (a) The first phase would proceed on the basis that the only beneficiaries are those that have participated in the claims process, although we have designed it to also account for the possibility that all account holders will participate. That will involve an allocation of trust administration costs (which I discuss in the next section of this affidavit) to take into account any unclaimed holdings. Account holders would receive a transfer of the Cryptocurrencies they are beneficially entitled to, less their share of trust administration costs.
  - (b) The second phase would involve a second distribution of Cryptocurrencies to eligible account holders (if there are unclaimed or abandoned holdings) up to 100% of an account holder's claim. If and to the extent that there are any residual unclaimed holdings after that second phase is complete, then we propose to return to the Court for further directions.

*First phase:*

89. Immediately after this Court's order is made (if it is made, as proposed), the liquidators would contact all account holders to advise them of the Soft Cut-Off Date, and that if they do not register a claim before that date, the liquidators will proceed with distributing the Cryptocurrencies as if they are not beneficiaries. The same notification will be published on [www.grantthornton.co.nz/cryptopia-limited](http://www.grantthornton.co.nz/cryptopia-limited) and on Cryptopia's social media channels (Twitter, subject to the issue I explain below at [143], and Facebook).
90. Once the Soft Cut-Off Date is reached, the liquidators would assess the Cryptocurrency remaining in each trust. If there are unclaimed Cryptocurrencies in a trust (ie, Cryptocurrencies belonging to an account holder who has not registered a claim), trust administration costs would first be taken from those unclaimed holdings, and then the remainder would be allocated to account holders within each trust based on the methodology set out in the next section of this affidavit. Eligible account holders would receive a distribution of their finalised claim (based on the balance



acceptance and review process), less their allocation of trust administration costs.

91. Account holders would be able to register claims after the Soft Cut-Off Date, but it is possible that some or all of those account holders' holding(s) would have been absorbed by trust administration costs.
92. The liquidators would continue to make distributions as account holders complete the claims process.

*Second phase:*

93. After the Final Cut-Off Date, the liquidators would treat any account holder who has taken a step in, but has not fully completed, the claims process as having abandoned their claim. Those account holders would, after the Final Cut-Off Date, lose their entitlement to receive a distribution. The entitlement of any account holder who is deemed to have abandoned their claim would be considered to be abandoned holdings.
94. After the Final Cut-Off Date, the liquidators would undertake a 'reallocation' calculation, whereby we would assess:
  - (a) The actual costs that are to be allocated to each trust, and whether there are any funds that were retained by the liquidators for the purposes of administering the trust that ought to be reimbursed because they were not incurred.
  - (b) The costs that can be borne by the unclaimed and abandoned holdings in each trust.
  - (c) The trust administration costs that ought to be allocated (if any) to eligible account holders who have already received a distribution.
95. If the reallocation calculation shows that an account holder should have received a distribution of more Cryptocurrency than they received in the first phase, the liquidators will distribute either or both of:
  - (a) A reimbursement of costs charged (in fiat or in cryptocurrency).
  - (b) A 'top-up' distribution of Cryptocurrency up to a maximum of 100% of that account holder's finalised claim.
96. If there were unclaimed and / or abandoned holdings remaining in those trusts that suffered losses in the Hack (for example, BTC, LTC) after trust

administration costs have been satisfied, then we would consider whether eligible account holders in those trusts can receive a further distribution. Our intent here would be to make good any losses those account holders suffered in the Hack. We propose to do that by assessing each account holder's account balance as at 1 January 2019 (prior to the Hack) and taking into account any later transactions occurring after the Hack and before liquidation. We would compare that balance to the account holder's finalised claim balance and, if there is sufficient Cryptocurrency remaining in the trust, we would distribute to those account holders the difference. If there are insufficient unclaimed and / or abandoned holdings at this stage to make good all losses suffered by those account holders, then the liquidators would make a distribution of the remaining Cryptocurrency on a pari passu basis (ie, proportionally based on value).

### **Method of distribution**

97. We have considered several different options for distributing Cryptocurrency to account holders.
- (a) Converting Cryptocurrency to fiat and paying to a designated bank account provided by account holders (**Fiat**).
  - (b) Partnering with a third party (most likely a cryptocurrency exchange) and providing account holders with access to their Cryptocurrency via that third party platform (**Exchange**).
  - (c) Requesting a wallet address from account holders and directly transferring Cryptocurrency over the relevant blockchain (**Direct Transfer**).
  - (d) Creating a prepopulated wallet for each account holder containing private key information that would enable account holders to access their Cryptocurrency (**Pre-populated Wallet**).
  - (e) Converting all Cryptocurrency to a stablecoin<sup>4</sup> and distributing over the relevant blockchain (**Stablecoin**).

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<sup>4</sup> A stablecoin is a cryptocurrency pegged or backed by other assets to mitigate price volatility. This is generally done by holding reserves of fiat, other cryptocurrencies, or physical assets such as gold. The creation of new stablecoins is pegged to the value of its reserves. The most common asset used is USD, meaning that one stablecoin is worth USD 1.

98. A table setting out the benefits and disadvantages of each approach is set out at **Schedule 1**. A summary of our analysis of the options is included in the below table:

Criteria	Fiat	Exchange	Direct transfer <i>Preferred option</i>	Pre-populated wallet	Stablecoin
<i>In specie</i>	No	Yes	Yes	Yes	Still crypto, but converted
<i>Minimal action required by account holder</i>	Minimal	Minimal	Moderate	Considerable	Moderate
<i>Transaction costs</i>	High	Medium	Medium	Medium	Medium
<i>Customer support costs</i>	Low	Low	Medium	High	Low
<i>Security assurance</i>	High	Medium	High	Low	High
<i>Providers with required capability</i>	Yes	No	Mostly	N/A	Mostly
<i>Time</i>	Medium	Low	Low	High	Medium
<i>Liquidators' control over process, personal information</i>	High	Medium	High	High	Medium

99. The liquidators initially preferred the Stablecoin option. Having all holdings in one Cryptocurrency would make it administratively easier for the liquidators to implement a cost allocation model and would reduce distribution costs because only one transaction would be required for each account holder. It would also reduce risk arising from volatility in value (ie, the risk that a Cryptocurrency would collapse in value and would not be able to contribute to the costs of trust administration). After inquiries with third-party vendors who could assist in the conversion process, it became apparent that this option would not be commercially viable. The costs of converting the Cryptocurrencies to a stablecoin would be high and would take a significant period of time. The third-party vendor's costs would mostly be met by higher-value Cryptocurrencies, which would be unfair to account holders in those higher value trusts.

100. Accordingly, our view is that Direct Transfer is the most commercially viable option because:

- (a) Account holders' Cryptocurrency would be returned in specie.
- (b) For the majority of account holders, the action required to receive a distribution would be minimal (ie, it would only require setting up a wallet through a custodial wallet service or centralised exchange). For the small number of account holders who have holdings in



Cryptocurrencies that are not supported by third-party custodial wallets or exchanges, the action required would be moderate.

- (c) Transaction costs and customer support costs, when compared with some of the other options, would be moderate.
- (d) The liquidators would transfer the assets directly and could ensure that the process was secure. Transactions can be verified on the blockchain to ensure that distribution is effected.
- (e) Compared to some of the other options, distribution could be effected relatively quickly once wallet addresses have been provided.
- (f) The liquidators would have complete control over the process and would not have to rely on third-party providers who may not meet the liquidators' expectations on insurance, regulatory assurance, or management of account holders' personal information.

101. In summary, the liquidators' proposed method is as follows:

- (a) The liquidators will email eligible account holders to:
  - (i) invite them into the stage 4 of the claims portal, explain how Cryptocurrency will be distributed, and provide information on the steps account holders will need to take;
  - (ii) advise that they will be requesting a wallet address from eligible account holders; and
  - (iii) explain how trust administration costs will be allocated and what that will mean for account holders.
- (b) Eligible account holders will provide a wallet address. The wallet address is screened to identify and assess any risk of money laundering and terrorist financing associated with their submitted address. We estimate that this will cost USD0.15 per address. The liquidators will also screen the account holder's location to determine whether it would constitute a criminal offence for the liquidators or Cryptopia to transfer Cryptocurrency to that country or territory.
- (c) The Cryptocurrency to be transferred is calculated based on the account holder's interest recorded in the Claims Database and

depending on the directions made by the Court as to the allocation of trust administration costs (which I discuss further below).

- (d) The liquidators create one transaction per Cryptocurrency to be transferred to each account holder.
  - (e) The transaction is signed, broadcast and confirmed by the relevant blockchain.
  - (f) Transaction fees are automatically deducted when the transaction is signed. Transaction fees are set by the blockchain that the assets are being distributed on and will depend on the relevant blockchain transaction fee as of the date of the transaction. I understand that transaction fees range from a few cents to USD5, on average. Transaction fees are subject to change and tend to fluctuate depending on the volume of use on the blockchain.
  - (g) A receipt will be uploaded to the claims portal confirming the Cryptocurrency that has been transferred to them, with further explanation on transaction fees and the cost allocation model for trust administration if required.
102. I explain in more detail what this process will look like, and what work is involved in this method for the liquidators, below.
103. In order to receive a distribution, account holders will first need to provide us with a valid wallet address. Because the blockchain differs for each cryptocurrency, users may need to establish a separate wallet address for each Cryptocurrency they hold. Account holders can choose to create a wallet address in whichever way they prefer.
104. It would be relatively simple for users without technical knowledge to create deposit addresses for higher value Cryptocurrencies on another exchange. The majority of account holders would also be able to use an off-the-shelf custodial wallet service. Both Exodus and Coinomi provide off-the-shelf custodial wallet services, have a satisfactory track record (meaning that publicly available reviews of the services provided indicate that adequate security measures are in place), and allow users to maintain control of their private keys. Of the 72 Cryptocurrencies that are realisable, at least 55 are supported by Exodus and Coinomi.

I have exhibited at **DIR-242** and **DIR-245** extracts of Coinomi's and Exodus' websites showing the cryptocurrencies supported by them.

105. However, Cryptopia holds several smaller cap cryptocurrencies that have limited exchange and custodial wallet support. For the 17 realisable Cryptocurrencies that are not supported by Exodus and Coinomi, account holders may need to operate a core wallet in order to generate new keys themselves. A core wallet stores data for an entire blockchain, rather than individual transaction data for one user. Operating a core wallet requires some technical knowledge and is more administratively burdensome than using a custodial wallet service. Accordingly, the liquidators will need to ensure that our customer support service is competent to assist account holders to create and operate a core wallet.
106. We will then create, sign and broadcast transactions for each Cryptocurrency held by each eligible account holder for distribution in order to transfer the Cryptocurrency.
107. Because each Cryptocurrency will need to be transferred on a separate blockchain, this will require a significant number of transactions (at least one per Cryptocurrency held by each account holder) and increase distribution costs, although the transaction costs for transferring cryptocurrencies are reasonable. That cost will be incurred for each Cryptocurrency transferred, meaning that an account holder with six different holdings will incur six transaction fees.
108. Due to the risk of money laundering and terrorist financing associated with technologies that favour anonymity, wallet addresses will be screened for interactions or associations with any addresses subject to international sanctions. The liquidators will utilise a third-party service that provides a risk assessment using a Know Your Transaction (KYT) process to analyse transaction-specific data associated with each wallet address.

*Distribution costs*

109. It is difficult to predict accurately what the total cost of this distribution model will be. Our best estimate is that total administration costs from the date of this affidavit until the end of June 2024 will be NZD5 million. I discuss this further below.



## ALLOCATION OF TRUST ADMINISTRATION COSTS

110. The liquidators seek direction from the Court on how costs incurred in the administration of the trusts are to be allocated to each of the trusts.

### Costs incurred in administration of the trust assets

#### *Costs to date*

111. We understand that we are acting as liquidators of Cryptopia as well as administering the trusts (as the persons in control of Cryptopia) of the Cryptocurrencies held on trust for account holders. Accordingly, we have always prepared separate accounts of the costs we have incurred in association with the liquidation of Cryptopia and the costs we have incurred in administration of the Cryptocurrencies on behalf of the account holders.
112. A breakdown of all costs incurred by the us since our appointment as liquidators is at Appendix A of the liquidators' ninth report for the six-month period to 14 May 2023 (see **DIR-141**). Payments since our appointment in May 2019 to 14 May 2023 total NZD22,095,183.
113. I believe that the following steps are properly viewed as steps taken in the liquidation of Cryptopia, and should be paid out of the assets of the Company rather than out of the trust assets:
- (a) Managing unsecured creditors' claims.
  - (b) Fixed asset auction costs.
  - (c) Distributions to preferential creditors (employees).
  - (d) Recovering funds from Cryptopia's tax agent.
  - (e) Dealing with a claim against a director of Cryptopia regarding a lease guarantee.
  - (f) Investigating the affairs of the Company, including directors' conduct and potential voidable transactions and other possible recovery actions available to the liquidators for the benefit of creditors.

The total of these actions which were taken in the liquidation of Cryptopia is NZD737,622.

114. The remaining costs (NZD21,357,561) can be attributed to the following, which I believe are properly viewed as steps taken in administration of the trusts, and not in the liquidation of Cryptopia:
- (a) Reconciling the Claims database with the Cryptocurrencies actually held by Cryptopia.
  - (b) Ensuring that the Cryptocurrencies are held in a secure environment, following the Hack.
  - (c) Designing and building a claims process in order to identify the beneficiaries of each trust and confirm that the database correctly records their holding and processing claims.
  - (d) Designing a distribution process that is appropriate for the nature of cryptocurrency and meets the liquidator's requirements for security, regulatory assurance, time and cost, and distributing the Cryptocurrencies.
115. Accordingly, I believe that costs to date in administration of the trusts are NZD21,357,561.

*Where costs to date have been realised from*

116. NZD14,528,852 of funds have been realised from Cryptocurrencies:
- (a) NZD4,427,291.93 (344 BTC) from the Company wallet was realised in June 2019. As I explained from [33], we believe that this BTC ought to be considered property of the BTC trust rather than of the Company.
  - (b) NZD5,104,700 (80 BTC) from the BTC trust in February 2021.
  - (c) NZD4,996,880 from the DOGE trust, being:
    - (i) 24,000,001 DOGE realised in February 2022.
    - (ii) 1,600,000 DOGE realised in April 2023.
117. The BTC and DOGE trusts may need to be reimbursed for the trust administration costs borne to date, depending on the total cost to be allocated to those trusts. I discuss that further below.
118. The remaining funds (NZD6,828,709) has come from:

- (a) NZD1,065,426.07 from the Company's bank account at the date of liquidation.
- (b) NZD50,000 in settlement of High Court costs in CIV-2019-409-544.
- (c) NZD4,756 in theft repatriations.
- (d) NZD92,878 in interest and other income.
- (e) NZD1,766,457 in GST refunds and GST on receipts.
- (f) NZD5,022,935 in funds earmarked for provisional tax, recovered from the Company's tax agent on 29 July 2019.
- (g) NZD241,142.47 in proceeds from the sale of the Company's fixed assets.

NZD6,828,709 will need to be reimbursed to the Company. The remainder has been spent on the liquidation of Cryptopia.

*Projected costs*

- 119. On 4 July 2023, we filed an application for directions permitting us to realise a necessary quantity of Cryptocurrency from the BTC and / or DOGE trusts to generate NZD5 million to meet the reasonable ongoing costs and expenses of and incidental to the protection, preservation, management and distribution of trust assets (CIV-2023-485-375).
- 120. The affidavit I swore in that proceeding dated 4 July 2023 sets out the actions we have taken to which we applied the proceeds of the DOGE sold and an estimate of the liquidators' upcoming costs attributable to administration of the trusts. The sum sought to be realised will be, I estimate, sufficient for us to bring this application for directions to the High Court and continue ongoing operations until approximately December 2024.
- 121. We are concerned that the inherent volatility of cryptocurrency values may mean that, if trust administration costs are to be allocated at a later date, then some Cryptocurrencies may collapse in value and may not be able to bear those future trust administration costs, increasing the costs that would need to be borne by other trusts. That would also complicate the reallocation costs after the Soft Cut-Off Date or Final Cut-Off Date. To avoid the risk of that occurring, the liquidators propose that the further NZD5 million that was the subject of the April 2023 application (CIV-2023-



485-375) be included in the cost allocation model. If actual costs are less than that, then the liquidators intend to reimburse the trusts for projected costs not actually incurred. I discuss this further below.

122. Accordingly, if the application in CIV-2023-485-375 is granted, then the trust administration costs up until the end of June 2024 are estimated to be NZD NZD26,357,561 in total. We estimate that costs from June 2024 up until the trusts are entirely wound up will be ~NZD3.5 million (ie, around NZD30 million in total).

### **Allocation of trust administration costs**

123. In principle, we understand that each trust should only be allocated those costs that reflect steps the liquidators took to administer the property of that trust. It is not, however, practicable for the liquidators accurately to calculate or estimate the actual costs incurred in respect of each trust.
124. We have considered where the most significant costs were incurred (ie, any costs of more than NZD500,000). Those are in the liquidators' fees (for time spent in trust administration), legal fees, claims portal costs (including licensing costs and computer costs), wages to Grant Thornton's infrastructure and customer support team for operation of the portal and customer service, server hosting fees, and re-keying and reconciliation costs. It is impossible to divide the time spent on each of these steps accurately across all of the trusts.
125. That is because the majority of the steps taken were in the administration of all of the trusts. For example, we could not have gained custody of the trust assets and reconciled Cryptopia's holdings without access to the information held by PNAP. We could not have established each account holder's entitlement without reconciling Cryptopia's holdings, and we could not have distributed to account holders until the Cryptocurrencies were in a secure environment. A claims portal (and correspondingly customer support services) was established in order to identify the beneficiaries of all of the trusts.
126. The exception to that is the recovery action undertaken in several jurisdictions in respect of those Cryptocurrencies that were stolen in the Hack. Not all accounts or Cryptocurrencies were affected by the Hack. The majority of losses were in ETH, Ethereum Classic and related ERC20 tokens, plus some BTC, LTC and Bitcoin Cash. That action was taken

because Cryptopia, as trustee, had an obligation to attempt to recover and restore lost trust property.

127. The liquidators have considered how those recovery costs should be allocated. Developing a cost allocation methodology has been an incredibly complex process and has involved consideration of several different factors. Applying any cost allocation model will also involve complex accounting calculations. I do not believe it is possible to ascertain what are the actual administration costs for each trust. Accordingly, the liquidators consider that the most pragmatic and feasible approach to cost allocation is to apply one model to allocate the costs incurred in trust administration across all of the trusts.
128. We have considered several different ways to allocate those costs across the trusts in a way that most closely reflects the actual costs incurred in respect of each trust. When designing a workable cost allocation model, we had regard to the following factors:
- (a) Justice Gendall in *Ruscoe v Cryptopia Ltd (in liquidation)* [2020] 2 NZLR 809 at [187] held that the Cryptocurrencies were held on trust for the benefit of account holders, and a separate trust existed in respect of each Cryptocurrency. Accordingly, costs should be allocated separately to each trust in the manner that most closely reflects the actual costs incurred in respect of that trust.
  - (b) The most significant driver of costs is the number of beneficiaries in a trust, or the number of holdings that a single account holder has (ie, the number of trusts they are a beneficiary of). That is because each Cryptocurrency was required to be reconciled and rekeyed; wallet address will need to be provided and screened for each Cryptocurrency held by an account holder, and a separate transaction will need to be signed and created for each. There are some costs that are driven by the number of account holders rather than the number of holdings (ie, identity verification and customer support), but it is not practicable to calculate those costs and allocate them to individual account holders. That would also complicate the cost allocation model. The value of account holders' holdings or the value in each trust has no bearing on the costs to administer the trusts.
  - (c) The model should be robust to valuation volatility. In order to bear the costs of trust administration, trusts need to contain realisable value (ie,

cryptocurrencies that can be converted to NZD or equivalent). The model must take account of fluctuations in value (ie, on one date, a Cryptocurrency may be unable to bear its trust administration costs, but six months later the Cryptocurrency may have a realisable value).

- (d) The model must be administratively simple and future proof. The cost allocation model should be designed as if all account holders will participate in the claims process and be eligible for a distribution (ie, there will be no unclaimed holdings with which a trust's cost allocation can be borne). It should also be administratively easy to adjust if there are unclaimed holdings so that it can be applied again after the Soft Cut-Off Date and Final Cut-Off Date.
- (e) The number of account holders that would receive a distribution, assuming all account holders claimed.
- (f) The number of trusts that would be able to bear the costs allocated to them.

129. We identified five different cost allocation models that could be utilised:

- (a) **By value:** Costs are allocated to each account holder in proportion to the value of their holding.
- (b) **By trust, by value:** Costs are divided evenly by the number of trusts, and then allocated to account holders within each trust in proportion to the value of their holding in that trust.
- (c) **Separate trusts, by holding:** Costs are allocated to each trust, but only to those trusts with sufficient Cryptocurrency to bear their costs. Low-value trusts are not used to fund trust administration costs. Costs within each trust are allocated evenly across account holders within that trust.
- (d) **By account holder:** Trust administration costs are allocated evenly to each account holder, irrespective of the number of holdings.
- (e) **By trust, by holding:** Costs are allocated to each trust in proportion to the number of individual holdings in that trust. Within the trust, costs are allocated evenly to each account holder in that trust.

130. A table demonstrating the liquidators' analysis of those options is set out at **Schedule 2**. A summary of that analysis is represented below:



Criteria analysis of options

Criteria	By value	By trust, by value	Separate trusts, by holding	By account holder	By trust, by holding Preferred option
Trust separation per High Court judgment	No	Yes	Yes	No	Yes
Reflect that costs are driven by the number of individual holdings	No	No	Yes	No	Yes
Robust to valuation volatility	No	No	Yes	No	Yes
Administratively simple and future proof	Yes	Yes	Yes	No	Yes
Number of account holders paid*	436,357 account holders, 672,522 individual holdings	299,698 account holders, 350,458 individual holdings	84,006 account holders, 86,840 individual holdings	108,865 account holders	128,266 account holders, 148,824 individual holdings
Trusts able to bear allocation of costs*	70	7	2	70	60

\*: modelling is indicative and assumes all account holders will claim. It does not account for unclaimed or abandoned holdings

131. We believe that the fairest, most principled and most pragmatic method of allocating trust administration costs is by trust, by holding:

- (a) Trust administration costs of NZD30,000,000 (see [122]) would be allocated to each trust in proportion to the number of account holders in that trust. For example: if Trust A has two account holders, Trust B has eight account holders, and Costs to Date totalled \$10, then Trust A would be allocated \$2 of trust administration costs, and Trust B would be allocated \$8.
- (b) The Cryptocurrency equivalent of the dollar value would be removed from the trust in accordance with the liquidators' trustee indemnity.
- (c) Within each trust, the cost allocation would be allocated to account holders evenly.

132. That cost allocation would be calculated as at the date of any distribution (ie, after the Soft Cut-Off Date) and recalculated after the Final Cut-Off Date, as set out at [88] – [96] above.

*Reimbursement of BTC trust, DOGE trust, Company*

133. To date, the BTC and DOGE trusts have borne many of the trust administration costs, because as I explain at [116] the liquidators have realised assets from both of those trusts to fund the work set out at [114]. Accordingly, before the first distribution takes place the liquidators will calculate the administration costs to be allocated to each trust. If the costs allocated to the BTC and DOGE trusts are less than the costs that have

already been borne from those trusts, each trust will reimburse the BTC and DOGE trusts for their share of costs.

134. A further NZD8,243,594 has been spent from assets belonging to the Company, as I explained at [118]. That will also need to be reimbursed. That will be reimbursed to the Company from the trust administration costs that have been allocated to the trusts.

#### **Low or no value trusts**

135. Costs will be allocated to each trust evenly, or flatly. Trusts with no realisable value will not be able to bear their costs of trust administration. Other trusts with lower realisable values may not be able to bear the entirety of their cost allocation or may have little value available to be distributed after its allocation of costs is applied.
136. In those circumstances, we propose to take no action in respect of trusts with no realisable value. Trusts with a lower realisable value that cannot bear the entirety of the costs allocated to it or will not have any realisable value after costs are allocated, will be exhausted by trust administration costs. Account holders in those trusts would not receive a distribution of Cryptocurrency.
137. I believe that this is appropriate. Gendall J held that a separate trust existed in respect of each Cryptocurrency, and in our view that means that costs should be allocated separately to each trust in the manner that most closely reflects the actual costs incurred in respect of that trust. I do not believe it would be fair for higher value trusts to subsidise the trust administration costs of those lower value trusts.
138. As I explain at [46] above, the liquidators will continue to reassess the realisable value of the Cryptocurrency to avoid any detriment being caused by a singular valuation date.
139. The costs that are unable to be realised from no or lower value trusts will be allocated to those trusts that do have realisable value. If, at a later date, there is realisable value in a lower value trust, the liquidators intend to realise the Cryptocurrency in that lower value trust and reimburse those other trusts for that cost allocation, in whole or in part.

## **OTHER ISSUES TO BE DETERMINED**

### **Winding up the trusts**

140. After the Final Cut-Off Date, the liquidators will maintain the distribution environment for a period of time so that account holders who have not yet participated still have an opportunity to register their claims and that can be distributed, to the extent that there remains Cryptocurrency to be distributed. We anticipate that we will need to return to the Court for directions on winding up the trusts at some stage after this. The liquidators propose that trust administration costs for this period of time are allocated to each of the trusts on the same basis as above, and that the liquidators are permitted to realise trust assets to administer the trust property on a monthly basis.

### **AML/CFT Act**

141. At this stage, the liquidators have completed identity verification in line with the standards required by the AML/CFT Act.
142. We have engaged with the Department of Internal Affairs (**DIA**) regarding the liquidators' obligations under AML/CFT Act. The DIA's position at that time was that a transfer of digital assets such as cryptocurrency by a financial institution in liquidation does not engage the AML/CFT Act. The liquidators intend to seek a direction from the Court on this point. We intend to provide the DIA with a draft copy of our application for distribution directions prior to filing it, and to serve the DIA with the application once filed, if the DIA wishes to be heard on this issue.

### **Twitter**

143. At some stage early this year (2023) we lost access to the Cryptopia Twitter (now X) account. We are unable to log in to the account, and Twitter (X) has not, to date, engaged with us regarding access. That account has approximately 231,800 followers and has previously been a useful way to engage with account holders. We have previously used the Cryptopia Twitter account to post updates to account holders and other stakeholders, including to serve previous applications filed in the High Court in respect of Cryptopia. The liquidators have obtained recognition in the Southern District of New York, United States as a foreign representative in a foreign main proceeding pursuant to Chapter 15 of the US Bankruptcy Code (based on the UNCITRAL Model Law). Pursuant to a foreign



representative's powers under a Chapter 15 recognition order, we intend to serve a notice under section 1521 of the Bankruptcy Code requiring Twitter to provide us with information regarding Cryptopia's assets (the Twitter account). Those powers are similar to the powers liquidators have under s 261 of the Companies Act 1993. Until that information is obtained (if it is obtained), social media updates will be posted on Grant Thornton's social media channels and the websites. Updates will be posted on the Cryptopia Twitter once our access is reinstated.


**SWORN** at Wellington this 31st day of )  
July 2023



)  
) DAVID IAN RUSCOE

Before me:

Clara Elizabeth Sinclair  
Solicitor  
Wellington



A Solicitor of the High Court of New Zealand

## SCHEDULE 1 – ANALYSIS OF DISTRIBUTION OPTIONS

Distribution option	Benefits	Disadvantages
<b>Fiat</b>	<ul style="list-style-type: none"> <li>• Simpler as it does not rely on blockchain technology.</li> <li>• Account holders would not be required to generate or submit a digital wallet address, which could be technically complicated.</li> <li>• The liquidators would not be required to create or provide blockchain-specific customer support, which would be resource consuming and add to the costs of distribution.</li> <li>• The liquidators would engage a reputable financial institution to distribute fiat, which would add assurance.</li> <li>• Account holders would receive an asset that is guaranteed to exist in the future and is not subject to the same degree of market volatility as crypto assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution would not be <i>in specie</i>.</li> <li>• The liquidators would be required to convert all Cryptocurrencies to fiat, which may be difficult for Cryptocurrencies that have low liquidity or low market caps. That would also be more time consuming than distributing <i>in specie</i>, as lower liquidity Cryptocurrencies would require some time on the market to realise value. The liquidators would need to engage an over the counter (<b>OTC</b>) trader or market maker to maximise value.</li> <li>• Uncertainty in determining the liquidators' tax obligations and compliance with anti-money laundering legislation in applicable jurisdictions.</li> <li>• Transaction costs would likely be high, given the number of different jurisdictions account holders are located in (over 200), and because transaction costs for international payments are higher than transaction costs for transferring digital assets. Based on enquiries with potential providers, transaction costs would be, at a minimum, NZD50 per transaction.</li> <li>• Due to the global spread of account holders some account holders may not have access to a bank account. Utilising a different approach for those account holders would increase design costs and ultimately distribution costs.</li> </ul>
<b>Exchange</b> The liquidators transfer the trust assets to a centralised exchange (or custodian) and	<ul style="list-style-type: none"> <li>• Account holders would receive trust assets <i>in specie</i> and would have flexibility to manage those assets however they chose (ie, they could withdraw the assets whenever they chose to, subject to that exchange's transaction fees, or keep them in a wallet at that exchange).</li> </ul>	<ul style="list-style-type: none"> <li>• Account holders would be required to sign up to a different exchange and accept that exchange's terms and conditions, including providing their personal information to that exchange, which may not be palatable to many account holders.</li> </ul>



<p><b>Distribution option</b></p> <p>account holders would be required to create an account on that exchange</p>	<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>Account holders would not be required to generate their own wallet addresses, so the liquidators would not be required to create or provide blockchain-specific customer support, which would be resource consuming and add to the costs of distribution (this could be provided through the exchange's own customer support service).</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Realistically, there are not many exchanges that could support a significant enough number of the distributable Cryptocurrencies held by Cryptopia and deliver services to a large enough number of countries (eg, the largest New Zealand based cryptocurrency exchange is Dasset, which supports 50 currencies).</li> <li>The majority of Australia and New Zealand-based exchanges do not support users in the United States due to regulation costs and licensing requirements, but a significant portion of Cryptopia account holders are based in the United States (25% of account holders who have completed balance acceptance).</li> <li>The liquidators would need to partner with an offshore exchange in order to find one with the capabilities required. An offshore exchange would need to be domiciled in a suitably regulated jurisdiction to ensure the assets (and personal information provided about account holders) was managed consistently with Cryptopia's trustee obligations under New Zealand law. Many of the larger exchanges with the capabilities required are domiciled in Singapore, Hong Kong, Malta, Dubai, or claim no specific jurisdiction. That would make it difficult to obtain court orders in respect of those exchanges, if necessary</li> <li>The liquidators have taken action against several large centralised exchanges to obtain information about assets stolen in the January 2019 Hack, and it would be undesirable to partner with those exchanges.</li> <li>It is not clear that any centralised exchange would be able to satisfy the liquidators' expectations in respect of security, management of account holders' personal information and insurance.</li> <li>Distribution <i>in specie</i> may increase costs of distribution because of the number of transactions. The majority of Cryptopia's account holders held more than one currency</li> </ul>
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Distribution option	Benefits	Disadvantages
<p><b>Direct transfer</b> Account holders provide a wallet address. The liquidators would create and sign transactions for each digital asset held for that account holder and transfer the assets to that wallet address</p>	<ul style="list-style-type: none"> <li>Account holders would receive assets <i>in specie</i> and would be free to manage their assets as they choose</li> <li>Because the blockchain records all transactions, the liquidators can easily confirm that the assets have been delivered to the provided addresses</li> <li>The liquidators would have full control over the process and would not be required to engage a third party</li> <li>Third party custodial wallet services have capability for 76% of the realisable Cryptocurrencies held by Cryptopia. Account holders could establish a wallet with one of these services, reducing distribution and customer support costs</li> </ul>	<p>(on average, account holders with an account value of less than USD20 held 2.61 currencies; account holders with an account value of between USD20 and USD120 held 4.56 currencies; and account holders with an account value of more than USD120 held 6.54 currencies)</p>
<p><b>Pre-populated wallet</b> The liquidators create a core wallet for each account holder, pre-populated with a generated keypair of each account-holder's assets. A link to the encrypted file would be sent to each</p>	<ul style="list-style-type: none"> <li>Account holders receive assets <i>in specie</i> and would be free to manage their assets as they choose.</li> <li>Reduced distribution costs, because the distribution is not effected on the blockchain and does not incur any transaction costs.</li> <li>The liquidators have full control over the process and would not be required to engage a third party</li> <li>Software and systems would be built from scratch, so the liquidators will be satisfied as to the security of the systems used.</li> </ul>	<ul style="list-style-type: none"> <li>Third party custodial wallet services do not support 24% of the realisable Cryptocurrencies. Account holders with a beneficial interest in these Cryptocurrencies would need to create their own core wallet, which requires some technical knowledge. The liquidators would need to provide competent customer support for this, increasing distribution costs</li> <li>More transaction costs total than distribution in stablecoin, because there will be at least one transaction per Cryptocurrency held by each account holder, increasing distribution costs, particularly for account holders with several holdings.</li> <li>Because of blockchain anonymity, the liquidators would need to engage a compliance vendor to assist with risk assessments on the addresses provided by account holders, as this is not a matter that liquidators' have expertise or experience in. That would increase distribution costs.</li> </ul>
<p><b>Pre-populated wallet</b> The liquidators create a core wallet for each account holder, pre-populated with a generated keypair of each account-holder's assets. A link to the encrypted file would be sent to each</p>	<ul style="list-style-type: none"> <li>Account holders receive assets <i>in specie</i> and would be free to manage their assets as they choose.</li> <li>Reduced distribution costs, because the distribution is not effected on the blockchain and does not incur any transaction costs.</li> <li>The liquidators have full control over the process and would not be required to engage a third party</li> <li>Software and systems would be built from scratch, so the liquidators will be satisfied as to the security of the systems used.</li> </ul>	<ul style="list-style-type: none"> <li>Once the keys are returned to an account holder, they would need to import the keys into a wallet. That is not a straightforward process and requires some technical knowledge. The liquidators would need to provide competent customer support for this.</li> <li>There is a risk of account holders double paying the transaction costs, as initial wallet pre-population will need to be populated with funds and the account holder will likely incur an additional transaction fee when funds are transferred from this wallet</li> </ul>





<b>Distribution option</b>	<b>Benefits</b>	<b>Disadvantages</b>
<p>account holder via email</p>		<ul style="list-style-type: none"> <li>Likely time-consuming. As we learned in the reconciliation process, re-keying cryptocurrency is a slow process and requires software and systems to be built from scratch, increasing distribution costs.</li> <li>There are major security risks when sending a prepopulated wallet to account holders, because any person with access generated encryption key could download and access the private keys. The liquidators could not provide any guarantee or warranty regarding security.</li> <li>Because the actual distribution transaction is not on the blockchain, there is no way to confirm that the asset has been transferred or accessed by the account holder.</li> </ul>
<p><b>Stablecoin</b> The liquidators convert all trust assets to a stablecoin and distribute assets over the relevant blockchain</p>	<ul style="list-style-type: none"> <li>Because stablecoins are pegged or backed by other assets, the price volatility of a stablecoin is much lower than in other cryptocurrencies. This helps the liquidators to manage the risk that a Cryptocurrency will collapse and its value being lost or greatly diminished</li> <li>Administratively easier to reimburse the Bitcoin and Dogecoin trusts for presently borne trust administration costs and to allocate further costs across the various trusts</li> <li>The liquidators would still be required to use an exchange, direct transfer, or pre-populated wallet method to distribute the stablecoin, but doing so in stablecoin reduces the number of transactions required for distribution to account holders, because assets could be transferred to each account holder in one transaction, rather than requiring one transaction per Cryptocurrency held</li> <li>At the distribution stage, any potential third-party providers would only be required to support the stablecoin. There would be many more options for</li> </ul>	<ul style="list-style-type: none"> <li>Account holders do not receive their assets in specie, although they will still receive them in digital asset form</li> <li>There is no widely-used stablecoin pegged to NZD, so distribution would most likely be denominated in USD</li> <li>This method would likely be time-consuming. To avoid flooding the market, some Cryptocurrencies with lower market caps would need to be traded over a longer period of time. The market maker's analysis indicates that this could be a period of several months.</li> <li>The liquidators would need to engage a third-party market maker to maximise returns for lower liquidity Cryptocurrencies.</li> <li>One of the other distribution methods discussed above, and the costs involved with that, would still be required. It would also involve an additional cost to transfer all holdings to stablecoin. Based on estimates provided to us by third party market makers, much of this cost would be borne by commission taken by the provider for higher-value trusts such as Bitcoin and Dogecoin</li> </ul>

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Distribution option	Benefits	Disadvantages
	third-party providers, and the liquidators would be more likely to find a provider that could meet their needs	






Analysis of potential exchange partners (as at February 2022)

Location	NZ	NZ	NZ	AUS	AUS	AUS	AUS	AUS	AUS	AUS	Aus
<b>Business name</b>	Dasset	Easycrypto	Bitprime <sup>5</sup>	Swyftx	Coinspot	Cointree	Digital Surge	Independent Reserve	Kraken	Aus	Binance
<b>Regulation</b>	Registered as a Finance Service Provider (FSP55746) and is supervised by the New Zealand Department of Internal Affairs (DIA).	Registered Financial Services Provider: FSP691871	Registered financial service provider in New Zealand (FSP595609)	Registered with AUSTRAC as a digital currency exchange platform	Registered with AUSTRAC as a digital currency exchange platform	Registered with AUSTRAC as a digital currency exchange platform	Registered with AUSTRAC as a digital currency exchange platform	Registered with AUSTRAC as a digital currency exchange platform	Registered (as the entity "Bit Trade Pty Limited") as a Digital Currency Exchange and regulated by AUSTRAC	Registered (as the entity "Bit Trade Pty Limited") as a Digital Currency Exchange and regulated by AUSTRAC	Operated by InvestbyBit Pty Ltd (Binance Australia), a digital currency exchange registered with AUSTRAC
<b>Reported Members</b>	Unreported	100,000	31,000	300,000	1,000,000	80,000	Unreported	200,000	6m+ Clients worldwide	28.6m+ worldwide	
<b>Number of Currencies supported</b>	35+	145	150+	250+	250+	160+	250+	24+	108+	363+	
<b>Supported Countries</b>	Australia New Zealand	Australia New Zealand South Africa Brazil	New Zealand	Australia New Zealand (Coming soon is India, Ireland, UK and Canada)	Australia	Australia	Australia	United Kingdom Netherlands Germany Australia Canada France Japan Italy Spain	185+ Countries	198+ countries	

<sup>5</sup> We note that Bitprime closed down in mid-2022.



**SCHEDULE 2 – ANALYSIS OF COST ALLOCATION MODELS**

<b>Cost allocation option</b>	<b>Benefits</b>	<b>Disadvantages</b>
<p><b>By value</b> Costs are allocated to each account holder in proportion to the value of their total holdings.</p>	<p>Account holders with small holdings (in certain trusts) will still get those holdings paid out. All realisable Cryptocurrencies are returned to account holders (less cost allocation). Trust separation: partly aligns with the 'one trust per coin type' held by the High Court in <i>Ruscoe v Cryptoptia</i> because costs are allocated to each trust. Will result in the highest number of account holders receiving a distribution.</p>	<p>'Moving target' issue: model is dependent on the value of Cryptocurrency and the value will continue to move until the distribution date. USD equivalent of the cost allocation will change for each Cryptocurrency dependent on the valuation date. Does not reflect that costs are driven by the number of individual holdings. Costs are not driven by the Cryptocurrency value. Trust separation: In part does not align with the 'one trust per coin type' held by the High Court in <i>Ruscoe v Cryptoptia</i> because higher-value trusts contribute more to costs than (and therefore cross-subsidise) lower-value trusts.</p>
<p><b>By trust, by value</b> Costs are divided evenly by the number of trusts, then allocated to account holders within each trust in proportion to the value of their holding in that trust.</p>	<p>Trust separation: Aligns with the 'one trust per coin type' held by the High Court in <i>Ruscoe v Cryptoptia</i>. Each Cryptocurrency is in a separate trust. Each trust's cost allocation is determined separately. No trusts are subsidising other trusts. The number of trusts is known and stable – not a 'moving target'. More account holders will receive a distribution than most other models (separate trust by holding; by account holder; and by trust by holding).</p>	<p>Does not reflect that costs are driven by the number of individual holdings. Costs are not driven by the number of trusts, nor Cryptocurrency value. Disproportionate: within trusts, account holders with a higher-value holding are subsidising account holders with a lower-value holding. Some trusts will not have sufficient assets to bear costs, and higher-value account holders in those trusts would not receive a distribution of those holdings. 'Moving target' issue: model is dependent on the value of Cryptocurrency which will continue to move until the distribution date.</p>
<p><b>Separate trusts, by holding</b></p>	<p>The number of trusts is known and stable – not a 'moving target'.</p>	<p>Trust separation: Does not align with the 'one trust per coin type' held by the High Court in <i>Ruscoe v Cryptoptia</i> because higher value trusts are subsidising costs for lower-value trusts.</p>



<b>Cost allocation option</b>	<b>Benefits</b>	<b>Disadvantages</b>
<p>Costs are allocated by trust, but only to those trusts with sufficient Cryptocurrency to bear their costs. Lower-value trusts are not used to fund trust administration costs.</p> <p>Costs within each trust are allocated evenly across account holders within that trust.</p>		<p>Does not reflect that costs are driven by the number of individual holdings. Costs are not driven by the number of trusts.</p> <p>Lowest number of account holders will receive a distribution of all models.</p>
<p><b>By account holder</b></p> <p>Trust administration costs are allocated evenly to each account holder, irrespective of the number of holdings.</p>	<p>Reflects the fact that some costs are driven by the number of account holders (ie, identity verification / claims portal administration).</p> <p>Proportionate: High-value account holders are not subsidising low-value account holders.</p>	<p>Does not reflect that costs are primarily driven by the number of individual holdings.</p> <p>Trust separation: Does not align with the 'one trust per coin type' held by the High Court in <i>Ruscoe v Cryptopia</i>. Each Cryptocurrency is in a separate trust. This option allocates based on the number of account holders and ignores the existence of separate trusts.</p> <p>Some valuation volatility: whether or not an account holder's combined holdings are valuable enough to bear cost allocation will depend on distribution date.</p> <p>Administratively difficult: for account holders with multiple holdings, no principled basis on which the liquidators can decide which holdings are used for cost allocation purposes.</p>
<p><b>By trust, by holding</b></p> <p>Preferred.</p> <p>Costs are allocated to each trust in proportion to the number of individual holdings in that trust.</p>	<p>Trust separation: Aligns with the 'one trust per coin type' held by the High Court in <i>Ruscoe v Cryptopia</i>. Each Cryptocurrency is in a separate trust. Each trusts' cost allocation is determined separately. No trusts are subsidising other trusts.</p>	<p>Fewer account holders will receive a distribution than other models (by value, by trust by value, by trust by holding).</p> <p>Account holders with a large number of individual holdings will pay more than the alternative methods of cost allocation.</p> <p>Moderate number of account holders will receive a distribution – less than by value and by trust by value, but more than separate trust by holding and by account holder.</p>

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<b>Cost allocation option</b>	<b>Benefits</b>	<b>Disadvantages</b>
There is a flat cost per individual holding.	<p>Reflects what directly drives trust administration costs – the number of individual holdings inside that trust.</p> <p>The number of individual holdings is known and stable – not a 'moving target'.</p>	

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IN THE HIGH COURT OF NEW ZEALAND  
WELLINGTON REGISTRY

I TE KŌTI MATUA O AOTEAROA  
TE WHANGANUI-A-TARA ROHE

CIV-2023-485-

Under Part 19 of the High Court Rules and Part 7 of the Trusts Act  
2019

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

And

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

Applicants

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**EXHIBIT DIR-1 TO THE AFFIDAVIT OF DAVID IAN RUSCOE IN SUPPORT OF  
ORIGINATING APPLICATION FOR ORDERS FOR DIRECTIONS REGARDING  
THE DISTRIBUTION OF DIGITAL ASSETS**

Dated: 31 July 2023

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**EXHIBIT NOTE:**

This is the exhibit marked "**DIR-1**" referred to in the  
affidavit of **DAVID IAN RUSCOE**, sworn at  
Wellington on 31 July 2023 before me:

Signature: 

Clara Elizabeth Sinclair  
Solicitor  
Wellington

A Solicitor of the High Court of New Zealand

**BUDDLE FINDLAY**

Barristers and Solicitors  
Wellington

Solicitor Acting: **Scott Barker / Bridie McKinnon / Brooke Marriner**  
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## Registered document

5392901 CRYPTOPIA LIMITED

Registration Date and Time	15 May 2019 14:06:18
Document Type	Appointment of Liquidator
Presenter	David Ian RUSCOE ( GRANT THORNTON NEW ZEALAND LTD ) P O Box 10712 Wellington 6143 New Zealand
Appointment of Liquidator	
First Name	David
Middle Name	Ian
Surname	RUSCOE
Organisation	GRANT THORNTON NEW ZEALAND LTD
Address	Level 15, Grant Thornton House, 215 Lambton Quay, Wellington, 6143
Phone	+64 4 4953763
Public Email	
Appointed On	14 May 2019
Appointed By	241(2)(a) – Special Resolution of Shareholders
Time Of Appointment	13:20:00



## Registered document

5392901 CRYPTOPIA LIMITED

Registration Date and Time	15 May 2019 14:06:19
Document Type	Appointment of Liquidator
Presenter	David Ian RUSCOE ( GRANT THORNTON NEW ZEALAND LTD ) P O Box 10712 Wellington 6143 New Zealand

### Appointment of Liquidator

First Name	Malcolm
Middle Name	Russell
Surname	MOORE
Organisation	GRANT THORNTON NEW ZEALAND LTD
Address	Level 15, Grant Thornton House, 215 Lambton Quay, Wellington, 6143
Phone	+64 9 3082570
Public Email	
Appointed On	14 May 2019
Appointed By	241(2)(a) – Special Resolution of Shareholders
Time Of Appointment	13:20:00

# Liquidators' First Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

31 May 2019



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# Introduction

David Ian Ruscoe and Malcolm Russell Moore, of Grant Thornton New Zealand Limited, were appointed jointly as liquidators of Cryptopia Limited in Liquidation (“the Company”) on 14 May 2019 at 1.20pm by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993.

We set out below our first report on the state of the affairs of the Companies as required by section 255(2)(c)(ii)(A) of the Companies Act 1993.

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. It is prepared for the sole purpose of reporting on the state of affairs with respect to the Companies in liquidation and the conduct of the liquidation.

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance. The liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light on any information existing at the date of this report which becomes known to them after that date.

## Background

Cryptopia, was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 Million registered users worldwide and employed 37 staff.

The rapid growth of Cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. To manage this the Company entered into a number of long term, high cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses in an attempt to minimise trading losses.

In January 2019 Cryptopia’s exchange was hacked with a significant amount of crypto-assets taken. The Company contacted the New Zealand Police and an investigation into the hack commenced. This investigation is still ongoing.

When the hack was discovered the Company closed the exchange for trading. The Company then decided to reopen the exchange for the trade of certain crypto-assets in March 2019 and continued to trade through to the date of Liquidation. However, trade volumes were insufficient for the Company to meet its debts as they fell due and it was decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders.

# Statement of Affairs

Attached is a statement of the Companies' affairs as at the date of liquidation prepared by the liquidators in accordance with section 255 of the Companies Act 1993.

We have not carried out an audit of the information that has been provided to us, nor have we subjected the information provided to detailed verification procedures. While we believe the statement, based on the information provided to us, reasonably reflects the position of the Companies, we cannot be held responsible for inaccuracies in the report arising from deficiencies in the information or explanations given to us.

# Notice to Creditors to Prove Debts or Claims

High Court orders, attached as Appendix A, have allowed a modification on the form of distribution of this report, allowing the Liquidators report to be circulated by email to creditors and shareholders of The Company. The Orders in addition granted an extension of the service of the first Liquidator report by 5 days to 15 working days from the date of appointment being the 14 May 2019. A varied order was made regarding communications to Cryptopia account holders and is also attached in Appendix A.

Subsequently on 29 May 2019 a High Court order was made that Bitcoin being held in the company wallet outside of known client funds, could be converted into fiat currency to help fund the liquidation and the protection and preservation of crypto-assets for the benefit of those entitled to them. These orders are included in Appendix A.

## Notice to Creditors to Prove Debts or Claims

We are yet to set a Date as the day on or before which any creditors of the Companies are to prove their debts or claims and to establish any priority their claims may have under Section 312 of the Companies Act 1993, or to be excluded from the benefit of any distribution made before their claims are made, or as the case may be, from objecting to any distribution. We will give public notice once the day fixed for claims is decided.

However, if any creditor wishes to make a claim, a Creditor Claim form is attached in Appendix D.

## Secured Creditors

A search of the Personal Property Security Register disclosed the following security interests registered against the Company at the date of liquidation.

Secured Party	Date	Collateral Type	Secured party address
DELL NEW ZEALAND LIMITED	04-Apr-2019	Goods – Others	Building 3, 14 Aquatic Drive, French Forest, 2086, Australia
COCA-COLA AMATIL (NZ) LIMITED	04-Oct-2017	Goods – Others.	19 CARBINE ROAD, AUCKLAND, New Zealand

We will be contacting registered security interest holders to determine the validity of security interests and amounts due.

## Preferential Creditors

Based on the Company's records, employee preferential entitlements at the date of liquidation are estimated at \$0.32m, representing outstanding wages and holiday pay owing to employees for accrued entitlements.

At the liquidation date the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete we will determine if there are any preferential taxes owing.



## Unsecured Creditors

The Company's electronic records indicate there are 69 unsecured creditor claims totalling \$2.439m. However, we expect that we will receive claims in excess of this amount.

Attached in Appendix C is a schedule of known creditors.

## Customers' Holdings

The Company held cryptocurrency in wallets by cryptocurrency and has a database detailing the customer transactions and balance allocated to each customer. We are currently gaining access to the database to undertake a reconciliation of the holdings against the customer balances. Until the user balance database is reconciled with the crypto-asset wallets operated by the company, we cannot confirm the value of Customer holdings.

# Proposals for Conducting the Liquidation

The Liquidators have a responsibility to protect and to preserve crypto-asset holdings for the benefit of those entitled to them.

At the date of liquidation, the Company was still recovering users' crypto-assets from its compromised environment. We intend to continue this process to protect and recover all crypto-assets holdings.

This involves gaining access to the Company's crypto-assets wallets and transferring them to secure cold storage where available. We have engaged certain Cryptopia staff to assist with the collection of these assets.

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.

Our solicitors have begun this process but until the legal direction has been sufficiently advanced we will not be able to comment on how assets will be returned to stakeholders.

We filed a petition in the Bankruptcy Court in the Southern District of New York (SDNY) seeking recognition of the New Zealand liquidation in the USA, and we also applied for urgent interim relief. We took these steps to preserve the Cryptopia information that is stored and hosted on servers located in the United States. Further information on this action was published 27 May 2019 and can be found at our website, <https://www.grantthornton.co.nz/update-for-cryptopia-account-holders-27-may-2019/>

We will review the operations and affairs of the Company to establish whether any further matters need to be addressed. Our duties as Liquidator require a transparent and robust investigation into the insolvency of the Company.

If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors.

As previously communicated to stakeholders an FAQ published on the 17 May 2019 can be found at our website, <https://www.grantthornton.co.nz/faqs-cryptopia-liquidation/>

# Creditors' Meeting

It is too early at this stage to consider holding a meeting as the information relevant to answering the queries of creditors is still being compiled. Once sufficient information is available and the state of the company's affairs becomes clearer, we will reconsider whether convening a meeting of creditors is appropriate.

Accordingly, under section 245 of the Companies Act 1993 we consider at this stage that no such meeting will be convened. A meeting will not be called unless within 10 working days after receiving this notice, a creditor gives notice in writing to the liquidators requiring a meeting to be called.

In accordance with section 314 of the Companies Act 1993 a creditor or a shareholder may request the liquidators to call a meeting of the creditors or of the shareholders at any time during the course of the liquidation:

- a To vote on a proposal that a Liquidation Committee be appointed to act with the liquidator; and
- b If it is decided to have a Committee, to choose the members of the Committee.
- c Replace the liquidators.

Any request must be in writing.



# Estimated Date of Completion of Liquidation

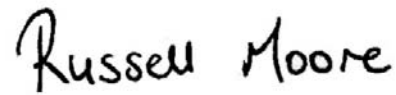
It is not practicable to estimate the date of the completion of the liquidation at this stage.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [liquidation@cryptopia.co.nz](mailto:liquidation@cryptopia.co.nz)

For and on behalf of



David Ruscoe  
Liquidator  
Cryptopia Limited



Russell Moore  
Liquidator  
Cryptopia Limited

# Appendix A – High Court Orders

17 May 2019 High Court Order

IN THE HIGH COURT OF NEW ZEALAND  
CHRISTCHURCH REGISTRY

DUPLICATE

I TE KŌTI MATUA O AOTEAROA  
ŌTAUTAHI ROHE

CIV 2019-409-247

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)**, a company having its registered office at Level 15, Grant Thornton House, 215 Lambton Quay, Wellington, 6143 and carrying on business as a cryptocurrency exchange

And

In the matter of an application by **DAVID IAN RUSCOE** and **MALCOLM RUSSELL MOORE** of **GRANT THORNTON NEW ZEALAND LIMITED**, insolvency practitioners of Wellington and Auckland respectively, for orders as to service

Applicants

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COURT ORDERS UNDER SECTIONS 255 AND 257 OF THE COMPANIES ACT  
1993

Dated: 17 May 2019

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**BUDDLEFINDLAY**  
NEW ZEALAND LAWYERS  
Barristers and Solicitors  
Wellington



Solicitor Acting: **Scott Barker/Bridie McKinnon**  
Email: [scott.barker@buddlefindlay.com](mailto:scott.barker@buddlefindlay.com)/[bridie.mckinnon@buddlefindlay.com](mailto:bridie.mckinnon@buddlefindlay.com)  
Tel 64 4 499 4242 Fax 64 4 499 4141 PO Box 2694 DX SP20201 Wellington 6140

**COURT ORDERS UNDER SECTIONS 255 AND 257  
OF THE COMPANIES ACT 1993**

1. The originating application without notice made by **DAVID IAN RUSCOE** and **MALCOLM RUSSELL MOORE** on the 17<sup>th</sup> day of May 2019 was determined by the Honourable Justice Mander on the 17<sup>th</sup> day of May 2019.
2. The determination was made without a hearing.
3. The following orders were made:
  - (a) The requirements under ss 255(2)(c)(ii) and (d) and 257(1) of the Companies Act 1993 ("**Act**") relating to the sending of the liquidators' reports and all other documents required to be sent under those sections (together, the "**Liquidators' Reports**"), be modified such that where the applicants hold an email address for a creditor or shareholder of Cryptopia Limited (in liquidation) (**Cryptopia**):
    - (i) the applicants are not required to send that creditor or shareholder the Liquidators' Reports; and
    - (ii) the applicants must send that creditor or shareholder an email with a link to a website where copies of the Liquidators' Reports can be downloaded.
  - (b) That, where the applicants hold an email address for a creditor or shareholder of Cryptopia, the applicants are permitted to send any other documents or correspondence to those creditors and shareholders by electronic means specified at (a) above, in addition to all other methods permitted by the Act.
  - (c) The Liquidators' Reports be uploaded to the website of Cryptopia at <https://www.cryptopia.co.nz> as soon as practicable after they have been prepared, and that notification of the designated webpage be created and maintained on the Grant Thornton website.
  - (d) That the period of time specified in s 255(2)(c) for service of the first Liquidators' Report be extended by 10 working days, to 15 working days in accordance with s 255(3)(c).
  - (e) The application and sealed orders in this proceeding be sent to every known creditor and shareholder of Cryptopia at the same time and in the same manner (as modified by 3(a) to (d) above) as the documents listed in s 255(2)(c)(ii) of the Act.





- (f) Any creditor or shareholder of Cryptopia is granted leave to apply to the Court within 10 working days of such service referred to in 3(e) above to modify or discharge these orders on appropriate notice being given to the applicants.
- (g) Leave is reserved for the applicants to apply further in respect of any ancillary orders.
- (h) The applicants' solicitor-client costs of this application be an expense incurred by the applicants in carrying out their duties as liquidators.

By the Court:



D. McMillan

(Deputy Registrar)

Sealed this 17<sup>th</sup> day of May 2019

## 27 May 2019 Varied High Court Order

IN THE HIGH COURT OF NEW ZEALAND  
CHRISTCHURCH REGISTRY

I TE KŌTI MATUA O AOTEAROA  
ŌTAUTAHI ROHE

CIV 2019-409-247

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)**, a company having its registered office at Level 15, Grant Thornton House, 215 Lambton Quay, Wellington, 6143 and carrying on business as a cryptocurrency exchange

And

In the matter of an application by **DAVID IAN RUSCOE** and **MALCOLM RUSSELL MOORE** of **GRANT THORNTON NEW ZEALAND LIMITED**, insolvency practitioners of Wellington and Auckland respectively, for orders as to service

Applicants

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**VARIED COURT ORDERS UNDER SECTIONS 255 AND 257 OF  
THE COMPANIES ACT 1993**

Dated: 27 May 2019

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**BUDDLEFINDLAY**  
Te Kaitiaki Take Kōwhiri

Barristers and Solicitors  
Wellington

Solicitor Acting: **Scott Barker/Bridie McKinnon**  
Email: [scott.barker@buddlefindlay.com](mailto:scott.barker@buddlefindlay.com)/[bridie.mckinnon@buddlefindlay.com](mailto:bridie.mckinnon@buddlefindlay.com)  
Tel 64 4 499 4242 Fax 64 4 499 4141 PO Box 2694 DX SP20201 Wellington 6140



**VARIED COURT ORDERS UNDER SECTIONS 255 AND 257  
OF THE COMPANIES ACT 1993**

1. The originating application without notice made by **DAVID IAN RUSCOE** and **MALCOLM RUSSELL MOORE** on 17 May 2019, as varied by counsel memorandum on 22 May 2019, was determined by the Honourable Justice Mander on 17 May 2019 and varied on 24 May 2019.
2. The determination was made without a hearing.
3. The following orders were made:
  - (a) The requirements under ss 255(2)(c)(ii) and (d) and 257(1) of the Companies Act 1993 ("**Act**") relating to the sending of the liquidators' reports and all other documents required to be sent under those sections (together, the "**Liquidators' Reports**"), be modified such that where the applicants hold an email address for a creditor or shareholder of Cryptopia Limited (in liquidation) (**Cryptopia**):
    - (i) the applicants are not required to send that creditor or shareholder the Liquidators' Reports; and
    - (ii) the applicants must send that creditor or shareholder an email with a link to a website where copies of the Liquidators' Reports can be downloaded.
  - (b) That, where the applicants hold an email address for a creditor or shareholder of Cryptopia, the applicants are permitted to send any other documents or correspondence to those creditors and shareholders by electronic means specified at (a) above, in addition to all other methods permitted by the Act.
  - (c) The requirements under ss 255(2)(c)(ii) and (d) and 257(1) of the Companies Act 1993 ("**Act**") relating to the sending of the Liquidators' Reports, be modified such that where the applicants do not hold any address details, including an email address, for a Cryptopia account holder, the applicants are not required to send that account holder the Liquidators' Reports, but instead will provide the Liquidators' Reports in the manner set out at subsection (d) below.
  - (d) The Liquidators' Reports be uploaded to the website of Cryptopia at <https://www.cryptopia.co.nz> as soon as practicable after they have





been prepared, and that notification of the designated webpage be created and maintained on the Grant Thornton website.

- (e) That the period of time specified in s 255(2)(c) for service of the first Liquidators' Report be extended by 10 working days, to 15 working days in accordance with s 255(3)(c).
- (f) The application and sealed orders in this proceeding be sent to every known creditor and shareholder of Cryptopia at the same time and in the same manner (as modified by 3(a) to (d) above) as the documents listed in s 255(2)(c)(ii) of the Act.
- (g) Any creditor or shareholder of Cryptopia is granted leave to apply to the Court within 10 working days of such service referred to in 3(f) above to modify or discharge these orders on appropriate notice being given to the applicants.
- (h) Leave is reserved for the applicants to apply further in respect of any ancillary orders.
- (i) The applicants' solicitor-client costs of this application be an expense incurred by the applicants in carrying out their duties as liquidators.

By the Court:



Sealed this 27<sup>th</sup> day of May 2019

A handwritten signature in blue ink, appearing to read "D. McMillan".

D. McMillan

(Deputy Registrar)

## 29 May 2019 High Court Order

DUPLICATE

IN THE HIGH COURT OF NEW ZEALAND  
CHRISTCHURCH REGISTRY

I TE KŌTI MATUA O AOTEAROA  
ŌTAUTAHI ROHE

CIV 2019-409-000286

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)**, a company having its registered office at Level 15, Grant Thornton House, 215 Lambton Quay, Wellington, 6143 and carrying on business as a cryptocurrency exchange

And

In the matter of an application by **DAVID IAN RUSCOE** and **MALCOLM RUSSELL MOORE** of **GRANT THORNTON NEW ZEALAND LIMITED**, insolvency practitioners of Wellington and Auckland respectively, for directions

Applicants

## COURT ORDERS CONCERNING DIGITAL ASSETS

Dated: 29 May 2019

**BUDDLE FINDLAY**  
NEW ZEALAND LAWYERS  
Barristers and Solicitors  
Wellington

Solicitor Acting: **Scott Barker/Bridie McKinnon**  
Email: [scott.barker@buddlefindlay.com](mailto:scott.barker@buddlefindlay.com)/[bridie.mckinnon@buddlefindlay.com](mailto:bridie.mckinnon@buddlefindlay.com)  
Tel 64 4 499 4242 Fax 64 4 499 4141 PO Box 2694 DX SP20201 Wellington 6140



**COURT ORDER CONCERNING DIGITAL ASSETS**

1. The originating application without notice made by **DAVID IAN RUSCOE** and **MALCOLM RUSSELL MOORE** on 29 May 2019 was determined by the Honourable Justice Gendall on 29 May 2019.
2. The determination was made without a hearing.
3. The following orders were made:
  - (a) The liquidators are permitted to convert into fiat currency such of the 344 Bitcoin (**BTC**) held in the Company wallet, (the **Company Bitcoin**) as is considered necessary to fund the reasonable costs and expenses of the liquidators of and incidental to the protection, preservation, recovery and management and administration of any cryptocurrency (**Digital Assets**);
  - (b) The liquidators are permitted to deduct from the realisation of the Company Bitcoin and from NZD funds held in the Company's bank accounts (**Company Bank Accounts**) (together the **Fund**) their reasonable costs and expenses of and incidental to the protection, preservation, recovery, management and administration of any Digital Assets held by the Company, whether the Fund or part thereof is later determined by this Court to be beneficially owned by the Company or Cryptopia account holders.
  - (c) The application and sealed orders in this proceeding be served on creditors and Company account holders by posting to the Cryptopia website (and Twitter account) in the same manner was ordered by the Court in CIV 2019-409-247 on 17 May 2019, as varied on 24 May 2019.
  - (d) Any creditor or shareholder of Cryptopia is granted leave to apply to the Court within 10 working days of such service referred to in 3(c) above to modify or discharge these orders on appropriate notice being given to the applicants.
  - (e) Leave is reserved for the applicants to apply further in respect of any ancillary orders.





By the Court:



D. McMillan

(Deputy Registrar)



Sealed this 29<sup>th</sup> day of May 2019

# Appendix B – Statement of Affairs

Estimated Statement of Financial Position	Note	Book Value (\$)	Recoverable Value (\$)
<b>Assets</b>	1		
Cash on hand		1,065,426	1,065,426
Companies Crypto-Assets		Unknown	Unknown
Fixed Assets		2,166,234	649,870
Loan Receivable		238,598	Unknown
<b>Total Assets (excluding Land &amp; Buildings)</b>		<b>3,470,258</b>	<b>1,715,296</b>
<b>Preferential Creditors</b>			
Employee entitlements	2	318,845	
Inland Revenue		Unknown	
<b>Secured Creditors</b>			
Secured Creditors	2	1,466,134	
<b>Unsecured Creditors</b>			
Unsecured Creditors	2	2,167,036	
Unsecured Employee entitlements	2	271,808	
<b>Total Liabilities</b>		<b>4,224,898</b>	<b>4,224,898</b>
Estimated surplus/(deficit)			(2,509,602)
<b>Notes</b>			
<p>1. Assets are stated at book value as at date of appointment, until the reconciliation of what crypto-assets the Company holds occurs, we cannot confirm the NZD value of company owned crypto-assets. Companies crypto-assets include Company issued coins such as DOT, which may be impaired if they can't be traded on other exchanges.</p> <p>2. As per records held by the Company at the date of appointment, actual amounts may change as claims are received and verified</p>			

# Appendix C – Schedule of known creditors

## Secured Creditors

Name	Address 1	Address 2	City	Postcode
Dell New Zealand Limited	Building 3, 14 Aquatic Drive	French Forest	Sydney	2086
COCA-COLA AMATIL (NZ) LIMITED	19 Carbine Road	Mount Wellington	Auckland	1060

## Unsecured Creditors

Name	Address 1	Address 2	City	Postcode
Canterbury Employers' Chamber of Commerce	57 Kilmore Street		Christchurch	
Chillisoft	PO Box 7429	Wellesley Street	Auckland	1010
Cloudflare, Inc.	101 Townsend Street	San Francisco CA 94107	San Francisco	94107
Dempster Builders Ltd	3 Cleveland Street	Edgeware	Christchurch	8013
EAP Services Limited	PO Box 8285	Riccarton	Christchurch	8011
EnviroWaste Services Ltd	21 Francella Street	Bromley	Christchurch	1061
Hotwire	Level 2, 100 Harris Street	Pymont	Sydney	
HubSpot	20 Hunter St, Level 7	Sydney NSW 2000	Sydney	
Incapsula	3400 Bridge Parkway, Suite 200	Redwood Shores CA 94065	Redwood Shores	94065
Initial	19 Chapmans Road	Hillsborough	Christchurch	8022
Intranet Consulting Limited	109 Montreal Street	Sydenham	Christchurch	8023
Junkman	PO Box 35183	Shirley	Christchurch	8640
Just Water New Zealand	Private Bag 9281	Penrose	Auckland	1642
Kearney & Co	254 Montreal Street		Christchurch	8011
Kordia	Unit 12, Cavendish Business Park	150 Cavendish Road, Casebrook	Christchurch	8051
Merquip	58 Walls Road	Penrose	Auckland	1061
Oasis	320 Prestons Road		Christchurch	8051
Office Products Depot	6 Bath Street	Christchurch Central	Christchurch	8011
Phoenix NAP	2353 W. University Dr	Tempe	Phoenix	
Promapp Solutions Limited	Eden 3, 16 Normanby Road	Mt Eden	Auckland	1023
Pulse Security	PO Box 610		Wellington	6140
Resolve Support Services Ltd	122 Coulston Road	Lancaster, LA1 3AB	Lancashire	
Sandfly Security	4 Ash Street	Christchurch Central	Christchurch	8011
Security Matters Christchurch Limited	155 Barrington Street	Somerfield	Christchurch	8024
Service Now	Level 48, 680 George Street	Sydney NSW 2000	Sydney	2000
Sparkling Silver Service Ltd	4 Riverside Lane	Spencerville	Christchurch	8083
TDM Electrical	112 Hayton Road	Wigram	Christchurch	8042
TradeMe Jobs	PO Box 11042	Wellington	Wellington	
Vision Systems	PO Box 3838	Christchurch Central	Christchurch	8140
Voyager Internet Ltd	PO Box 911190	Victoria Street West	Auckland	1142
Waste Management	301 Marshs Road	Hornby South	Christchurch	7676
Nintex			Australia	
Powershop	147 Tory St		Wellington	6011
Meridian Energy	PO Box 2128		Christchurch	8140
Spark			Wellington	
Angus Adams			Christchurch	
Anton Hughes			Christchurch	
Ben Dawson			Christchurch	
Carl Hastie			Christchurch	
Edward Currell			Christchurch	
Emily Chamberlain			Ashburton	
Haley Byars			Christchurch	
Helen Jacka			Christchurch	



Name	Address 1	Address 2	City	Postcode
Jennifer Shraga			Christchurch	
Joshua Milner			Christchurch	
Kabyn Walley			Christchurch	
Kaylib Kumeroa			Christchurch	
Lamont Broughton			Christchurch	
Louis Shurety			Christchurch	
Malcolm Gray			Christchurch	
Maria del Carmen Hoz Lopez			Christchurch	
Matthew Hoare			Christchurch	
Michael Dawson			Christchurch	
Michael Glaser			Christchurch	
Michael Hiener			Christchurch	
Michael Jack			Christchurch	
Morgan Nicholson			Christchurch	
Niamh Meighan			Christchurch	
Oliver Krenek			Christchurch	
Olivia Grimwood			Christchurch	
Padmini Agnihotri			Christchurch	
Peter Osborne			Christchurch	
Philip Broderick			Christchurch	
Priyanka Nimbalkar			Christchurch	
Raj Wadhera			Auckland	
Rita Langley			Christchurch	
Robert Dawson			Christchurch	
Rose-Anna Patricia			Christchurch	
Samuel Baker			Christchurch	
Tim Brocket			Christchurch	
Tony Donaldson			Christchurch	
Tyler Sullivan			Christchurch	
Zaylie Sullivan			Christchurch	

# Appendix D – Creditor Claim Form

## Unsecured Creditor Claim Form

### Cryptopia Limited (IN LIQUIDATION)

<p>Name and postal address of creditor in full:</p>   <p>Telephone Number:</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>
<p>I _____ <i>[If claim is made on behalf of creditor, specify relationship to creditor and authority]</i> claim that the company was at the date it was put into liquidation indebted to the above named creditor for the sum of:</p> <p><b><i>[Amount in words and figures]:</i></b> _____ \$</p>	
<p>Either:                    I hold no security for the amount claimed; or                                        I am surrendering my security and I am claiming as an unsecured creditor  <b><i>[Omit whichever does not apply]</i></b></p>	
<p>Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form.</p> <p><b>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.</b></p>	
Signed: _____	Date:        /        /

**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><b>Liquidator</b> (Date Stamp)</p>	<p><b>Reserved for Office Use:</b></p> <p><u>Claim rejected for payment:</u>                    Signed: _____                    Date:    /    /</p> <p><u>Claim admitted for payment:</u></p> <p>Preferential Claim for:                    Ordinary Claim for:                    Deferred Claim for:</p> <p>\$ _____                    \$ _____                    \$ _____</p> <p>Signed Liquidator: _____                    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 \$
	<p>If applicable, less Retention of Title for Goods supplied by creditor to the company</p> <p><i>[Describe goods]</i></p> <p>If applicable, less debts owed by creditor to the company</p> <p><i>[Describe debts]</i></p>	

If applicable, please record here your GST Registration number:

and total GST included in your claim: \$

# Appendix E – DIRRI

## Declaration of Independence, Relevant Relationships and indemnities

### Cryptopia Limited (in Liquidation)

Practitioner/s appointed to an insolvent entity are required to make declarations as to:

- A Their independence generally
- B Relationships, including
  - i The circumstances of the appointment
  - ii Any relationships with the [company/debtor] and others within the previous 24 months
  - iii Any prior professional services for the [company/debtor] within the previous 24 months
  - iv That there are no other relationships to declare and
- C any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners, Grant Thornton NZ Limited (the “Firm”) and any of the Grant Thornton NZ’s associated entities.

### A Independence

David Ian Ruscoe and Malcolm Russell Moore of Grant Thornton NZ Limited have undertaken a proper assessment of the risks to the Firm’s independence prior to accepting the appointment as Liquidators of Cryptopia Limited in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to the Firm’s independence. David Ian Ruscoe and Malcolm Russell Moore are not aware of any reasons that would prevent the Firm from accepting this appointment.

### B Declaration of Relationships

#### Circumstances of appointment

This appointment was referred to the Firm by the former Director of the Company. He introduced us to the Companies shareholders. We believe that this referral does not result in a conflict of interest or duty because:..:

- the introduction was unconditional;
- we have not undertaken any prior engagement for The Company or the Director
- introductions or referrals from advisors to specialist advisors are common business practice.

We have had no pre-appointment meetings, our sole interactions have been telephone calls with the shareholders and their advisers between the 8th of May 2019 until the day of appointment.

In our opinion, these discussions do not affect our independence for the following reasons:

- It is recognised there is a need for practitioners to provide advice on an insolvency process and the options available for the Company. It is not considered that such advice results in a conflict.
- Nature of advice was generic in nature and explained the general process of putting the Company into liquidation.
- We did not charge any fees for these meetings and communications.

We have provided no other information on advice to the Company, the directors and its advisors prior to our appointment beyond that outlined in this DIRRI.



### Relevant Relationships (excluding Professional Services to the Insolvent)

Neither of the Liquidator's, nor the Firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property.

### Prior Professional services to the Insolvent

Neither of the Liquidator's, nor the Firm, have provided any professional services to the Company in the previous 24 months.

### No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property that should be disclosed.

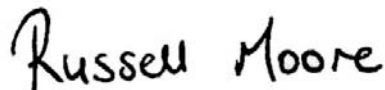
## C Indemnities and up-front payments

We have not been indemnified in relation to the Liquidation, other than any indemnities that we may be entitled to under statute and, have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 31 May 2019



**DAVID IAN RUSCOE**  
LIQUIDATOR



**MALCOLM RUSSELL MOORE**  
LIQUIDATOR

### Note:

1 If circumstances change, or new information is identified, David Ian Ruscoe and Malcolm Russell Moore are required under the Companies Act 1993 and the RITANZ Code of Professional Conduct to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.



# Liquidators' Second Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

Company number: 2392901

11 December 2019



# Contents

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# Introduction

David Ian Ruscoe and Malcolm Russell Moore, of Grant Thornton New Zealand Limited, were appointed jointly as liquidators of Cryptopia Limited (in Liquidation) (“the Company”) on 14 May 2019 at 1.20pm by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993 (“the Act”).

We set out below our second report on the state of the affairs of the Company as required by section 255(2)(d) of the Act

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. It is prepared for the sole purpose of reporting on the state of affairs with respect to the Company in liquidation and the conduct of the liquidation.

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance. The liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light on any information existing at the date of this report which becomes known to them after that date.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars unless otherwise stated.

# Conduct of the Liquidation in the preceding six months

As discussed in our first report, Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide and employed 37 staff.

The rapid growth of Cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. The Company entered into a number of long term, high cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses to minimise trading losses.

In January 2019, Cryptopia's exchange was hacked and a significant amount of crypto-assets taken. The reputation damage from this event adversely affected trade volumes and meant the Company was unable to meet its debts as they fell due. It was then decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders.

We have continued to keep stakeholders updated on the progress of the liquidation via the designated webpage <https://www.grantthornton.co.nz/cryptopia-limited/>. A summary of conduct for the preceding six months is below.

## Securing assets

In May 2019, we filed a petition for chapter 15 recognition in the Bankruptcy Court of the Southern District of New York (SDNY) seeking recognition of the New Zealand liquidation in the USA, and we also applied for urgent interim relief. These steps were taken to preserve the Cryptopia information that was stored and hosted on servers of an Arizona based business.

Subsequent to this recognition we physically collected assets from this business data centre and returned these to New Zealand. This step was vital as it contained the only records of Cryptopia's customer holdings and certain crypto-assets.

## Legal proceedings

The absence of legal precedent on crypto-assets in New Zealand and worldwide has meant that on 1 October 2019 the liquidators filed an application with the High Court seeking directions on the legal status of the Crypto-assets in New Zealand (i.e. is cryptocurrency "property" within the meaning of the Companies Act 1993). The purpose of this is to determine whether Crypto-assets can be held on trust for account holders, or whether the cryptocurrencies are beneficially owned by the Company. To read more on this proceeding please refer to <https://www.grantthornton.co.nz/update-for-cryptopia-account-holders-25-october-2019/>

The directions hearing is scheduled to begin on 3 February 2020, all account holders and Creditors should have been received an email as per services of the Court orders dated 18 October 2018.

## Hacked assets

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack.

We are not investigating the root cause of the hack. Our obligation is to seek recoveries for stakeholders' benefit. We have therefore undertaken work to trace and or freeze stolen crypto-assets. This is a complex situation with cooperation needed from third parties.

### Operations and sale of surplus fixed assets

We have continued to employ certain Cryptopia staff to assist with the collection of tangible and intangible assets. However, the headcount of the Company has significantly reduced and therefore we have vacated the company's premises for a smaller more cost effective one. We have sold by online auction excess desks, computer equipment, furniture and other items that are not required for the continued operations.

### Coin developers' meetings

We have held several webinars with affected coin developers in order to better engage with the developer community, provide an overview of the liquidation process and allow the developers to raise any issues or concerns they have. So far we have received positive feedback on these sessions and we plan to hold further webinars once the process is further progressed.

### Investigations

We have begun our review into the operations and affairs of the Company to establish whether any further matters need to be addressed. Our duties as Liquidators require a transparent and robust investigation into the insolvency of the Company and its officers. If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors.

### Crypto-Asset Reconciliation process/ Customer Holdings

We appreciate that customers wonder why it is taking so long for us to determine customer holdings. There are two main reasons for the time and complexity of the process:

1. **Customers did not have individual wallets and it is impossible to determine individual ownership using just the keys in the wallets.** While Cryptopia held details of customer holdings and reported these on the Exchange, the crypto-assets themselves were pooled (co-mingled) in coin wallets. As a centralised exchange, customers' trades would occur in the exchange's internal ledger without confirmation on the blockchain.
2. **No detailed reconciliation process between the customer databases and the crypto-assets held in the wallets has ever been completed.**

At the date of this report the process is well underway but will still take some time to complete. We are working to reconcile the accounts of over 900,000 active customers, many holding multiple crypto-assets, millions of transactions and potentially over 900 different crypto-assets.

To provide transparency to stakeholders we have split the reconciliation process into three main phases to illustrate progress made:

1. Securing assets and company data – We have recovered assets from Arizona and have secured company data.
2. Wallet environment and customer reconciliation – Due to the January 2019 hack it was necessary to rebuild the full wallet environment. This was done to ensure no leftover malicious code from the January hack would corrupt the new environment. This recompiling is not a straightforward process, as over 900 different assets were supported by Cryptopia at one time or another.
3. Identifying users and repatriation of returns - This phase is at an early stage. Several legal matters need to be resolved before this phase can progress

## Asset Realisations

During the period we had the following major asset realisations:

### Funds recovered

The company at the date of liquidation had a balance of \$5,022,935 sitting in a 3<sup>rd</sup> party trust account this was recovered by the Liquidators.

### Sale of fixed assets

We have sold by auction excess desks, computer equipment, furniture and other items that are not required for the continued operations. this has generated \$202,534 from the sale of the Company's excess fixed assets.

### Company Crypto-Assets

As included in the first report on the 29 May 2019 a High Court order was made that Bitcoin being held in the company wallet outside of known client funds, could be converted into fiat currency to help fund the liquidation and the protection and preservation of crypto-assets for the benefit of those entitled to them. These 344 BTC were converted into \$4,427,292.

## Receipts and Payments

Please refer to Appendix A: Statement of Receipts and Payments for further details on the receipts and payments for the six-month period ending 14 November 2019.

## Creditors

### Secured Creditors

On Liquidation there were two specific security financing statements (Purchase Money Security Interests (PMSIs)) registered. The Liquidators have contacted all registered PMSI holders and do not believe there are any secured amounts due.

### Preferential Creditors

Employees' preferential claims of \$200,664 representing outstanding wages, holiday pay and suspension pay was paid out during this period (this amount excluded payroll related taxes which were paid after the date of this report).

At the liquidation date the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete, we will determine if there are any preferential taxes owing.

### Unsecured Creditors

We have received 26 unsecured creditors' claims received to date totalling \$2.991m.



## Remuneration Report

The Liquidators' remuneration received for the period between 14 May 2019 to 29 October 2019, charged at the hourly rates, totalled \$823,164, exclusive of GST. All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the six-month period is enclosed at Appendix B, including a schedule of the qualifications and experience generally of staff at each level. A schedule of the work undertaken during the six-month reporting period is also summarised in Appendix B.

# Remaining Matters

## Investigations

We continue to investigate the affairs of the Company and its directors in the period prior to our appointment to determine if there are any further avenues of recovery available to the Company.

At this stage it is not practicable to estimate a completion date for the Liquidation.

Our next statutory report is not due until May 2020, however, we expect to provide another update to stakeholders after the High Court hearing in February 2020.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [Cryptopia@nz.gt.com](mailto:Cryptopia@nz.gt.com).

Dated: 11 December 2019

A handwritten signature in blue ink, appearing to read 'D Ruscoe', with a horizontal line underneath.

David Ruscoe  
Liquidator  
Cryptopia Limited (in Liquidation)

# Appendix A – Receipts and Payments

Receipts and Payments	14 May 2019 to 14 November 2019 (\$)
<b>Receipts</b>	
Funds on hand at date of Liquidation	1,065,426
Company Crypto-Assets converted to Fiat	4,427,292
Funds Recovered	5,022,935
Interest Income	58,975
Sale of Assets	202,534
GST Refunds received	112,687
GST on Receipts	17,693
<b>Total Receipts</b>	<b>10,907,543</b>
<b>Less Payments</b>	
Asset sale costs	84,581
Computer Costs	11,079
Consulting & Accounting	4,376
Contractor expenses	67,725
Distribution to Preferential Creditors	200,664
General Expenses	4,096
Insurance	7,239
Legal expenses	689,401
Light, Power, Heating	16,517
Liquidators Fees	823,164
Relocation Costs	13,090
Rent	293,123
Security Expenses	45,619
Server Hosting Fees	644,894
Telephone & Internet	6,067
Wages & Salaries	407,302
PAYE Payable	195,308
GST on Expenses	228,461
<b>Total Payments</b>	<b>3,742,708</b>
<b>Net Receipts/Payments for the period</b>	<b>7,164,835</b>
<b>Closing funds on hand</b>	<b>7,164,835</b>

# Appendix B – Remuneration Report

## Section 1: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period 14 May 2019 to 14 November 2019:

Task Area	General Description	Includes
<b>Assets</b>	Assets subject to specific charges	<ul style="list-style-type: none"> <li>All tasks associated with realising a charged asset</li> <li>Investigation into unregistered securities</li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>Correspondence with debtors</li> <li>Reviewing and assessing debtors ledgers</li> <li>Liaising with debt collectors and solicitors</li> </ul>
	Sale of Business Unit	<ul style="list-style-type: none"> <li>Preparing an information memorandum</li> <li>Liaising with potential purchasers</li> <li>Internal meetings to discuss/review potential purchasers</li> <li>Negotiations with Vendors around terms of transfer of Farm Leases</li> </ul>
	Plant and Equipment	<ul style="list-style-type: none"> <li>Liaising with valuers, auctioneers and interested parties</li> <li>Reviewing asset listings</li> <li>Review of Sales</li> </ul>
	Sale of Real Property	<ul style="list-style-type: none"> <li>Liaising with valuers, agents</li> <li>Assistance with Sales process</li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>Correspondence with debtors</li> <li>Reviewing and assessing debtors ledgers</li> <li>Liaising with debt collectors and solicitors</li> </ul>
	Crypto-Assets	<ul style="list-style-type: none"> <li>Review of company assets</li> <li>Reviewing stock values from Crypto markets</li> <li>Liaising with OTC traders</li> <li>Securing assets into cold storage</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>Tasks associated with realising other assets</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>Reviewing leasing documents</li> <li>Liaising with owners/lessors</li> <li>Tasks associated with disclaiming leases</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>Receive and follow up creditor enquiries via telephone and email</li> <li>Maintaining creditor enquiry register</li> <li>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Secured creditor reporting	<ul style="list-style-type: none"> <li>Notifying PPSR registered creditors of appointment</li> <li>Preparing reports to secured creditor</li> <li>Responding to secured creditor's queries</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>Receipting and filing Proofs of Debt</li> <li>Corresponding with Proofs of Debt</li> </ul>
<b>Employees</b>	Employees enquiry	<ul style="list-style-type: none"> <li>Receive and follow up employee enquiries via telephone and email</li> <li>Maintain employee enquiry register</li> <li>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>



		<ul style="list-style-type: none"> <li>Preparation of letters to employees advising of their entitlements and options available</li> <li>Receive and prepare correspondence in response to employee's objections to leave entitlements and other remuneration.</li> </ul>
	Calculation of entitlements	<ul style="list-style-type: none"> <li>Calculating employee entitlements</li> <li>Reviewing employee files and company's books and records</li> </ul>
	Preferential payment	<ul style="list-style-type: none"> <li>Correspondence with employees regarding preferential payment</li> <li>Correspondence with IRD regarding proof of debt</li> <li>Receipting Proofs of Debt</li> <li>Adjudicating Proofs of Debt</li> <li>Ensuring PAYE is remitted to IRD</li> </ul>
<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>Communications with government agencies around statutory obligations</li> <li>Various other stakeholder communications</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>First month, then 6 monthly liquidation review</li> <li>Filing of documents</li> <li>File reviews</li> <li>Updating checklists</li> </ul>
	Ongoing Trading	<ul style="list-style-type: none"> <li>Issuing new Liquidators employment contracts to staff retained for the period.</li> <li>Management of premises including lease property</li> <li>Review of Anti Money laundering obligations and statutory obligations.</li> <li>Ongoing review and monitoring of IT security and record retention.</li> <li>Correspondence with Law Enforcement</li> <li>Preparation of budgets</li> <li>Review of cashflow and its ability to operate the business and meet its commitments in the immediate future.</li> <li>On site visits</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>Preparing correspondence opening and closing accounts</li> <li>Requesting bank statements</li> <li>Bank account reconciliations</li> <li>Correspondence with bank regarding specific transfers</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>Discussions regarding status of Liquidation</li> </ul>
	Books and records/storage	<ul style="list-style-type: none"> <li>Dealing with records in storage</li> <li>Sending job files to storage</li> <li>Filing education returns with relevant agencies</li> </ul>
<b>Administration/Statutory</b>	Company office obligations	<ul style="list-style-type: none"> <li>Filing with Companies Office</li> </ul>
	Documents of appointment	<ul style="list-style-type: none"> <li>Preparation of Court memorandum</li> <li>Review</li> <li>Execution</li> <li>Filing with Companies Office</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>Identification of potential issues requiring attention of insurance specialists</li> <li>Correspondence with insurers regarding initial and ongoing insurance requirements</li> <li>Reviewing insurance policies</li> <li>Correspondence with previous brokers</li> </ul>
	Report as to Affairs	<ul style="list-style-type: none"> <li>Directors Questionnaire</li> <li>Completion deadlines and extensions</li> <li>Meetings with coin developers</li> <li>Drafting press releases for stakeholders</li> </ul>
<b>Investigations</b>	Tracing exercise	<ul style="list-style-type: none"> <li>Using blockchain forensic tools to verify holdings</li> <li>Beginning scoping</li> <li>Correspondence with law enforcement around compromised assets</li> </ul>

	Company/Directors duties	<ul style="list-style-type: none"> <li>• Reviewing company solvency and financial reporting</li> <li>• Investigating director's duties</li> <li>• Review of IT environment and company mailboxes</li> <li>• Inspection of service agreements</li> <li>• Reviewing conduct of companies for breaches of Companies Act</li> <li>• Interviews with Directors and Shareholders</li> </ul>
Legal Matters	Cross-border recognition	<ul style="list-style-type: none"> <li>• Chapter 15 bankruptcy recognition in the United States of America</li> <li>• Preparation of declarations for inclusion in legal submissions</li> </ul>
	AML scoping	<ul style="list-style-type: none"> <li>• Initial review of customer database, identity requirements</li> <li>• Companies legal advice around sanctioned countries</li> <li>• Crypto specific engagements</li> </ul>
	Legal Requirements	<ul style="list-style-type: none"> <li>• Undertakings by staff for information and preparation of evidence for directions hearing</li> <li>• Tasks around the preparation of affidavits for direction hearing</li> <li>• Court order service preparation and review of communications to account holders and Creditors.</li> </ul>

## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category:

	Hourly Rate (\$ph)	Administration/ Statutory		Asset Realisation		Creditors		Employees		Investigations		Legal matters		Operations		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	600	80.0	48,000	15.5	9,300	11.8	7,080	5.0	3,000	68.0	40,800	96.5	57,900	240.4	144,223	517.2	310,303
IT Specialist	600-650	-	-	-	-	-	-	-	-	-	-	-	-	285.0	172,050	285.0	172,050
Tax Partner	495	0.5	248	2.0	990	-	-	-	-	-	-	2.0	990	-	-	4.5	2,228
Associate Information Security Consultant	325 – 450	-	-	-	-	0.2	90	-	-	3.0	975	-	-	-	-	3.2	1,065
Senior Manager	275	-	-	-	-	-	-	-	-	-	-	-	-	13.5	3,713	13.5	3,713
Manager	375	0.3	113	-	-	-	-	-	-	-	-	-	-	-	-	0.3	113
Assistant Manager	275	0.1	28	-	-	-	-	-	-	-	-	-	-	0.1	28	0.2	55
Analyst	150	110.5	30,388	33.5	9,213	22.0	6,050	24.5	6,738	13.5	3,713	48.0	13,200	175.0	48,125	427.0	117,425
Support Staff	125 - 255	83.0	12,450	11.4	1,710	10.7	1,605	65.9	9,885	18.1	2,715	7.8	1,170	106.3	15,945	303.2	45,480
		38.8	7,132	2.0	510	56.6	9,056	18.4	2,944	-	-	0.5	80	18.7	2,975	135.0	22,697
<b>Total</b>		<b>313.2</b>	<b>98,357</b>	<b>64.4</b>	<b>21,723</b>	<b>101.3</b>	<b>23,881</b>	<b>113.8</b>	<b>22,567</b>	<b>102.6</b>	<b>48,203</b>	<b>154.8</b>	<b>73,340</b>	<b>839.0</b>	<b>387,057</b>	<b>1,689.1</b>	<b>675,127</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Travel (flights, car rental, accommodation etc)	71,887
International Collection Costs	9,000
Software Licensing	50,913
Advertising	962
Sundry	15,276
Total Disbursements	148,038
Total Fees	675,127
<b>Total Liquidators costs</b>	<b>823,164</b>

## Section 3: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST) (State)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$600
IT Specialist	Specialist IT Practitioner bringing specialist skills in Cybersecurity, IT forensics and other IT related matters.	\$600-\$650
Tax Partner	Specialist Tax Practitioner bringing specialist skills in Taxation and other IT related matters.	\$495
Associate Director	Qualified accountant and may be a Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Likely to be appointed as a director in due course. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$325-\$450
Manager/Senior Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$275-\$375
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$275
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$150
Information Security Consultant	Specialist Information Security specialist. Required to assist Liquidators with the day to day running operation of the Cryptopia and provided detail reporting around any security vulnerabilities.	\$275
Administration Staff	Conducts all aspects relating to administering the accounts function and other functions as required.	\$125-\$155





# Liquidators' Third Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

Company number: 2392901

12 June 2020



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# Introduction

David Ian Ruscoe and Malcolm Russell Moore, of Grant Thornton New Zealand Limited, were appointed jointly as liquidators of Cryptopia Limited (in Liquidation) (“the Company”) on 14 May 2019 at 1.20pm by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993 (“the Act”).

We set out below our third report on the state of the affairs of the Company as required by section 255(2)(d) of the Act

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. It is prepared for the sole purpose of reporting on the state of affairs with respect to the Company in liquidation and the conduct of the liquidation.

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance. The liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light on any information existing at the date of this report which becomes known to them after that date.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars unless otherwise stated.

## Background

Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide and employed 37 staff.

The rapid growth of Cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. The Company entered into a number of long term, high cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses to minimise trading losses.

In January 2019, Cryptopia’s exchange was hacked and a significant amount of crypto-assets taken. The reputation damage from this event adversely affected trade volumes and meant the Company was unable to meet its debts as they fell due. It was then decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders.



# Conduct of the Liquidation in the preceding six months

We have continued to keep stakeholders updated on the progress of the liquidation via the designated webpage <https://www.grantthornton.co.nz/cryptopia-limited/>. A summary of conduct for the preceding six months is below.

## Directions hearing

The absence of legal precedent on crypto-assets in New Zealand and worldwide meant that on 1 October 2019 the liquidators filed an application with the High Court seeking directions on the legal status of the Crypto-assets in New Zealand (i.e. is cryptocurrency “property” within the meaning of the Companies Act 1993).

This four-day hearing commenced on 11 February 2020 at the Christchurch High Court. The Court appointed counsel represented the interests of account holders and unsecured creditors respectively, to ensure the Court received the benefit of full and contested argument on the issues.

On the 8 April 2020, the High Court released its decision firstly, that Cryptocurrency is “property” for the purposes of the Companies Act 1993 and therefore at common law. And secondly, that account holders’ cryptocurrency is held on express trust by Cryptopia and a separate trust exists for each type of cryptocurrency.

What this means is that the cryptocurrencies are beneficially owned by the account holders and will not form part of the pool of assets available to unsecured creditors. This is the first final judgment on a fully contested basis that has considered whether cryptocurrency satisfies the legal definition of property at common law.

The full decision can be found [here](#)

## Claims process

With the legal relationship of the company and account holders validated, the liquidators now have certainty that account holders’ claims are to be in the form of actual cryptocurrency held.

At this stage, no claims process for account holders has been established. We must reinforce that communications around this claims process will only come from the liquidators.

During the period, the liquidators have held discussions with several solution providers to develop a claims process that achieves the following objectives:

- |   |  |
|---|--|
| 1 | Allows the registration of account holders details and to make claims for their account balances |
| 2 | Verifies account holder’s identities to the necessary AML/CFT standard                           |
| 3 | Instigates asset transfers to account holders  |

The liquidators intend to agree a provider shortly.

## Hacked assets

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack. We are not investigating the root cause of the hack. Our obligation is to seek recoveries for stakeholders’ benefit.

We have undertaken investigations to trace and or freeze stolen crypto-assets. We are in the early stages of discussion with exchanges that have frozen stolen cryptocurrency. The legal decision confirms that any stolen

cryptocurrency that are recovered is to be applied to the specific trust associated with each cryptocurrency Crypto-Asset Reconciliation process / Customer Holdings

We appreciate that account holders may be frustrated with why it is taking so long for us to determine customer holdings. As previously reported and commented on in the Judgement. There are two main reasons for the time and complexity of the process:

1. **Customers did not have individual wallets and it is impossible to determine individual ownership using just the keys in the wallets.** While Cryptopia held details of customer holdings and reported these on the Exchange, the crypto-assets themselves were pooled (co-mingled) in coin wallets. As a centralised exchange, customers' trades would occur in the exchange's internal ledger without confirmation on the blockchain.
2. **No detailed reconciliation process between the customer databases and the crypto-assets held in the wallets has ever been completed.**

At the date of this report we have made significant progress, but this is still taking some time to complete. We are working to reconcile the accounts of over 900,000 active customers, many holding multiple crypto-assets, millions of transactions and potentially over 900 different crypto-assets.

The reconciliation process has also been adversely impacted by the COVID19 lockdown. With security being paramount at Cryptopia we felt it was necessary to restrict the remote access staff had while working from home. As of 8 June 2020, this lockdown is now over and all Cryptopia staff can return without restriction to working from the secure premises. With this return we expect a return to pre lockdown productivity.

We expect the reconciliation process to be completed within the coming months.

### Investigations

During the period, the Liquidators have increased their focus on investigating the affairs of the Company and its directors, officers and other parties prior to the liquidation. Due to the ongoing nature of our investigation, we are unable to provide details regarding our findings to date since doing so could prejudice any proceedings, which may be taken at a later date.

The Liquidators will shortly issue further notices pursuant to section 261 of the Companies Act requiring various parties to provide information to assist us in our investigation into the financial failure of the company. The Liquidators are continuing to correspond with various parties, and their legal representatives where appropriate, in respect of the provision of information.

If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors. Our duties as Liquidators require a transparent and robust investigation into the insolvency of the Company and its officers

### Next steps

Once the reconciliation is complete our intention is to return to court and seek approval on our proposed distribution model to account holders. This is vital and requires the reconciliation to be complete and existence of account holders' funds confirmed. This step will provide clarity on the shortfall in total cryptocurrency held per each trust exists.

We will provide an update on the claims process as soon as we can. We continue to work and cooperate with law enforcement as we attempt to recover stolen cryptocurrency for stakeholders and isolate the root causes of the failing of the company.

## Asset Realisations

During the period we had the following asset realisations:

### Sale of fixed assets

We have sold further goods that were not required.

## Receipts and Payments

Please refer to Appendix A: Statement of Receipts and Payments for further details on the receipts and payments for the six-month period ending 14 May 2020.

## Creditors

### Secured Creditors

On Liquidation there were two specific security financing statements (Purchase Money Security Interests (PMSIs)) registered. The Liquidators have contacted all registered PMSI holders and do not believe there are any secured amounts due.

### Preferential Creditors

Preferential claims of \$112,328 representing payroll related taxes on outstanding wages, holiday pay and suspension pay were paid out to Inland Revenue during this period.

At the liquidation date the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete, we will determine if there are any preferential taxes owing.

### Unsecured Creditors

We have received 26 unsecured creditors' claims received to date totalling \$2.991m.

We confirm that only preferential creditors have been paid and that no other creditor distributions have been made.

## Remuneration Report

The Liquidators' remuneration received for the period between 15 November to 14 May 2020, charged at the hourly rates, totalled \$955,618, exclusive of GST. All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the six-month period is enclosed at Appendix B, including a schedule of the qualifications and experience generally of staff at each level. A schedule of the work undertaken during the six-month reporting period is also summarised in Appendix B.



# Remaining Matters

At this stage it is not practicable to estimate a completion date for the Liquidation.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [Cryptopia@nz.gt.com](mailto:Cryptopia@nz.gt.com).

Dated: 12 June 2020

A handwritten signature in blue ink, appearing to read 'D Ruscoe', is positioned above the typed name.

David Ruscoe  
Liquidator  
Cryptopia Limited (in Liquidation)

# Appendix A – Receipts and Payments

Receipts and Payments	15 November 2019 to 14 May 2020	Total
Opening funds on Hand	7,164,835	0
<b>Receipts</b>		
Funds on hand at date of Liquidation		1,065,426
Company Crypto-Assets converted to Fiat		4,427,292
Funds Recovered		5,022,935
Interest Income		58,975
Sale of Assets	\$ 4,196	206,730
GST Refunds received	\$ 160,576	273,263
GST on Receipts	\$ 629	18,322
<b>Total Receipts</b>	<b>165,401</b>	<b>11,072,944</b>
<b>Payments</b>		
Asset sale costs	\$ 1,485	86,067
Computer Costs	\$ 42,282	53,361
Consulting & Accounting	\$ 1,225	5,601
Contractor expenses	\$ 139,847	207,572
Distribution to Preferential Creditors	\$ 112,328	312,992
General Expenses	\$ 6,455	10,551
Insurance	\$ 12,604	19,843
Legal expenses	\$ 568,074	1,257,475
Light, Power, Heating	\$ 6,691	23,208
Liquidators Fees	\$ 955,618	1,778,782
Relocation Costs	\$ -	13,090
Rent	\$ -	293,123
Security Expenses	\$ 209	45,828
Server Hosting Fees	\$ 4,292	649,187
Telephone & Internet	\$ 3,652	9,719
Wages & Salaries	\$ 306,841	714,143
PAYE Payable	\$ 167,555	362,864
GST on Expenses	\$ 260,643	489,104
<b>Total Payments</b>	<b>\$2,589,801</b>	<b>\$6,332,509</b>
<b>Net Receipts/Payments for the period</b>	<b>-\$2,424,400</b>	<b>\$4,740,435</b>
<b>Closing funds on hand</b>	<b>4,740,435</b>	<b>4,740,435</b>

# Appendix B – Remuneration Report

## Section 1: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period 15 November 2019 to 14 May 2020:

Task Area	General Description	Includes
<b>Assets</b>	Assets subject to specific charges	<ul style="list-style-type: none"> <li>All tasks associated with realising a charged asset</li> <li>Investigation into unregistered securities</li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>Correspondence with debtors</li> <li>Reviewing and assessing debtors ledgers</li> <li>Liaising with debt collectors and solicitors</li> </ul>
	Sale of Business Unit	<ul style="list-style-type: none"> <li>Preparing an information memorandum</li> <li>Liaising with potential purchasers</li> <li>Internal meetings to discuss/review potential purchasers</li> </ul>
	Plant and Equipment	<ul style="list-style-type: none"> <li>Liaising with valuers, auctioneers and interested parties</li> <li>Reviewing asset listings</li> <li>Review of Sales</li> </ul>
	Sale of Real Property	<ul style="list-style-type: none"> <li>Liaising with valuers, agents</li> <li>Assistance with Sales process</li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>Correspondence with debtors</li> <li>Reviewing and assessing debtors ledgers</li> <li>Liaising with debt collectors and solicitors</li> </ul>
	Crypto-Assets	<ul style="list-style-type: none"> <li>Review of company assets</li> <li>Reviewing stock values from Crypto markets</li> <li>Liaising with OTC traders</li> <li>Securing assets into cold storage</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>Tasks associated with realising other assets</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>Reviewing leasing documents</li> <li>Liaising with owners/lessors</li> <li>Tasks associated with disclaiming leases</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>Receive and follow up creditor enquiries via telephone and email</li> <li>Maintaining creditor enquiry register</li> <li>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Secured creditor reporting	<ul style="list-style-type: none"> <li>Notifying PPSR registered creditors of appointment</li> <li>Preparing reports to secured creditor</li> <li>Responding to secured creditor's queries</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>Receipting and filing Proofs of Debt</li> <li>Corresponding with Proofs of Debt</li> </ul>
<b>Employees</b>	Employees enquiry	<ul style="list-style-type: none"> <li>Receive and follow up employee enquiries via telephone and email</li> <li>Maintain employee enquiry register</li> <li>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>

		<ul style="list-style-type: none"> <li>Preparation of letters to employees advising of their entitlements and options available</li> <li>Receive and prepare correspondence in response to employee's objections to leave entitlements and other remuneration.</li> </ul>
	Calculation of entitlements	<ul style="list-style-type: none"> <li>Calculating employee entitlements</li> <li>Reviewing employee files and company's books and records</li> </ul>
	Preferential payment	<ul style="list-style-type: none"> <li>Correspondence with employees regarding preferential payment</li> <li>Correspondence with IRD regarding proof of debt</li> <li>Receipting Proofs of Debt</li> <li>Adjudicating Proofs of Debt</li> <li>Ensuring PAYE is remitted to IRD</li> </ul>
<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>Communications with government agencies around statutory obligations</li> <li>Various other stakeholder communications</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>First month, then 6 monthly liquidation review</li> <li>Filing of documents</li> <li>File reviews</li> <li>Updating checklists</li> </ul>
	Ongoing Trading	<ul style="list-style-type: none"> <li>Issuing new Liquidators employment contracts to staff retained for the period.</li> <li>Management of premises including lease property</li> <li>Review of Anti Money laundering obligations and statutory obligations.</li> <li>Ongoing review and monitoring of IT security and record retention.</li> <li>Correspondence with Law Enforcement</li> <li>Preparation of budgets</li> <li>Review of cashflow and its ability to operate the business and meet its commitments in the immediate future.</li> <li>On site visits</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>Preparing correspondence opening and closing accounts</li> <li>Requesting bank statements</li> <li>Bank account reconciliations</li> <li>Correspondence with bank regarding specific transfers</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>Discussions regarding status of Liquidation</li> </ul>
	Books and records/storage	<ul style="list-style-type: none"> <li>Dealing with records in storage</li> <li>Sending job files to storage</li> <li>Filing education returns with relevant agencies</li> </ul>
<b>Administration/Statutory</b>	Company office obligations	<ul style="list-style-type: none"> <li>Filing with Companies Office</li> </ul>
	Documents of appointment	<ul style="list-style-type: none"> <li>Preparation of Court memorandum</li> <li>Review</li> <li>Execution</li> <li>Filing with Companies Office</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>Identification of potential issues requiring attention of insurance specialists</li> <li>Correspondence with insurers regarding initial and ongoing insurance requirements</li> <li>Reviewing insurance policies</li> <li>Correspondence with previous brokers</li> </ul>
	Report as to Affairs	<ul style="list-style-type: none"> <li>Directors Questionnaire</li> <li>Completion deadlines and extensions</li> <li>Meetings with coin developers</li> <li>Drafting press releases for stakeholders</li> </ul>
<b>Investigations</b>	Tracing exercise	<ul style="list-style-type: none"> <li>Using blockchain forensic tools to verify holdings</li> <li>Beginning scoping</li> <li>Correspondence with law enforcement around compromised assets</li> </ul>

	Company/Directors duties	<ul style="list-style-type: none"> <li>• Reviewing company solvency and financial reporting</li> <li>• Investigating director's duties</li> <li>• Review of IT environment and company mailboxes</li> <li>• Inspection of service agreements</li> <li>• Reviewing conduct of companies for breaches of Companies Act</li> <li>• Interviews with Directors and Shareholders</li> </ul>
<b>Legal Matters</b>	Cross-border recognition	<ul style="list-style-type: none"> <li>• Chapter 15 bankruptcy recognition in the United States of America</li> <li>• Preparation of declarations for inclusion in legal submissions</li> </ul>
	AML scoping	<ul style="list-style-type: none"> <li>• Initial review of customer database, identity requirements</li> <li>• Companies legal advice around sanctioned countries</li> <li>• Crypto specific engagements</li> </ul>
	Legal Requirements	<ul style="list-style-type: none"> <li>• Undertakings by staff for information and preparation of evidence for directions hearing</li> <li>• Tasks around the preparation of affidavits for direction hearing</li> <li>• Court order service preparation and review of communications to account holders and Creditors.</li> </ul>
	Directions hearing	<ul style="list-style-type: none"> <li>• Attendances in relation to these proceedings</li> <li>• Preparation of information for the legal proceedings</li> </ul>



## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category:

	Hourly Rate (\$ph)	Administration/ Statutory		Asset Realisation		Creditors		Employees		Investigations		Legal matters		Operations		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	600	20.5	11,839	-	-	4.2	2,520	-	-	64.3	38,580	106.0	63,600	93.2	55,920	288.2	172,459
IT Specialist	600-650	-	-	-	-	-	-	-	-	-	-	-	-	408.2	265,350	408.2	265,350
Specialist Partner	400	-	-	-	-	-	-	-	-	22.0	8,800	-	-	-	-	22.0	8,800
Tax Partner	495	1.9	940	-	-	-	-	-	-	-	-	-	-	-	-	1.9	940
Associate	325 – 450	-	-	-	-	1.0	450	-	-	33.0	10,725	-	-	-	-	34.0	11,175
Information Security Consultant	275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Manager	350 – 375	22.4	8,377	-	-	0.5	185	-	-	217.4	80,390	19.0	6,976	9.0	3,310	268.3	99,238
Manager	275 – 350	82.5	28,875	-	-	15.5	5,125	2.5	687	27.0	8,962	121.5	42,150	221.5	76,150	470.5	161,949
Assistant Manager	275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Analyst	65 – 175	23.9	3,452	-	-	21.8	3,270	15.9	2,385	311.4	31,474	4.8	720	88.4	13,222	466.2	54,523
Support Staff	125 - 160	14.8	2,368	-	-	61.2	9,792	6.8	1,088	0.5	80	-	-	50.8	8,128	134.1	21,456
<b>Total</b>		166.0	55,851	-	-	104.2	21,342	25.2	4,160	675.6	179,011	251.3	113,446	871.1	422,080	2,093.4	795,890

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Travel (flights, car rental, accommodation etc)	77,547
International Collection Costs	-
Software Licensing	219
Data Hosting	58,435
Advertising	-
Sundry	23,527
Total Disbursements	159,728
Total Fees	795,890
<b>Total Liquidators costs</b>	<b>955,618</b>

## Section 3: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST) (State)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$600
IT Specialist/Specialist Partner	Specialist IT Practitioner bringing specialist skills in Cybersecurity, IT forensics, AML and other IT related matters.	\$400-\$650
Tax Partner	Specialist Tax Practitioner bringing specialist skills in Taxation and other IT related matters.	\$495
Associate Director	Qualified accountant and may be a Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Likely to be appointed as a director in due course. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$325-\$450
Manager/Senior Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$275-\$375
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$275
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$65-\$175
Information Security Consultant	Specialist Information Security specialist. Required to assist Liquidators with the day to day running operation of the Cryptopia and provided detail reporting around any security vulnerabilities.	\$275
Administration Staff	Conducts all aspects relating to administering the accounts function and other functions as required.	\$125-\$160

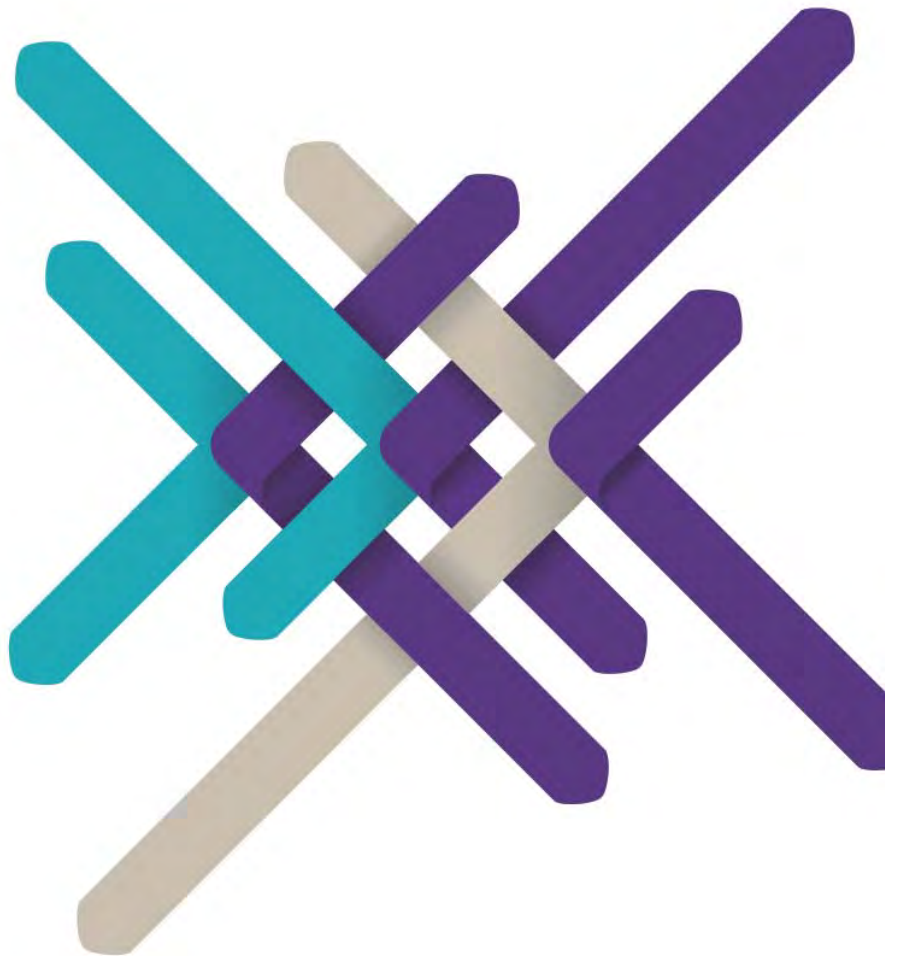


# Liquidators' Fourth Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

Company number: 2392901

11 December 2020



# Contents

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Conduct of the Liquidation in the preceding six months	3
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# Introduction

David Ian Ruscoe and Malcolm Russell Moore, of Grant Thornton New Zealand Limited, were appointed jointly as liquidators of Cryptopia Limited (in Liquidation) (“the Company”) on 14 May 2019 at 1.20pm by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993 (“the Act”).

We set out below our fourth report on the state of the affairs of the Company as required by section 255(2)(d) of the Act

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. It is prepared for the sole purpose of reporting on the state of affairs with respect to the Company in liquidation and the conduct of the liquidation.

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance. The liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light on any information existing at the date of this report which becomes known to them after that date.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars unless otherwise stated.

## Background

Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide and employed 37 staff.

The rapid growth of Cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. The Company entered into a number of long term, high cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses to minimise trading losses.

In January 2019, Cryptopia’s exchange was hacked and a significant amount of crypto-assets taken. The reputation damage from this event adversely affected trade volumes and meant the Company was unable to meet its debts as they fell due. It was then decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders.

# Conduct of the Liquidation in the preceding six months

We have continued to keep stakeholders updated on the progress of the liquidation via the designated webpage <https://www.granthornton.co.nz/cryptopia-limited/>. A summary of conduct for the preceding six months is below.

## Claims process

With the legal relationship of the company and account holders validated, the liquidators now have certainty that account holders' claims are to be in the form of actual cryptocurrency held.

During the period, the liquidators have continued the development of the claims process that achieves the following objectives:

- |   |  |
|---|--|
| 1 | Allows the registration of account holders details and to make claims for their account balances |
| 2 | Verifies account holder's identities to the necessary identity verification standard             |
| 3 | Instigates asset transfers to account holders  |

We selected and engaged a third-party provider to deliver the claims process portal, which has launched. This is the first step for account holders to register to participate in the return of the Cryptocurrency.

## Hacked assets

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack. Our obligation is to seek recoveries for stakeholders' benefit.

We continue our investigations to trace and or freeze stolen crypto-assets and are in discussion with exchanges that have frozen stolen cryptocurrency. We are working on providing the detailed analysis of hacked coins to these exchanges in our attempts to have these funds released to the Liquidators control. The legal decision confirms that any stolen cryptocurrency that are recovered is to be applied to the specific trust associated with each cryptocurrency.

## Investigations

During the period, we have increased our focus on investigating the affairs of the Company and its directors, officers and other parties prior to the liquidation. Due to the ongoing nature of our investigation, we are unable to provide details regarding our findings to date since doing so could prejudice any proceedings, which may be taken at a later date.

We have issued notices pursuant to section 261 of the Companies Act requiring various parties to provide information to assist us in our investigation the company and conducted examinations under oath interviews in relation to these matters. The Liquidators are continuing to correspond with various parties, and their legal representatives where appropriate, in respect of the provision of information.

If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors. Our duties as Liquidators require a transparent and robust investigation into the insolvency of the Company and its officers.

## Next steps

Account holders registered in the claims portal will receive further requests from us to provide identity verification documents. We are currently liaising with the Department of Internal Affairs to determine the specific documentation required.

Repatriation will begin after this process is complete. Before this process can start, we will seek further Court directions in respect of several issues, including the distribution process. We cannot commence the repatriation of assets until we receive the Courts directions.

## Asset Realisations

There were no further asset realisations during the period.

## Receipts and Payments

Please refer to Appendix A: Statement of Receipts and Payments for further details on the receipts and payments for the six-month period ending 14 November 2020.

## Creditors

### Secured Creditors

On Liquidation there were two specific security financing statements (Purchase Money Security Interests (PMSIs)) registered. The Liquidators have contacted all registered PMSI holders and do not believe there are any secured amounts due.

### Preferential Creditors

No further Preferential claim payments were paid during the period.

At the liquidation date the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete, we will determine if there are any preferential taxes owing.

### Unsecured Creditors

We have received 26 unsecured creditors' claims received to date totalling \$2.991m.

During the period we admitted another unsecured claim the quantum of which we are currently adjudicating.

We confirm that only preferential creditors have been paid and that no other creditor distributions have been made.

## Remuneration Report

The Liquidators' remuneration received for the period between 15 May 2020 to 14 November 2020, charged at the hourly rates, totalled \$602,666, exclusive of GST. All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the six-month period is enclosed at Appendix B, including a schedule of the qualifications and experience generally of staff at each level. A schedule of the work undertaken during the six-month reporting period is also summarised in Appendix B.

# Remaining Matters

At this stage it is not practicable to estimate a completion date for the Liquidation.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [Cryptopia@nz.gt.com](mailto:Cryptopia@nz.gt.com).

Dated: 11 December 2020



David Ruscoe  
Liquidator  
Cryptopia Limited (in Liquidation)

# Appendix A – Receipts and Payments

Receipts and Payments	15 May 2020 to 14 November 2020 (\$)	Total (\$)
Opening funds on Hand	4,740,435	0
<b>Receipts</b>		
Funds on hand at date of Liquidation		1,065,426
Company Crypto-Assets converted to Fiat		4,427,292
Funds Recovered		5,022,935
Interest Income		58,975
Sale of Assets		206,730
GST Refunds received	341,807	615,070
GST on Receipts		18,322
<b>Total Receipts</b>	<b>341,807</b>	<b>11,414,751</b>
<b>Payments</b>		
Asset sale costs	-	86,067
Claims Portal	345,969	345,969
Computer Costs	81,699	135,059
Consulting & Accounting	1,538	7,138
Distribution to Preferential Creditors	-	312,992
Employee Costs	625,917	1,910,496
General Expenses	5,312	15,862
Insurance	-	19,843
Legal expenses	185,193	1,442,668
Light, Power, Heating	8,170	31,378
Liquidators Fees	602,666	2,381,448
Relocation Costs	-	13,090
Rent	-	293,123
Security Expenses	-	45,828
Server Hosting Fees	3,210	652,397
Telephone & Internet	3,766	13,485
GST on Expenses	181,220	670,324
<b>Total Payments</b>	<b>\$2,044,658</b>	<b>\$8,377,167</b>
<b>Net Receipts/Payments for the period</b>	<b>-\$1,702,851</b>	<b>\$3,037,584</b>
<b>Closing funds on hand</b>	<b>3,037,584</b>	<b>3,037,584</b>



# Appendix B – Remuneration Report

## Section 1: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period 15 May 2020 to 14 November 2020:

Task Area	General Description	Includes
<b>Assets</b>	Debtors	<ul style="list-style-type: none"> <li>• Correspondence with debtors</li> <li>• Reviewing and assessing debtors ledgers</li> <li>• Liaising with debt collectors and solicitors</li> </ul>
	Sale of Plant and Equipment	<ul style="list-style-type: none"> <li>• Liaising with valuers, auctioneers and interested parties</li> <li>• Reviewing asset listings</li> <li>• Review of Sales</li> <li>• Liaising with valuers, agents</li> <li>• Assistance with Sales process</li> </ul>
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	Crypto-Assets	<ul style="list-style-type: none"> <li>• Review of company assets</li> <li>• Reviewing stock values from Crypto markets</li> <li>• Liaising with OTC traders</li> <li>• Securing assets into cold storage</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>• Tasks associated with realising other assets</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>• Reviewing leasing documents</li> <li>• Liaising with owners/lessors</li> <li>• Tasks associated with disclaiming leases</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone and email</li> <li>• Maintaining creditor enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>• Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>• Receipting and filing Proofs of Debt</li> <li>• Corresponding with Proofs of Debt</li> </ul>
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	Preferential payment	<ul style="list-style-type: none"> <li>• Correspondence with employees regarding preferential payment</li> <li>• Correspondence with IRD regarding proof of debt</li> <li>• Receipting Proofs of Debt</li> <li>• Adjudicating Proofs of Debt</li> <li>• Ensuring PAYE is remitted to IRD</li> </ul>

<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>• Communications with government agencies around statutory obligations</li> <li>• Various other stakeholder communications</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>• First month, then 6 monthly liquidation review</li> <li>• Filing of documents</li> <li>• File reviews</li> <li>• Updating checklists</li> </ul>
	Ongoing Trading	<ul style="list-style-type: none"> <li>• Issuing new Liquidators employment contracts to staff retained for the period.</li> <li>• Management of premises including lease property</li> <li>• Review of Anti Money laundering obligations and statutory obligations.</li> <li>• Ongoing review and monitoring of IT security and record retention.</li> <li>• Correspondence with Law Enforcement</li> <li>• Preparation of budgets</li> <li>• Review of cashflow and its ability to operate the business and meet its commitments in the immediate future.</li> <li>• On site visits</li> <li>• Managing of staff involved in the Reconciliation process</li> <li>• Corresponding with coin devs and completing coin swaps</li> <li>• Continuous valuation of the customer database</li> </ul>
	Claims Portal	<ul style="list-style-type: none"> <li>• Project management of the claims portal development</li> <li>• Contract negotiation with vendors</li> <li>• Option analysis of vendors</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>• Requesting bank statements</li> <li>• Bank account reconciliations</li> <li>• Correspondence with bank regarding specific transfers</li> </ul>
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	Report as to Affairs	<ul style="list-style-type: none"> <li>• Directors Questionnaire</li> <li>• Completion deadlines and extensions</li> <li>• Meetings with coin developers</li> <li>• Drafting press releases for stakeholders</li> </ul>
<b>Investigations</b>	Tracing exercise	<ul style="list-style-type: none"> <li>• Using blockchain forensic tools to verify holdings</li> <li>• Hack analysis</li> <li>• Correspondence with law enforcement around compromised assets</li> </ul>
	Company/Directors duties	<ul style="list-style-type: none"> <li>• Reviewing company solvency and financial reporting</li> <li>• Investigating director's duties</li> <li>• Review of IT environment and company mailboxes</li> <li>• Inspection of service agreements</li> <li>• Reviewing conduct of companies for breaches of Companies Act</li> <li>• Interviews with Directors and Shareholders</li> </ul>
<b>Legal Matters</b>	Cross-border recognition	<ul style="list-style-type: none"> <li>• Chapter 15 bankruptcy recognition in the United States of America</li> <li>• Preparation of declarations for inclusion in legal submissions</li> </ul>

	Identity verification scoping	<ul style="list-style-type: none"><li>• Initial review of customer database, identity requirements</li><li>• Companies legal advice around sanctioned countries</li><li>• Crypto specific obligations</li></ul>
	Legal Requirements	<ul style="list-style-type: none"><li>• Undertakings by staff for information</li><li>• Court order service preparation and review of communications to account holders and Creditors.</li></ul>

## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category:

	Hourly Rate (\$ph)	Administration/ Statutory		Asset Realisation		Creditors		Employees		Investigations		Legal matters		Operations		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	650	6.0	3,900	-	-	15.4	9,935	-	-	31.7	20,355	31.1	19,805	218.5	141,010	302.7	195,005
IT Specialist	600-650	-	-	-	-	-	-	-	-	-	-	-	-	57.1	37,130	57.1	37,130
Specialist Partner	450	-	-	-	-	-	-	-	-	-	-	-	-	10.0	4,500	10.0	4,500
Tax Partner	495	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associate	325 – 450	-	-	-	-	1.5	513	-	-	4.0	1,300	-	-	19.0	7,125	24.5	8,938
IT Director	450	-	-	-	-	-	-	-	-	-	-	-	-	11.5	5,175	11.5	5,175
Senior Manager	325 – 375	-	-	-	-	16.0	6,400	-	-	2.0	800	37.6	14,992	59.7	20,010	115.3	42,202
Manager	275 – 350	55.0	19,250	-	-	25.0	8,750	-	-	68.0	23,800	65.0	22,750	361.0	126,350	574.0	200,900
Assistant Manager	275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Analyst	65 – 200	16.2	2,817	-	-	4.4	820	1.3	212	53.6	8,185	1.5	288	240.6	44,545	317.6	56,867
Support Staff	125 - 160	9.3	1,488	-	-	32.8	5,248	0.5	80	-	-	-	-	34.0	5440	76.6	12,256
<b>Total</b>		86.5	27,455	-	-	95.1	31,666	1.8	292	159.3	54,440	135.2	57,835	1,011.4	391,285	1,489.3	562,973

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Travel (flights, car rental, accommodation etc)	16,211
International Collection Costs	-
Software Licensing	10,311
Data Hosting	-
Advertising	-
Sundry	13,171
Total Disbursements	39,693
Total Fees	562,973
<b>Total Liquidators costs</b>	<b>602,666</b>

## Section 3: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST) (State)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$650
IT Specialist/Specialist Partner	Specialist IT Practitioner bringing specialist skills in Cybersecurity, IT forensics, AML and other IT related matters.	\$450-\$650
Tax Partner	Specialist Tax Practitioner bringing specialist skills in Taxation and other IT related matters.	\$495
Associate Director	Qualified accountant and may be a Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Likely to be appointed as a director in due course. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$325-\$450
IT Director	IT specialist. Required to assist Liquidators with the day to day running operation of the Cryptopia and provided detail reporting around any security vulnerabilities.	\$450
Manager/Senior Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$275-\$375
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$275
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$65-\$200
Administration Staff	Conducts all aspects relating to administering the accounts function and other functions as required.	\$125-\$160





# Liquidators' Fifth Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

Company number: 2392901

NZBN: 9429041327791

10 June 2021



# Contents

Introduction	2
Conduct of the Liquidation in the preceding six months	3
Remaining Matters	6
Appendix A – Receipts and Payments	7
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# Introduction

David Ian Ruscoe and Malcolm Russell Moore, of Grant Thornton New Zealand Limited, were appointed jointly as liquidators of Cryptopia Limited (in Liquidation) (“the Company”) on 14 May 2019 at 1.20pm by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993 (“the Act”).

Liquidators of insolvent companies are required to be licensed insolvency practitioners. Information about the regulation of insolvency practitioners is available from the Registrar of Companies.

We set out below our fifth report on the state of the affairs of the Company as required by section 255(2)(d) of the Act.

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance.

The Liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light on any information existing at the date of this report which becomes known to them after that date.

We have not independently verified the accuracy of the information provided to us and have not conducted any form of audit in respect of the Company. We express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available and assumptions made as at the date of this report. It is possible that actual outcomes may be significantly different from those disclosed in this report.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars unless otherwise stated.

## Background

Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide and employed 37 staff.

The rapid growth of Cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. The Company entered into a number of long term, high cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses to minimise trading losses.

In January 2019, Cryptopia’s exchange was hacked and a significant amount of crypto-assets taken. The reputation damage from this event adversely affected trade volumes and meant the Company was unable to meet its debts as they fell due. It was then decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders.

# Conduct of the Liquidation in the preceding six months

We have continued to keep stakeholders updated on the progress of the liquidation via the designated webpage <https://www.granthornton.co.nz/cryptopia-limited/>. A summary of conduct for the preceding six months is below.

## Claims process

In December 2020 the Liquidators launched the Cryptopia claims portal, marking the beginning of step 1 in claims process:

Process Step	Details
1. Claim's registration	Allows the registration of account holders' details and to make claims for their account balances
2. Identity verification	Verifies account holders' identities to the necessary verification standard
3. Claim acceptance	Provides Account holders' opportunity to agree that Cryptopia records represents their holdings
4. Asset transfer	Instigates asset transfers to account holders

To date we have sent emails to all 960,000 account holders who had positive account balances according to Cryptopia's Records. At the date of this update, 71% of users by value that have interacted in the claims process in some way.

To support the claim's process a customer support portal was also launched. To date, the customer support team, via the this portal, has supported over 55,000 users through the registration process. We continue to build this team to assist account holders to complete the claims and asset transfer process.

If account holders are having issues with the registration, please refer to the ['Update for Cryptopia Claimants & Common Portal Errors 16 December 2020'](#).

The Liquidators continue to promote the portal to accountholders to encourage increased participation and will continue to send further emails inviting account holders to register their details on the portal.

The next stage of the claim process 2 'Identity verification' will be piloted this month to test functionality with all 183 countries that we understand Cryptopia users are domiciled. Following this pilot this process will be rolled out to all users who have completed claim process 1 'Claim's registration'.

Following this the Claims acceptance stage will be launched, where account holders will be given the opportunity to agree or dispute the balances that were recorded by Cryptopia at the date of Liquidation.

The asset transfer stage will follow on from this. However, the transfer stage will require the input and approval of the Court particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders' property
- Confirming what is to be done with unclaimed Crypto-assets
- Setting a cut-off date for claims to be received and assessed

We anticipate to file applications on these matters in the next couple of months.

With the number of Cryptocurrency projects that have significant holdings frozen in Cryptopia wallets we will further engage with the various coin development teams where possible to consider the impact that the asset transfer stage could have their projects and seek their input on the most efficient process to assist in this transfer.



### Hacked assets

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack. Our obligation is to seek recoveries for stakeholders' benefit.

We continue our investigations to trace and or freeze stolen crypto-assets and are in discussion with exchanges that have frozen stolen cryptocurrency. We are working on providing the detailed analysis of hacked coins to these exchanges in our attempts to have these funds released to the Liquidators control. The legal decision confirms that any stolen cryptocurrency recovered is to be applied to the specific trust associated with each cryptocurrency.

### Investigations

During the period, we have progressed our investigations into the affairs of the Company and its directors, officers and other parties prior to the liquidation. We have conducted formal, under oath interviews with various parties in relation to these matters and continue to correspond with these parties, and their legal representatives where appropriate, in respect of the provision of information.

Due to the ongoing nature of our investigation, we are unable to provide details regarding our findings to date since doing so could prejudice any proceedings, which may be taken at a later date.

If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors. Our duties as Liquidators require a transparent and robust investigation into the insolvency of the Company and its officers.

### Next steps

Account holders registered in the claims portal will receive further requests from us to provide identity verification documents. We continue to liaise with the Department of Internal Affairs to determine the specific documentation required.

Once the identity verification process is completed Account holders will be given the opportunity to agree that Cryptopia records represents their holdings.

Repatriation will begin after this process is complete. Before this process can start as described previously, we will seek further Court directions in respect of several issues, including the distribution process. We cannot commence the repatriation of assets until we receive the Courts directions.

## Asset Realisations

During the period we had the following major asset realisation:

### Sale of Fixed Assets

We have sold by auction excess fixed assets during the 6 month period of this report.

### Conversion of Crypto-Assets

On application to the High Court of New Zealand and receipt of sealed orders we have converted 80 BTC into fiat currency to meet the reasonable costs and expenses of the protection preservation, recovery, management, and administration of any Cryptocurrency. A copy of the sealed orders can be found [here](#).

## Receipts and Payments

Please refer to Appendix A: Statement of Receipts and Payments for further details on the receipts and payments for the six-month period ending 14 May 2021.

## Creditors

### Secured Creditors

On Liquidation there were two specific security financing statements (Purchase Money Security Interests (PMSIs)) registered. The Liquidators have contacted all registered PMSI holders and do not believe there are any secured amounts due.

### Preferential Creditors

No further Preferential claim payments were paid during the period.

At the liquidation date the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete, we will determine if there are any preferential taxes owing.

### Unsecured Creditors

We have received 26 unsecured creditors' claims received to date totalling \$2.991m.

During the period we admitted another unsecured claim the quantum of which we are currently adjudicating.

We confirm that only preferential creditors have been paid and that no other creditor distributions have been made.

## Remuneration Report

The Liquidators' remuneration received for the period between 15 November 2020 to 14 May 2021, charged at the hourly rates, totalled \$1,028,694 exclusive of GST. This includes time spent carrying out investigations, attempting to secure hacked assets, development of the claims portal, designing an appropriate identity verification process, managing the Cryptopia customer support team and liaising with legal authorities.

All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the six-month period is enclosed at Appendix B, including a schedule of the qualifications and experience generally of staff at each level. A schedule of the work undertaken during the six-month reporting period is also summarised in Appendix B.

# Remaining Matters

At this stage it is not practicable to estimate a completion date for the Liquidation.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [Cryptopia@nz.gt.com](mailto:Cryptopia@nz.gt.com).

Dated: 10 June 2021



David Ruscoe  
Liquidator  
Cryptopia Limited (in Liquidation)

# Appendix A – Receipts and Payments

Receipts and Payments	15 November 2020 to 14 May 2021	Total (\$)
Opening funds on Hand	3,037,584	0
<b>Receipts</b>		
Funds on hand at date of Liquidation		1,065,426
Crypto-Assets converted to Fiat	5,104,700	9,531,992
Funds Recovered	-	5,022,935
Interest Income	-	58,975
Sale of Assets	34,412	241,142
GST Refunds received	308,750	923,820
GST on Receipts	\$5,608.70	23,931
<b>Total Receipts</b>	<b>5,453,471</b>	<b>16,868,221</b>
<b>Payments</b>		
Asset sale costs	-	86,067
Claims Portal development & Identity verification costs	843,748	1,189,717
Computer Costs	79,266	214,325
Consulting & Accounting	613	7,751
Contractor expenses	101,184	527,145
Distribution to Preferential Creditors	-	312,992
Employee Costs	-	-
General Expenses	19,791	35,653
Insurance	11,623	31,466
Legal expenses	480,044	1,922,712
Light, Power, Heating	7,349	38,727
Liquidators Fees	1,028,694	3,410,141
Relocation Costs	-	13,090
Rent	-	293,123
Security Expenses	1,180	47,008
Server Hosting Fees	3,210	655,607
Telephone & Internet	21,882	35,367
Wages & Salaries	325,564	1,334,956
PAYE Payable	162,115	637,257
GST on Expenses	310,655	980,979
<b>Total Payments</b>	<b>\$3,396,916</b>	<b>\$11,774,083</b>
<b>Net Receipts/Payments for the period</b>	<b>\$2,056,555</b>	<b>\$5,094,139</b>
<b>Closing funds on hand</b>	<b>5,094,139</b>	<b>5,094,139</b>

# Appendix B – Remuneration Report

## Section 1: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period 15 November 2020 to 14 May 2021:

Task Area	General Description	Includes
<b>Assets</b>	Debtors	<ul style="list-style-type: none"> <li>• Correspondence with debtors</li> <li>• Reviewing and assessing debtors ledgers</li> <li>• Liaising with debt collectors and solicitors</li> </ul>
	Sale of Plant and Equipment	<ul style="list-style-type: none"> <li>• Liaising with valuers, auctioneers and interested parties</li> <li>• Reviewing asset listings</li> <li>• Review of Sales</li> <li>• Liaising with valuers, agents</li> <li>• Assistance with Sales process</li> </ul>
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	Creditor reports	<ul style="list-style-type: none"> <li>• Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
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<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>• Communications with government agencies around statutory obligations</li> <li>• Various other stakeholder communications</li> </ul>
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	Bank account administration	<ul style="list-style-type: none"> <li>• Requesting bank statements</li> <li>• Bank account reconciliations</li> <li>• Correspondence with bank regarding specific transfers</li> </ul>
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<b>Legal Matters</b>	Cross-border recognition	<ul style="list-style-type: none"> <li>• Chapter 15 bankruptcy recognition in the United States of America</li> <li>• Preparation of declarations for inclusion in legal submissions</li> </ul>

	Identity verification scoping	<ul style="list-style-type: none"><li>• Initial review of customer database, identity requirements</li><li>• Companies' legal advice around sanctioned countries</li><li>• Crypto specific obligations</li></ul>
	Legal Requirements	<ul style="list-style-type: none"><li>• Undertakings by staff for information</li><li>• Court order service preparation and review of communications to account holders and Creditors.</li></ul>

## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category:

	Hourly Rate (\$ph)	Administration/ Statutory		Asset Realisation		Creditors		Employees		Investigations		Legal matters		Operations		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	650	9.5	6,175	-	-	-	-	-	-	59.5	38,675	87.7	57,005	235.0	152,750	391.7	254,605
Claims Portal Specialist Staff	240-650	-	-	-	-	-	-	-	-	-	-	-	-	365.6	165,984	365.6	165,984
AML Specialist Staff	90-650	-	-	-	-	-	-	-	-	-	-	-	-	343.7	126,993	343.7	126,993
IT Specialist Staff	200-450	-	-	-	-	-	-	-	-	-	-	-	-	189.5	42,000	189.5	42,000
<b>Senior Manager</b>	325-375	-	-	-	-	-	-	-	-	3.4	1,360	26.7	10,680	15.1	6,040	45.2	18,080
Manager	275-350	82.5	28,875	14.0	4,900	-	-	26.5	9,275	8.0	2,800	67.5	23,625	593.0	207,550	791.5	277,025
Analyst	65-200	15.7	3,140	0.9	180	-	-	-	-	2.3	370	11.4	2,280	110.6	22,120	140.9	28,090
Support Staff	125-160	9.2	1,472	-	-	-	-	0.7	112	-	-	1.0	160	71.5	11,440	82.4	13,184
<b>Total</b>		<b>116.9</b>	<b>39,662</b>	<b>14.9</b>	<b>5,080</b>	<b>-</b>	<b>-</b>	<b>27.2</b>	<b>9,387</b>	<b>73.2</b>	<b>43,205</b>	<b>194.3</b>	<b>93,750</b>	<b>1924.0</b>	<b>734,878</b>	<b>2,350.5</b>	<b>925,962</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Travel (flights, car rental, accommodation etc)	19,771
International Collection Costs	-
Professional Cyber Security costs	41,190
Extremal AML Expertise	17,741
Data Hosting	14,860
Sundry	9,169
Total Disbursements	102,732
Total Fees	925,962
<b>Total Liquidators costs</b>	<b>1,028,694</b>

## Section 3: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST) (State)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$650
IT Specialist/Specialist Partner	Specialist IT Practitioner bringing specialist skills in Cybersecurity, Procurement, vendor selection and other IT related matters. Provide detail reporting around any security vulnerabilities.	\$200-\$450
Claims Portal Specialist Staff	Specialist Claims Portal staff brings project management and governance for the design and integration of the claims process.	\$240-\$650
AML Specialist Staff	Specialist AML practitioner bringing specialist skills in designing and implementation of a know your customer process to support the claims process.	\$90-\$650
Associate Director	Qualified accountant and may be a Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Likely to be appointed as a director in due course. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$325-\$450
IT Director	IT specialist. Required to assist Liquidators with the day to day running operation of the Cryptopia and	\$450
Manager/Senior Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$275-\$375
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$275
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$65-\$200
Administration Staff	Conducts all aspects relating to administering the accounts function and other functions as required.	\$125-\$170





# Liquidators' Sixth Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

Company number: 2392901

NZBN: 9429041327791

10 December 2021



# Contents

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# Introduction

David Ian Ruscoe (IP#50) and Malcolm Russell Moore (IP#42), of Grant Thornton New Zealand Limited, were appointed jointly as liquidators of Cryptopia Limited (in Liquidation) (“the Company”) on 14 May 2019 at 1.20pm by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993 (“the Act”).

Liquidators of insolvent companies are required to be licensed insolvency practitioners. Information about the regulation of insolvency practitioners is available from the Registrar of Companies.

We have considered the Declaration of Independence, Relevant Relationships and Indemnities provided in our first report and confirm that there have been no changes to it.

We set out below our sixth report on the state of the affairs of the Company for the period 15 May 2021 to 14 November 2021 as required by section 255(2)(d) of the Act.

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance.

The Liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light on any information existing at the date of this report which becomes known to them after that date.

We have not independently verified the accuracy of the information provided to us and have not conducted any form of audit in respect of the Company. We express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available and assumptions made as at the date of this report. It is possible that actual outcomes may be significantly different from those disclosed in this report.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars unless otherwise stated.

## Background

Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide and employed 37 staff.

The rapid growth of Cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. The Company entered into a number of long term, high cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses to minimise trading losses.

In January 2019, Cryptopia's exchange was hacked and a significant amount of crypto-assets taken. The reputation damage from this event adversely affected trade volumes and meant the Company was unable to meet its debts as they fell due. It was then decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders

# Conduct of the Liquidation

We have continued to keep stakeholders updated on the progress of the liquidation via the designated webpage <https://www.granthornton.co.nz/cryptopia-limited/>. A summary of conduct for the preceding six months is below.

## Claims process

Launched In December 2020, the Liquidators have made significant progress during this six-monthly period including launching step 2 of the claims process:

Process Step	Details
1. Claims registration	Allows the registration of account holders' details and to make claims for their account balances
2. Identity verification	Verifies account holders' identities to the necessary verification standard
3. Claim acceptance	Provides Account holders with the opportunity to agree that Cryptopia's records represents their holdings
4. Asset transfer	Instigates asset transfers to account holders

In October 2021 stage 2 of the claims process was launched to qualifying users. This has been a staged process due to the fact that Cryptopia users are domiciled in 183 different countries. The Liquidators are seeing good progress to date with many account holders registering and verifying their identity.

We continue to encourage claim registration and continue to send reminder emails to those who are yet to engage. At the date of this update, 78% of users by value have interacted in the claims process in some way.

To support the claims process a dedicated customer support portal has been deployed. To date, the customer support team, via this portal, has supported over 76,000 users through the registration process. We continue to build this team to assist account holders to complete the claims and asset transfer process.

If account holders are having issues with the registration or identity verification, please refer to the '[Update for Cryptopia Claimants & Common Portal Errors 16 December 2020](#)'.

For the next stage '3. Claim acceptance', we will need to see sufficient progress in account holders participating in stage 2. This stage will then give an opportunity to account holders to agree the balances of their Cryptopia account as recorded in the customer database at the date of Liquidation.

As previously reported the asset transfer stage will follow on from this. However, the transfer stage will require the input and approval of the Court particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders' property
- Confirming what is to be done with unclaimed Crypto assets
- Setting a cut-off date for claims to be received and assessed

We expect to file applications on these matters in the first half of the 2022.

There are a number of Cryptocurrency projects that have significant holdings frozen in Cryptopia wallets. We are engaging with the various coin development teams where possible to consider the impact that the asset transfer stage could have on their projects and seek their input on the most efficient process to assist in this transfer.

## Hacked assets

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack. Our obligation is to seek recoveries for stakeholders' benefit.

During the period of this report, we have completed further tracing exercises on stolen funds and have filed recovery actions in the United States of America, Malaysia and Singapore related to the January 2019 hack. For the most part, actions in respect to the January 2019 hack have been focussed on recovering information that sets out the movement of the crypto assets post hack. Norwich Pharmacal and other disclosure orders have been utilised against other crypto asset exchanges and service providers in order to follow the movement of the assets once they left the Cryptopia exchange.

To assist in this process we have filed an application seeking recognition in the Singapore High Court as a foreign main proceeding. We hope to utilise this recognition to obtain the necessary information to recover hacked assets.

We continue our investigations to trace and or freeze stolen crypto-assets and are in discussion with exchanges that have frozen stolen cryptocurrency. We are working on providing the detailed analysis of hacked coins to these exchanges in our attempts to have these funds released to the Liquidators' control. The legal decision confirms that any stolen cryptocurrency recovered is to be applied to the specific trust associated with each cryptocurrency.

## Investigations

During the period, we have progressed our investigations into the affairs of the Company and its directors, officers and other parties prior to the liquidation. We have conducted formal, under oath interviews with various parties in relation to these matters and continue to correspond with these parties, and their legal representatives where appropriate, in respect of the provision of information.

Due to the ongoing nature of our investigation, we are unable to provide details regarding our findings to date since doing so could prejudice any proceedings, which may be taken at a later date.

If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors. Our duties as Liquidators require a transparent and robust investigation into the insolvency of the Company and its officers.

## Legal matters

### Information security

As previously reported due to an error by court staff at the Christchurch High Court, information containing certain customer data had been provided to an unauthorised third party. Orders were obtained from the High Court requiring the return and deletion of the material provided in error. Those orders were not complied with and enforcement proceedings were filed.

In July 2021, by consent, the individual concerned admitted being in contempt of Court, and agreed to ongoing orders designed to protect customer data. As part of this admission of contempt he incurred a fine of \$7,500 and agreed to pay costs of \$50,000. This receipt is reflected in the Receipts and Payments section of this report.

### Ex-employee theft

In another legal matter in August 2020 an ex-employee admitted stealing funds from the Company's historic deposit addresses while in the employment of the company. This theft affected assets that were deposited after the date of liquidation. No connection between this theft and the January 2019 hack has been identified. These funds have been recovered in full from the ex-employee. We have supported the NZ Police with its prosecution of the individual involved and have sought reparations.

This person is scheduled to be sentenced in early 2022 and has interim name suppression.



### Next steps

Account holders registered in the claims portal and who have completed identity verification may receive further requests from us to provide identity verification documents. We continue to liaise with the Department of Internal Affairs to determine the specific documentation required.

Once the identity verification process is completed Account holders will be given the opportunity to agree that the Cryptopia records of coin holdings represents the customer's holdings.

Before repatriation can commence, we will seek further Court directions in respect of several issues, including the method of distribution. We cannot commence the repatriation of assets until we receive the Court's directions. Further information will be provided to account holders before this directions hearing

### Receipts

During the period we had the following major receipts realisation:

#### Cost Contribution

As part of the admission of contempt by the individual who received information in error \$50,000 was paid to the Liquidators as a contribution to the legal fees incurred on the contempt of court decision: this is reflected in the Receipts and Payments.

## Receipts and Payments

Please refer to Appendix A: Statement of Receipts and Payments for further details on the receipts and payments for the six-month period ending 14 November 2021.

## Creditors

### Secured Creditors

On Liquidation there were two specific security financing statements (Purchase Money Security Interests (PMSIs)) registered. The Liquidators have contacted all registered PMSI holders and do not believe there are any secured amounts due.

### Preferential Creditors

At the liquidation date the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete, we will determine if there are any preferential taxes owing.

No further Preferential claim payments were paid during the period.

### Unsecured Creditors

We have received 26 unsecured creditors' claims received to date totalling \$2.991m.

During the period we admitted another unsecured claim the quantum of which we are currently adjudicating.

We confirm that only preferential creditors have been paid and that no other creditor distributions have been made.

## Remuneration Report

The Liquidators' remuneration received for the period between 15 May 2021 to 14 November 2021, charged at the hourly rates, totalled \$934,598 exclusive of GST. This includes time spent carrying out investigations, attempting to secure hacked assets, development and management of the claim's portal, designing and overseeing an appropriate identity verification process, supervision of the Cryptopia customer support team, development and engagement with specialist Crypto-asset experts and liaising with legal authorities.

All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the six-month period is enclosed at Appendix B, including a schedule of the qualifications and experience generally of staff at each level. A schedule of the work undertaken during the six-month reporting period is also summarised in Appendix B.

# Remaining Matters

At this stage it is not practicable to estimate a completion date for the Liquidation.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [Cryptopia@nz.gt.com](mailto:Cryptopia@nz.gt.com).

Dated: 10 December 2021



David Ruscoe  
Liquidator  
Cryptopia Limited (in Liquidation)

# Appendix A – Receipts and Payments

Receipts and Payments	15 May 2021 to 14 November 2021	Total (\$)
Opening funds on Hand	5,094,139	0
<b>Receipts</b>		
Funds on hand at date of Liquidation		1,065,426
Crypto-Assets converted to Fiat	-	9,531,992
Court Settlement	50,000	50,000
Funds Recovered	-	5,022,935
Interest Income		58,975
Sale of Assets	-	241,142
GST Refunds received	260,429	1,184,249
GST on Receipts	-	23,931
<b>Total Receipts</b>	<b>310,429</b>	<b>17,178,650</b>
<b>Payments</b>		
Asset sale costs	-	86,067
Claims Portal	578,146	1,767,863
Computer Costs	80,845	295,170
Consulting & Accounting	-	7,751
Distribution to Preferential Creditors	-	312,992
Employee Costs	481,687	2,981,045
General Expenses	5,754	41,407
Insurance	-	31,466
Legal expenses	778,970	2,701,682
Light, Power, Heating	8,711	47,438
Liquidators Fees	934,598	4,344,740
Relocation Costs	-	13,090
Rent	50,000	343,123
Security Expenses	-	47,008
Server Hosting Fees	3,210	658,817
Telephone & Internet	4,262	39,629
GST on Expenses	290,878	1,271,857
<b>Total Payments</b>	<b>\$3,217,060</b>	<b>\$14,991,143</b>
<b>Net Receipts/Payments for the period</b>	<b>-\$2,906,631</b>	<b>\$2,187,507</b>
<b>Closing funds on hand</b>	<b>\$2,187,507</b>	<b>\$2,187,507</b>

# Appendix B – Remuneration Report

## Section 1: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period 15 November 2020 to 14 May 2021:

Task Area	General Description	Includes
<b>Assets</b>	Debtors	<ul style="list-style-type: none"> <li>• Correspondence with debtors</li> <li>• Reviewing and assessing debtors ledgers</li> <li>• Liaising with debt collectors and solicitors</li> </ul>
	Sale of Plant and Equipment	<ul style="list-style-type: none"> <li>• Liaising with valuers, auctioneers and interested parties</li> <li>• Reviewing asset listings</li> <li>• Review of Sales</li> <li>• Liaising with valuers, agents</li> <li>• Assistance with Sales process</li> </ul>
	Crypto-Assets	<ul style="list-style-type: none"> <li>• Review of company assets</li> <li>• Reviewing stock values from Crypto markets</li> <li>• Liaising with OTC traders</li> <li>• Securing assets into cold storage</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>• Tasks associated with realising other assets</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>• Reviewing leasing documents</li> <li>• Liaising with owners/lessors</li> <li>• Tasks associated with disclaiming leases</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone and email</li> <li>• Maintaining creditor enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>• Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>• Receipting and filing Proofs of Debt</li> <li>• Corresponding with Proofs of Debt</li> </ul>
<b>Employees</b>	Employees enquiry	<ul style="list-style-type: none"> <li>• Receive and follow up employee enquiries via telephone and email</li> <li>• Maintain employee enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Preferential payment	<ul style="list-style-type: none"> <li>• Correspondence with employees regarding preferential payment</li> <li>• Correspondence with IRD regarding proof of debt</li> <li>• Receipting Proofs of Debt</li> <li>• Adjudicating Proofs of Debt</li> <li>• Ensuring PAYE is remitted to IRD</li> </ul>
<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>• Communications with government agencies around statutory obligations</li> <li>• Various other stakeholder communications</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>• First month, then 6 monthly liquidation review</li> <li>• Filing of documents</li> <li>• File reviews</li> </ul>

		<ul style="list-style-type: none"> <li>Updating checklists</li> </ul>
	Ongoing Trading	<ul style="list-style-type: none"> <li>Management of currently employed staff</li> <li>Management of premises including lease property</li> <li>Review of Anti Money laundering obligations and statutory obligations.</li> <li>Ongoing review and monitoring of IT security and record retention.</li> <li>Correspondence with Law Enforcement</li> <li>Preparation of budgets</li> <li>Review of cashflow and its ability to operate the business and meet its commitments in the immediate future.</li> <li>Corresponding with coin devs and completing coin swaps</li> <li>Continuous valuation of the customer database</li> </ul>
	Claims Portal	<ul style="list-style-type: none"> <li>Project management of the claim's portal development</li> <li>Liquidator's time for the oversight of the project</li> <li>Option analysis of vendors</li> <li>Identity verification analysis and integration costs</li> <li>Time in relation to the management of identity verification process including the</li> <li>Specialist software development staff time</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>Requesting bank statements</li> <li>Bank account reconciliations</li> <li>Correspondence with bank regarding specific transfers</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>Discussions regarding status of Liquidation</li> </ul>
	Books and records/ storage	<ul style="list-style-type: none"> <li>Dealing with records in storage</li> <li>Sending job files to storage</li> </ul>
<b>Administration/Statutory</b>	Company office obligations	<ul style="list-style-type: none"> <li>Filing with Companies Office</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>Identification of potential issues requiring attention of insurance specialists</li> <li>Correspondence with insurers regarding initial and ongoing insurance requirements</li> <li>Reviewing insurance policies</li> <li>Correspondence with previous brokers</li> </ul>
	Report as to Affairs	<ul style="list-style-type: none"> <li>Directors Questionnaire</li> <li>Completion deadlines and extensions</li> <li>Meetings with coin developers</li> <li>Drafting press releases for stakeholders</li> </ul>
<b>Investigations</b>	Tracing exercise	<ul style="list-style-type: none"> <li>Using blockchain forensic tools to verify holdings</li> <li>Hack analysis</li> <li>Correspondence with law enforcement around compromised assets</li> </ul>
	Company/Directors duties	<ul style="list-style-type: none"> <li>Reviewing company solvency and financial reporting</li> <li>Investigating director's duties</li> <li>Review of IT environment and company mailboxes</li> <li>Inspection of service agreements</li> <li>Reviewing conduct of companies for breaches of Companies Act</li> <li>Interviews with Directors and Shareholders</li> </ul>
<b>Legal Matters</b>	Cross-border recognition	<ul style="list-style-type: none"> <li>Chapter 15 bankruptcy recognition in the United States of America</li> <li>Preparation of declarations for inclusion in legal submissions</li> </ul>
	Identity verification scoping	<ul style="list-style-type: none"> <li>Initial review of customer database, identity requirements</li> <li>Companies' legal advice around sanctioned countries</li> <li>Crypto specific obligations</li> </ul>



	Legal Requirements	<ul style="list-style-type: none"><li>• Undertakings by staff for information</li><li>• Court order service preparation and review of communications to account holders and Creditors.</li></ul>
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## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category:

	Hourly Rate (\$ph)	Administration/ Statutory		Asset Realisation		Creditors		Employees		Investigations		Legal matters		Operations		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	650	2.5	1,625	-	-	-	-	9.5	6,175	-	-	103.6	67,340	231.1	150,215	346.7	
Cybersecurity Specialist Staff	415-725	-	-	-	-	-	-	-	-	-	-	-	-	495.2	213,864	495.2	
AML Specialist Staff	90-725	-	-	-	-	-	-	-	-	-	-	-	-	322.0	125,949	322.0	
Senior Manager	410	-	-	-	-	-	-	-	-	-	-	23.9	9,799	62.0	25,420	85.9	
Manager	370	51.0	18,870	-	-	2.0	740	59.0	21,830	-	-	66.5	24,605	510.0	188,700	688.5	
Analyst	150-250	16.3	4,075	-	-	-	-	0.4	100	-	-	8.5	2,125	137.9	33,045	163.1	
Support Staff	125-170	5.5	935	-	-	-	-	-	-	-	-	-	-	80.3	13,375	85.8	
<b>Total</b>		<b>75.3</b>	<b>25,505</b>	<b>-</b>	<b>-</b>	<b>2.0</b>	<b>740</b>	<b>68.9</b>	<b>28,105</b>	<b>-</b>	<b>-</b>	<b>202.5</b>	<b>103,869</b>	<b>1,838.5</b>	<b>750,568</b>	<b>2,187.2</b>	

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Travel (flights, car rental, accommodation etc)	12,300
Data Hosting	10,348
Sundry	3,163
Total Disbursements	25,811
Total Fees	908,787
<b>Total Liquidators costs</b>	<b>934,598</b>

## Section 3: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST) (State)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$650
IT Specialist/Specialist Partner	Specialist IT Practitioner bringing specialist skills in Cybersecurity, Procurement, vendor selection and other IT related matters. Provide detail reporting around any security vulnerabilities.	\$200-\$450
Cybersecurity Specialist Staff	Specialist Claims Portal staff brings project management and governance for the design and integration of the claims process.	\$415-\$725
AML Specialist Staff	Specialist AML practitioner bringing specialist skills in designing and implementation of a know your customer process to support the claims process.	\$90-\$725
Associate Director	Qualified accountant and may be a Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Likely to be appointed as a director in due course. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$325-\$450
IT Director	IT specialist. Required to assist Liquidators with the day to day running operation of the Cryptopia and	\$450
Manager/Senior Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$370-\$410
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$275
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$150-\$250
Administration Staff	Conducts all aspects relating to administering the accounts function and other functions as required.	\$125-\$170



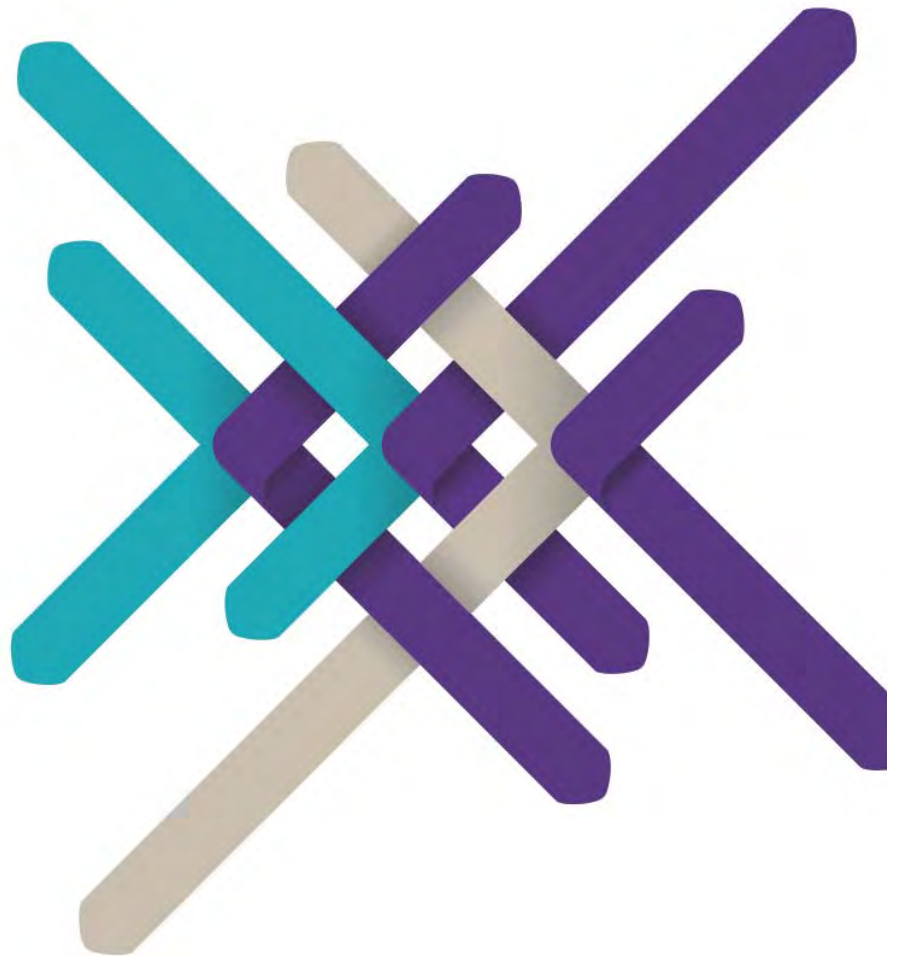
# Liquidators' Seventh Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

Company number: 2392901

NZBN: 9429041327791

13 June 2022



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# Introduction

David Ian Ruscoe (IP#50) and Malcolm Russell Moore (IP#42), of Grant Thornton New Zealand Limited, were appointed jointly as liquidators of Cryptopia Limited (in Liquidation) (“the Company”) on 14 May 2019 at 1.20pm by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993 (“the Act”).

Liquidators of insolvent companies are required to be licensed insolvency practitioners. Information about the regulation of insolvency practitioners is available from the Registrar of Companies.

We have considered the Declaration of Independence, Relevant Relationships and Indemnities provided in our first report and confirm that there have been no changes to it.

We set out below our seventh report on the state of the affairs of the Company for the period 15 November 2021 to 14 May 2022 as required by section 255(2)(d) of the Act and section 7 of the Companies (Reporting by Insolvency Practitioners) Regulations 2020 (“the Regulations”).

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance.

The Liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light of any information existing at the date of this report which becomes known to them after that date.

We have not independently verified the accuracy of the information provided to us and have not conducted any form of audit in respect of the Company. We express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available and assumptions made as at the date of this report. It is possible that actual outcomes may be significantly different from those disclosed in this report.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars unless otherwise stated.

## Background

Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide and employed 37 staff.

The rapid growth of Cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. The Company entered into a number of long term, high cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses to minimise trading losses.

In January 2019, Cryptopia's exchange was hacked and a significant amount of crypto-assets taken. The reputation damage from this event adversely affected trade volumes and meant the Company was unable to meet its debts as they fell due. It was then decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders

# Conduct of the Liquidation

We have continued to keep stakeholders updated on the progress of the liquidation via the designated webpage <https://www.grantthornton.co.nz/cryptopia-limited/>. A summary of conduct for the preceding six months is below.

## Claims process

Launched in December 2020, the Liquidators have made significant progress during this six-monthly period following the launch of step 2 of the claims process in late 2021:

Process Step	Details
1. Claims registration	Allows the registration of account holders' details and to make claims for their account balances
2. Identity verification	Verifies account holders' identities to the necessary verification standard
3. Claim acceptance	Provides Account holders with the opportunity to agree that Cryptopia's records represents their holdings
4. Asset transfer	Instigates asset transfers to account holders

In October 2021 stage 2 of the claims process was launched to qualifying users. This has been a staged process due to the fact that Cryptopia users are domiciled in 183 different countries. The Liquidators are seeing progress to date with many account holders registering and verifying their identity. However, more account holders need to complete this stage before 3 & 4 can occur.

We continue to encourage claim registration and continue to send reminder emails to those who are yet to engage. At the date of this update, 82.8% of users by value have interacted in the claims process in some way. However, a number of these account holders may have only opened the email or clicked on the link to the portal and are yet to fully engage in registering their claim.

To support the claims process a dedicated customer support portal has been deployed. To date, the customer support team, via this portal, has supported over 84,000 users through the registration process. We continue to build this team to assist account holders to complete the claims and asset transfer process.

If account holders are having issues with the registration or identity verification, please refer to the '[Update for Cryptopia Claimants & Common Portal Errors 16 December 2020](#)' or contact the dedicated team via the customer support portal at the [Cryptopia customer support portal](#). This support portal is separate from the claims portal and can be accessed by any account holder, provided they register and click the "Sign Up" button on the page.

For the next stage '3. Claim acceptance', we will need to see sufficient progress in account holders completing stage 2. This stage will then give an opportunity to account holders to agree the balances of their Cryptopia account as recorded in the customer database at the date of Liquidation. This staggered approach is necessary and important as we require as many account holders as possible to participate in stage 4 of the process "Asset transfer". We realise that this may be frustrating to some account holders who have already registered their claim and completed identity verification. However, we are dealing with over 900,000 account holders from 183 different countries, and contacting and interacting with these account holders is taking time.

As previously reported the asset transfer stage will follow on from this. However, the transfer stage will require the input and approval of the Court particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders' property
- Confirming what is to be done with unclaimed Crypto assets
- Setting a cut-off date for claims to be received and assessed

We expect to file applications on these matters in the coming months.

Advanced discussions have been held on the design of the distribution model with underlying concepts agreed. Discussions have been held with vendors around the mode of distribution. While the Liquidators have the capability to complete asset transfer it is important that the most cost-effective and efficient method is used to return assets to account holders

There are a number of Cryptocurrency projects that have significant holdings frozen in Cryptopia wallets. We are engaging with the various coin development teams where possible to consider the impact that the asset transfer stage could have on their projects and seek their input on the most efficient process to assist in this transfer.

### Hacked assets

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack. Our obligation is to seek recoveries for stakeholders' benefit.

During the period of this report, we have filed recovery actions in the United States of America, Malaysia and Singapore related to the January 2019 hack. For the most part, actions in respect to the January 2019 hack have been focused on recovering information that sets out the movement of the crypto assets post hack. Norwich Pharmacal and other disclosure orders have been utilised against other crypto asset exchanges and service providers to follow the movement of the assets once they left the Cryptopia exchange.

To assist in this process we have filed an application seeking recognition in the Singapore High Court as a foreign main proceeding. We hope to utilise this recognition to obtain the necessary information to recover hacked assets and have a upcoming hearing in early July around this action.

We continue our investigations to trace and or freeze stolen crypto-assets and are in discussion with exchanges that have frozen stolen cryptocurrency. We are working on providing the detailed analysis of hacked coins to these exchanges in our attempts to have these funds released to the Liquidators' control. The legal decision confirms that any stolen cryptocurrency recovered is to be applied to the specific trust associated with each cryptocurrency.

### Investigations

Due to the ongoing nature of our investigations, we are unable to provide details regarding our findings to date since doing so could prejudice any proceedings, which may be taken at a later date.

If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors. Our duties as Liquidators require a transparent and robust investigation into the insolvency of the Company and its officers.

### Legal matters

#### Ex-employee theft

In August 2020 an ex-employee admitted stealing funds from the Company's historic deposit addresses while in the employment of the company. This theft affected assets that were deposited after the date of liquidation. No connection between this theft and the January 2019 hack has been identified, and these funds have since been recovered in full. We have supported the NZ Police with its prosecution of the individual involved and have sort reparations.

The pre-liquidation employee of Cryptopia, Michael Glaser, was sentenced in the Christchurch district court on 18 March 2022 and ordered to pay the Liquidators approx. \$21,255 in reparations.

### Next steps

Account holders registered in the claims portal and who have completed identity verification may receive further requests from us to provide identity verification documents. We continue to liaise with the Department of Internal Affairs to determine the specific documentation required.

Once the identity verification process is sufficiently progressed Account holders will be given the opportunity to agree that the Cryptopia records of coin holdings represents the customer's holdings.

Before repatriation can commence, we will seek further Court directions in respect of several issues, including the method of distribution. We cannot commence the repatriation of assets until we receive the Court's directions. Further information will be provided to account holders before this directions hearing

## Asset Realisations

During the period we have had the following major asset realisation:

### Conversion of Crypto-Assets

On application to the High Court of New Zealand and receipt of orders we have converted the equivalent of NZD\$5 million Dogecoin (DOGE) into fiat currency to meet the reasonable cost and expenses of and incidental to the protection, preservation, recovery, management, and administration of any Cryptocurrency held by the company. A copy of the Court Order can be found at the designated webpage noted above.

## Receipts and Payments

Please refer to Appendix A: Statement of Receipts and Payments for further details on the receipts and payments for the six-month period ending 14 May 2022.

## Creditors

### Secured Creditors

On Liquidation there were two specific security financing statements (Purchase Money Security Interests (PMSIs)) registered. The Liquidators have contacted all registered PMSI holders and do not believe there are any secured amounts due.

### Preferential Creditors

At the liquidation date the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete, we will determine if there are any preferential taxes owing.

No further Preferential claim payments were paid during the period.

### Unsecured Creditors

We have received 26 unsecured creditors' claims received to date totalling \$2.991m.

We confirm that only preferential creditors have been paid and that no other creditor distributions have been made.

## Remuneration Report

The Liquidators' remuneration received for the period between 15 November 2021 to 14 May 2022, charged at the hourly rates, totalled \$719,108 exclusive of GST. This includes time spent carrying out investigations, attempting to secure hacked assets, development and management of the claim's portal, designing and overseeing an appropriate identity verification process, supervision of the Cryptopia customer support team, development and engagement with specialist Crypto-asset experts and liaising with legal authorities.

All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the six-month period is enclosed at Appendix B, including a schedule of the qualifications and experience generally of staff at each level. A schedule of the work undertaken during the six-month reporting period is also summarised in Appendix B.



# Remaining Matters

At this stage it is not practicable to estimate a completion date for the Liquidation.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [Cryptopia@nz.gt.com](mailto:Cryptopia@nz.gt.com).

Dated: 13 June 2022

A handwritten signature in blue ink, appearing to read 'D Ruscoe', with a horizontal line underneath.

David Ruscoe  
Liquidator  
Cryptopia Limited (in Liquidation)

# Appendix A – Receipts and Payments

Receipts and Payments	15 November 2021 to 14 May 2022 (\$)	Total (\$)
Opening funds on Hand	2,187,506	0
<b>Receipts</b>		
Funds on hand at date of Liquidation	-	1,065,426
Crypto-Assets converted to Fiat	4,796,860	14,328,852
Court Settlement	-	50,000
Funds Recovered	-	5,022,935
Interest Income	-	58,975
Sale of Assets	-	241,142
GST Refunds received	182,775	1,367,024
GST on Receipts	-	23,931
<b>Total Receipts</b>	<b>4,979,635</b>	<b>22,158,286</b>
<b>Payments</b>		
Asset sale costs	-	86,067
Claims Portal	801,556	2,569,419
Computer Costs	24,268	319,438
Consulting & Accounting	-	7,751
Distribution to Preferential Creditors	-	312,992
Employee Costs	484,134	3,465,179
General Expenses	6,362	47,769
Insurance	10,161	41,627
Legal expenses	429,541	3,131,223
Light, Power, Heating	7,524	54,963
Liquidators Fees	719,108	5,063,848
Relocation Costs	-	13,090
Rent	50,000	393,123
Security Expenses	-	47,008
Server Hosting Fees	3,210	662,027
Telephone & Internet	4,255	43,884
GST on Expenses	175,114	1,446,971
<b>Total Payments</b>	<b>\$2,715,232</b>	<b>\$17,706,376</b>
<b>Net Receipts/Payments for the period</b>	<b>\$2,264,403</b>	<b>\$4,451,910</b>
<b>Closing funds on hand</b>	<b>4,451,910</b>	<b>4,451,910</b>

# Appendix B – Remuneration Report

## Section 1: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST) (State)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$650
IT Specialist/Specialist Partner	Specialist IT Practitioner bringing specialist skills in Cybersecurity, Procurement, vendor selection and other IT related matters. Provide detail reporting around any security vulnerabilities.	\$200-\$450
Cybersecurity Specialist Staff	Specialist Claims Portal staff brings project management and governance for the design and integration of the claims process.	\$415-\$725
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Associate Director	Qualified accountant and may be a Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$325-\$450
IT Director	IT specialist. Required to assist Liquidators with the day to day running operation of the Cryptopia and cybersecurity.	\$450
Manager/Senior Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$370-\$410
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$275
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$150-\$250
Administration Staff	Conducts all aspects relating to administering the accounts function and other functions as required.	\$125-\$170

## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category:

	Hourly Rate (\$/ph)	Administration/ Statutory		Asset Realisation		Employees		Legal matters		Operations		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	650	8.5	5,525	7.0	4,550	-	-	112.3	72,995	139.5	90,675	267.3	173,745
Cybersecurity Specialist Staff	415-725	-	-	-	-	-	-	-	-	184.9	95,907	184.9	95,907
AML Specialist Staff	90-725	-	-	-	-	-	-	-	-	92.0	18,303	92.0	18,303
Associate Director	325-450	-	-	-	-	-	-	-	-	0.5	200	0.5	200
Senior Manager	410	-	-	-	-	-	-	25.1	10,291	243.0	99,675	268.1	109,966
Manager	370	26.0	9,620	3.5	1,295	5.5	2,035	105.5	39,035	451.5	167,255	592.0	219,240
Analyst	150-250	19.7	4,925	-	-	-	-	4.6	1,150	288.0	57,872	312.3	63,947
Support Staff	125-170	6.0	1,020	-	-	-	-	-	-	80.1	13,617	86.1	14,637
<b>Total</b>		<b>60.2</b>	<b>21,090</b>	<b>10.5</b>	<b>5,845</b>	<b>5.5</b>	<b>2,035</b>	<b>247.5</b>	<b>123,471</b>	<b>1,479.5</b>	<b>543,504</b>	<b>1,803.2</b>	<b>695,945</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Travel (flights, car rental, accommodation etc)	9,129
Data Hosting	10,692
Sundry	3,342
Total Disbursements	23,163
Total Fees	695,945
<b>Total Liquidators costs</b>	<b>719,108</b>

## Section 3: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period 15 November 2021 to 14 May 2022:

Task Area	General Description	Includes
<b>Assets</b>	Debtors	<ul style="list-style-type: none"> <li>• Correspondence with debtors</li> <li>• Reviewing and assessing debtors ledgers</li> <li>• Liaising with debt collectors and solicitors</li> </ul>
	Sale of Plant and Equipment	<ul style="list-style-type: none"> <li>• Liaising with valuers, auctioneers and interested parties</li> <li>• Reviewing asset listings</li> <li>• Review of Sales</li> <li>• Liaising with valuers, agents</li> <li>• Assistance with Sales process</li> </ul>
	Crypto-Assets	<ul style="list-style-type: none"> <li>• Review of company assets</li> <li>• Reviewing stock values from Crypto markets</li> <li>• Liaising with OTC traders</li> <li>• Securing assets into cold storage</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>• Tasks associated with realising other assets</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>• Reviewing leasing documents</li> <li>• Liaising with owners/lessors</li> <li>• Tasks associated with disclaiming leases</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone and email</li> <li>• Maintaining creditor enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>• Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>• Receipting and filing Proofs of Debt</li> <li>• Corresponding with Proofs of Debt</li> </ul>
<b>Employees</b>	Employees enquiry	<ul style="list-style-type: none"> <li>• Receive and follow up employee enquiries via telephone and email</li> <li>• Maintain employee enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Preferential payment	<ul style="list-style-type: none"> <li>• Correspondence with employees regarding preferential payment</li> <li>• Correspondence with IRD regarding proof of debt</li> <li>• Receipting Proofs of Debt</li> <li>• Adjudicating Proofs of Debt</li> <li>• Ensuring PAYE is remitted to IRD</li> </ul>
<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>• Communications with government agencies around statutory obligations</li> <li>• Various other stakeholder communications</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>• First month, then 6 monthly liquidation review</li> <li>• Filing of documents</li> <li>• File reviews</li> <li>• Updating checklists</li> </ul>

	Ongoing Trading	<ul style="list-style-type: none"> <li>• Management of currently employed staff</li> <li>• Management of premises including lease property</li> <li>• Review of Anti Money laundering obligations and statutory obligations.</li> <li>• Ongoing review and monitoring of IT security and record retention.</li> <li>• Correspondence with Law Enforcement</li> <li>• Preparation of budgets</li> <li>• Review of cashflow and its ability to operate the business and meet its commitments in the immediate future.</li> <li>• Corresponding with coin devs</li> <li>• Continuous valuation of the customer database</li> </ul>
	Claims Portal	<ul style="list-style-type: none"> <li>• Project management of the claim's portal development</li> <li>• Liquidator's time for the oversight of the project</li> <li>• Option analysis of vendors</li> <li>• Identity verification analysis and integration costs</li> <li>• Time in relation to the management of identity verification process</li> <li>• Specialist software development staff time</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>• Requesting bank statements</li> <li>• Bank account reconciliations</li> <li>• Correspondence with bank regarding specific transfers</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>• Discussions regarding status of Liquidation</li> </ul>
	Books and records/ storage	<ul style="list-style-type: none"> <li>• Dealing with records in storage</li> <li>• Sending job files to storage</li> </ul>
<b>Administration/Statutory</b>	Company office obligations	<ul style="list-style-type: none"> <li>• Filing with Companies Office</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Identification of potential issues requiring attention of insurance specialists</li> <li>• Correspondence with insurers regarding initial and ongoing insurance requirements</li> <li>• Reviewing insurance policies</li> <li>• Correspondence with previous brokers</li> </ul>
	Report as to Affairs	<ul style="list-style-type: none"> <li>• Directors Questionnaire</li> <li>• Completion deadlines and extensions</li> <li>• Meetings with coin developers</li> <li>• Drafting press releases for stakeholders</li> </ul>
<b>Investigations</b>	Tracing exercise	<ul style="list-style-type: none"> <li>• Using blockchain forensic tools to verify holdings</li> <li>• Hack analysis</li> <li>• Correspondence with law enforcement around compromised assets</li> </ul>
	Company/Directors duties	<ul style="list-style-type: none"> <li>• Reviewing company solvency and financial reporting</li> <li>• Investigating director's duties</li> <li>• Review of IT environment and company mailboxes</li> <li>• Inspection of service agreements</li> <li>• Reviewing conduct of companies for breaches of Companies Act</li> <li>• Interviews with Directors and Shareholders</li> </ul>
<b>Legal Matters</b>	Cross-border recognition	<ul style="list-style-type: none"> <li>• Chapter 15 bankruptcy recognition in the United States of America</li> <li>• Preparation of declarations for inclusion in legal submissions</li> </ul>
	Identity verification scoping	<ul style="list-style-type: none"> <li>• Initial review of customer database, identity requirements</li> <li>• Companies' legal advice around sanctioned countries</li> <li>• Crypto specific obligations</li> </ul>
	Legal Requirements	<ul style="list-style-type: none"> <li>• Undertakings by staff for information</li> <li>• Court order service preparation and review of communications to account holders and Creditors.</li> </ul>





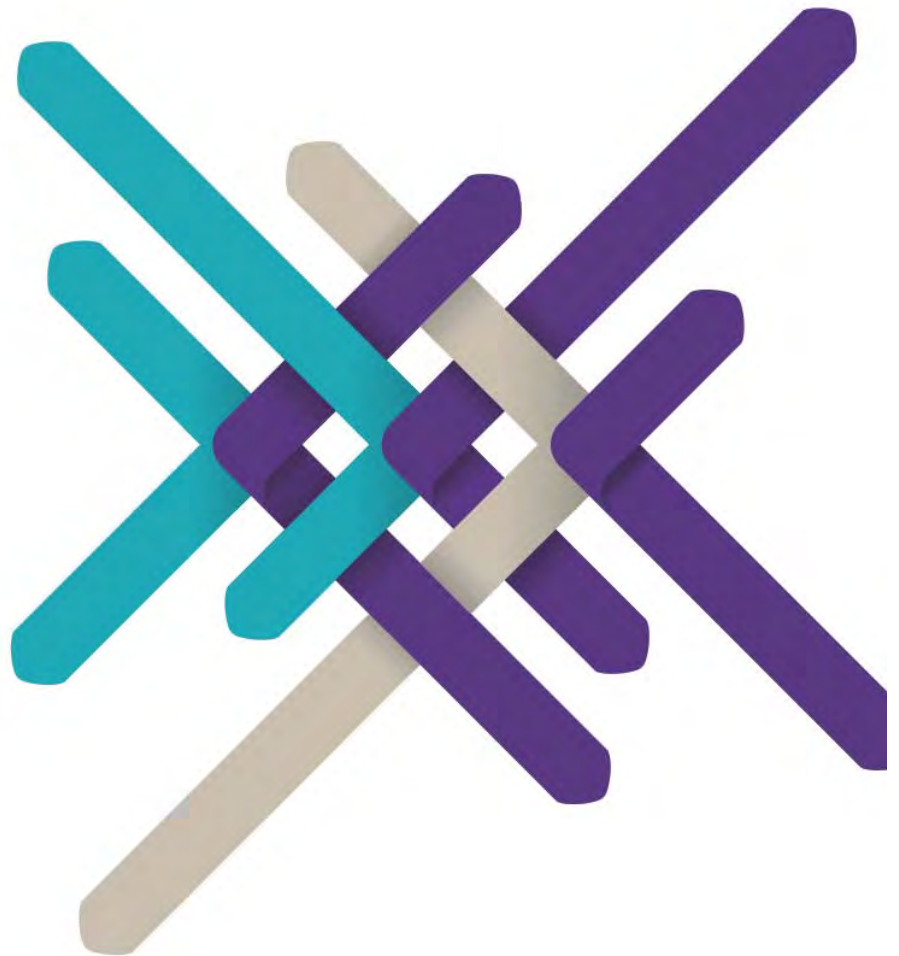
# Liquidators' Eighth Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

Company number: 5392901

NZBN: 9429041327791

12 December 2022



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We have considered the Declaration of Independence, Relevant Relationships and Indemnities provided in our first report and confirm that there have been no changes to it.

We set out below our eighth report on the state of the affairs of the Company for the period 14 May 2022 to 14 November 2022 to as required by section 255(2)(d) of the Act and section 7 of the Companies (Reporting by Insolvency Practitioners) Regulations 2020 (“the Regulations”).

## Restrictions

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Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide and employed 37 staff.

The rapid growth of cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. The Company entered into a number of long term, high cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses to minimise trading losses.

In January 2019, Cryptopia's exchange was hacked and a significant amount of crypto assets taken. The reputation damage from this event adversely affected trade volumes and meant the Company was unable to meet its debts as they fell due. It was then decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders

# Conduct of the Liquidation

We have continued to keep stakeholders updated on the progress of the liquidation via the designated webpage <https://www.grantthornton.co.nz/cryptopia-limited/>. A summary of conduct for the preceding six months is below.

## Wallets environment resilience

Since appointment we have had to re-establish the majority of the exchange's wallets environment. This is due to the fact that the source of the original hack is still unidentified. This means the risk that malicious code still resides in the historic wallet environment still exists. This is a real threat, as evidenced by the Cryptopia hack and various other cryptocurrency exchange hacks that have occurred worldwide. The Liquidators have had to engage with international cybersecurity experts to secure wallets on behalf of the users and transfer assets to a secure environment. This has been a complex and lengthy process.

## Customer database remediation

The record keeping and accounting of the exchange showed various deficiencies and as previously reported a detailed reconciliation between assets held in the exchange's wallets and the balances recorded as customer funds never took place. This has meant we have had to forensically reconstruct parts of certain exchange wallets and corroborate on-chain transactions for certain customer deposits and withdrawals. This process has involved a significant amount of data discovery exercise involving millions of transactions and addresses. The outcome of this exercise has meant we have updated a material amount of account holders' balances to ensure the amount due from Cryptopia is recorded accurately. The response to stage 3 mentioned below confirms that this was a necessary process.

## Claims process

We continue to follow the claim process previously reported.

Process Step	Details
1. Claims registration	Allows the registration of account holders' details and to make claims for their account balances
2. Identity verification	Verifies account holders' identities to the necessary verification standard
3. Balance acceptance	Provides Account holders the opportunity to agree that Cryptopia's records represents amount due
4. Asset Distribution	Instigates distribution of assets to account holders

In November 2022, stage 3 of the claims process was launched to qualifying users. Those users who have completed stages 1 and 2 above were invited to begin the balance acceptance process. By the end of November, 72% of users who had been invited to begin this stage had responded and accepted their balances, <2% of users who have been invited have disputed their balances, with the remainder yet to respond.

We continue to encourage claim registration and continue to send reminder emails to those who are yet to engage. At the date of this update, 84.5% of users by value have interacted in the claims process in some way. However, a number of these account holders may have only opened the email or clicked on the link to the portal and are yet to fully engage in registering their claim. While we have made significant progress on the claims process by value, we still have a large number of unclaimed holdings. Despite this, sufficient progress has been made for us to petition the court for directions to allow distribution to participating users.

To support the claims, process a dedicated customer support portal has been deployed. To date, the customer support team, via this portal, has supported over 90,000 users through the claims process.

If account holders are having issues with the claims process, please refer to the '[Update for Cryptopia Claimants & Common Portal Errors 16 December 2020](#)' or contact the dedicated team via the customer support portal at the [Cryptopia customer support portal](#). This support portal is separate from the claims portal and can be accessed by any account holder, provided they register and click the "Sign Up" button on the page.



As previously reported the distribution stage will follow from this. However, the transfer stage will require the input and approval of the Court, particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders' property including how the costs of distribution will be fairly allocated across each cryptocurrency trust.
- Confirming what is to be done with unclaimed Crypto assets and the administration of these, given there remains a material amount of cryptocurrency attributed to account holders who have not yet participated in the claims process or identified themselves.
- Setting a cut-off date for claims to be received and assessed. So that a more definitive timeline can be provided around the length of the claims process and the eventual date of distribution to account holders.

We expect to file the distribution application in the first quarter of 2023.

Advanced discussions have been held on the design of the distribution model with underlying concepts agreed. Discussions have been held with vendors around the mode of distribution. While the Liquidators have the capability to complete asset distribution it is important that the most cost-effective and efficient method is used to return assets to account holders.

There are a number of cryptocurrency projects that have significant holdings frozen in Cryptopia wallets. We are engaging with the various coin development teams where possible to seek their input on the most efficient process to assist in this transfer.

### Hacked assets

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack. Our obligation is to seek recoveries for stakeholders' benefit.

As previously reported we have filed recovery actions in the United States of America, Malaysia and Singapore related to the January 2019 hack. For the most part, actions in respect to the January 2019 hack have been focused on recovering information that sets out the movement of the crypto assets post hack. Norwich Pharmacal and other disclosure orders have been utilised against other crypto asset exchanges and service providers to follow the movement of the assets once they left the Cryptopia exchange.

During the period of this report, we have petitioned US law enforcement for the return of restrained assets attributed to the January 2019 compromise and subsequent theft. We will provide further updates as this matter progresses.

In Singapore, we obtained recognition as a foreign main proceeding and have used this recognition to obtain information from an international exchange that received a number of stolen assets. The exchange has complied with these disclosure orders and our investigations are ongoing in regard to provided information, focusing on the user accounts that received stolen assets.

In Malaysia, we continue legal action to obtain discovery orders against another international exchange. We hoped to advance this action by the date of the report however, due to changes in the other party's legal counsel and appeal applications by this exchange progress in this matter has been further prolonged. We anticipate to provide an update on this action in the next report.

We continue our investigations to trace and or freeze stolen crypto assets and are in discussion with exchanges that have frozen stolen cryptocurrency. We are working on providing the detailed analysis of hacked coins to these exchanges in our attempts to have these funds released to the Liquidators' control and compensate the victims of the hack. As previously reported the legal decision confirms that any stolen cryptocurrency recovered is to be applied to the specific trust associated with each cryptocurrency.

### Investigations

Due to the ongoing nature of our investigations, we are unable to provide details regarding our findings to date since doing so could prejudice any proceedings, which may be taken at a later date.

If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors. Our duties as Liquidators require a transparent and robust investigation into the insolvency of the Company and its officers.

## Legal matters

### Ex-employee theft

As previously reported an ex-employee admitted to stealing funds from the Company's historic deposit addresses while in the employment of the company. This employee was sentenced in the Christchurch district court on 18 March 2022 and ordered to pay the Liquidators approx. \$21,255 in reparations, these reparations are being paid weekly. For the period of this report, we have received \$2,706 in reparation payments.

### Next steps

We anticipate submitting an application to the Courts seeking directions in respect of several issues, including the method of distribution, in the first quarter of 2023. Further information will be provided to account holders before this directions hearing.

We continue to encourage account holder claim registration, identify verification, and interaction with the balance acceptance stage.

Account holders registered in the claims portal and who have completed identity verification may receive further requests from us to provide identity verification documents.

## Receipts and Payments

Please refer to Appendix A: Statement of Receipts and Payments for further details on the receipts and payments for the six-month period ending 14 November 2022.

## Creditors

### Secured Creditors

On Liquidation there were two specific security financing statements (Purchase Money Security Interests (PMSIs)) registered. The Liquidators have contacted all registered PMSI holders and do not believe there are any secured amounts due.

### Preferential Creditors

At the liquidation date the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete, we will determine if there are any preferential taxes owing.

No further Preferential claim payments were paid during the period.

### Unsecured Creditors

We have received 26 unsecured creditors' claims received to date totalling \$2.991m.

We confirm that only preferential creditors have been paid and that no other creditor distributions have been made.

### Contingent Creditors

To date, we have received 1 contingent creditor claim. This claim is based on the potential lost market value of cryptocurrency lost prior to the Liquidation of Cryptopia. We are yet to adjudicate the value of this claim.

We expect to receive further claims against the Company based on any potential shortfalls found in each cryptocurrency trust based on assets held versus assets recorded against account holders. We also expect claims from other users of the Cryptopia platform such as Coin developers who paid for a fee listing but never received a corresponding listing on the exchange. We will adjudicate these claims as they are received.

## Remuneration Report

The Liquidators' remuneration received for the period between 15 May 2022 to 14 November 2022, charged at the hourly rates, totalled \$723,760 exclusive of GST. This includes time spent carrying out investigations, attempting to secure hacked assets, development and management of the claim's portal, designing and overseeing an appropriate identity verification process, supervision of the Cryptopia customer support team, development and engagement with specialist Crypto-asset experts and liaising with legal authorities.

All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the six-month period is enclosed at Appendix B, including a schedule of the qualifications and experience generally of staff at each level. A schedule of the work undertaken during the six-month reporting period is also summarised in Appendix B.

# Remaining Matters

At this stage it is not practicable to estimate a completion date for the Liquidation.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Tom Aspin at [Cryptopia@nz.gt.com](mailto:Cryptopia@nz.gt.com).

Dated: 12 December 2022



David Ruscoe  
Liquidator  
Cryptopia Limited (in Liquidation)

# Appendix A – Receipts and Payments

Receipts and Payments	15 May 2022 to 14 November 2022 (\$)	Total (\$)
Opening funds on Hand	4,451,909	0
<b>Receipts</b>		
Funds on hand at date of Liquidation	-	1,065,426
Crypto-Assets converted to Fiat	-	14,328,852
Court Settlement	-	50,000
Theft Repatriations	2,706	2,706
Funds Recovered	-	5,022,935
Interest Income	30,805	89,780
Other income	1,800	1,800
Sale of Assets	-	241,142
GST Refunds received	193,628	1,560,652
GST on Receipts	-	23,931
<b>Total Receipts</b>	<b>228,939</b>	<b>22,387,225</b>
<b>Payments</b>		
Asset sale costs	-	86,067
Claims Portal	849,862	3,419,280
Computer Costs	60,040	379,477
Consulting & Accounting	-	7,751
Distribution to Preferential Creditors	-	312,992
Employee Costs	494,642	3,959,821
General Expenses	6,440	54,208
Insurance	3,124	44,750
Legal expenses	257,248	3,388,470
Light, Power, Heating	8,726	63,690
Liquidators Fees	723,760	5,787,608
Relocation Costs	-	13,090
Rent	-	393,123
Security Expenses	-	47,008
Server Hosting Fees	3,210	665,237
Telephone & Internet	4,166	48,050
GST on Expenses	200,412	1,647,383
<b>Total Payments</b>	<b>2,611,628</b>	<b>20,318,005</b>
<b>Net Receipts/(Payments) for the period</b>	<b>(2,382,689)</b>	<b>2,069,220</b>
<b>Closing funds on hand</b>	<b>2,069,220</b>	<b>2,069,220</b>

# Appendix B – Remuneration Report

## Section 1: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST) (State)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$650
IT Specialist/Specialist Partner	Specialist IT Practitioner bringing specialist skills in Cybersecurity, Procurement, vendor selection and other IT related matters. Provide detail reporting around any security vulnerabilities.	\$200-\$450
Cybersecurity Specialist Staff	Specialist Claims Portal staff brings project management and governance for the design and integration of the claims process.	\$415-\$725
AML Specialist Staff	Specialist AML practitioner bringing specialist skills in designing and implementation of a know your customer process to support the claims process.	\$90-\$725
Director	Qualified accountant and may be a Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$325-\$450
IT Director	IT specialist. Required to assist Liquidators with the day to day running operation of the Cryptopia and cybersecurity.	\$450
Manager/Senior Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$370-\$410
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$275
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$150-\$250
Administration Staff	Conducts all aspects relating to administering the accounts function and other functions as required.	\$125-\$170



## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category:

	Hourly Rate (\$/ph)	Administration/ Statutory		Asset Realisation		Employees		Legal matters		Operations		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	650	-	-	-	-	-	-	53.8	34,970	204.2	132,730	258.0	167,700
Cybersecurity Specialist Staff	415-725	-	-	-	-	-	-	-	-	101.7	61,632	101.7	61,632
AML Specialist Staff	90-725	-	-	-	-	-	-	-	-	86.7	15,975	86.7	15,975
Director	500	-	-	-	-	-	-	7.3	3,650	64.2	32,100	71.5	35,750
Tax Specialist Staff	450	-	-	-	-	-	-	-	-	0.5	225	0.5	225
Senior Manager	420	74.0	31,080	-	-	-	-	74.5	31,290	525.5	220,710	674	283,080
Manager	370	-	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager	315	29.6	9,324	-	-	-	-	-	-	114.2	35,973	143.8	45,297
Analyst	135-250	-	-	-	-	-	-	-	-	149.6	31,281	149.6	31,281
Support Staff	125-170	2.9	493	-	-	-	-	-	-	65.6	11,152	68.5	11,645
<b>Total</b>		<b>106.5</b>	<b>40,897</b>	-	-	-	-	<b>135.6</b>	<b>69,910</b>	<b>1,312.2</b>	<b>541,778</b>	<b>1,554.3</b>	<b>652,585</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Travel (flights, car rental, accommodation etc)	18,392
Data Hosting	31,030
Blockchain Specialist Advisory	13,160
Sundry	8,594
Total Disbursements	71,176
Total Fees	652,585
<b>Total Liquidators costs</b>	<b>723,760</b>

## Section 3: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the period 15 November 2021 to 14 May 2022:

Task Area	General Description	Includes
<b>Assets</b>	Debtors	<ul style="list-style-type: none"> <li>• Correspondence with debtors</li> <li>• Reviewing and assessing debtors ledgers</li> <li>• Liaising with debt collectors and solicitors</li> </ul>
	Sale of Plant and Equipment	<ul style="list-style-type: none"> <li>• Liaising with valuers, auctioneers and interested parties</li> <li>• Reviewing asset listings</li> <li>• Review of Sales</li> <li>• Liaising with valuers, agents</li> <li>• Assistance with Sales process</li> </ul>
	Crypto Assets	<ul style="list-style-type: none"> <li>• Review of company assets</li> <li>• Reviewing stock values from Crypto markets</li> <li>• Liaising with OTC traders</li> <li>• Securing assets into cold storage</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>• Tasks associated with realising other assets</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>• Reviewing leasing documents</li> <li>• Liaising with owners/lessors</li> <li>• Tasks associated with disclaiming leases</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone and email</li> <li>• Maintaining creditor enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>• Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>• Receipting and filing Proofs of Debt</li> <li>• Corresponding with Proofs of Debt</li> </ul>
<b>Employees</b>	Employees enquiry	<ul style="list-style-type: none"> <li>• Receive and follow up employee enquiries via telephone and email</li> <li>• Maintain employee enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Preferential payment	<ul style="list-style-type: none"> <li>• Correspondence with employees regarding preferential payment</li> <li>• Correspondence with IRD regarding proof of debt</li> <li>• Receipting Proofs of Debt</li> <li>• Adjudicating Proofs of Debt</li> <li>• Ensuring PAYE is remitted to IRD</li> </ul>
<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>• Communications with government agencies around statutory obligations</li> <li>• Various other stakeholder communications</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>• First month, then 6 monthly liquidation review</li> <li>• Filing of documents</li> <li>• File reviews</li> <li>• Updating checklists</li> </ul>

	Ongoing Trading	<ul style="list-style-type: none"> <li>• Management of currently employed staff</li> <li>• Management of premises including lease property</li> <li>• Review of Anti Money laundering obligations and statutory obligations.</li> <li>• Ongoing review and monitoring of IT security and record retention.</li> <li>• Correspondence with Law Enforcement</li> <li>• Preparation of budgets</li> <li>• Review of cashflow and its ability to operate the business and meet its commitments in the immediate future.</li> <li>• Corresponding with coin devs</li> <li>• Continuous valuation of the customer database</li> </ul>
	Claims Portal	<ul style="list-style-type: none"> <li>• Project management of the claim's portal development</li> <li>• Liquidator's time for the oversight of the project</li> <li>• Option analysis of vendors</li> <li>• Identity verification analysis and integration costs</li> <li>• Time in relation to the management of identity verification process</li> <li>• Specialist software development staff time</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>• Requesting bank statements</li> <li>• Bank account reconciliations</li> <li>• Correspondence with bank regarding specific transfers</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>• Discussions regarding status of Liquidation</li> </ul>
	Books and records/ storage	<ul style="list-style-type: none"> <li>• Dealing with records in storage</li> <li>• Sending job files to storage</li> </ul>
<b>Administration/Statutory</b>	Company office obligations	<ul style="list-style-type: none"> <li>• Filing with Companies Office</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Identification of potential issues requiring attention of insurance specialists</li> <li>• Correspondence with insurers regarding initial and ongoing insurance requirements</li> <li>• Reviewing insurance policies</li> <li>• Correspondence with previous brokers</li> </ul>
	Report as to Affairs	<ul style="list-style-type: none"> <li>• Directors Questionnaire</li> <li>• Completion deadlines and extensions</li> <li>• Meetings with coin developers</li> <li>• Drafting press releases for stakeholders</li> </ul>
<b>Investigations</b>	Tracing exercise	<ul style="list-style-type: none"> <li>• Using blockchain forensic tools to verify holdings</li> <li>• Hack analysis</li> <li>• Correspondence with law enforcement around compromised assets</li> </ul>
	Company/Directors duties	<ul style="list-style-type: none"> <li>• Reviewing company solvency and financial reporting</li> <li>• Investigating director's duties</li> <li>• Review of IT environment and company mailboxes</li> <li>• Inspection of service agreements</li> <li>• Reviewing conduct of companies for breaches of Companies Act</li> <li>• Interviews with Directors and Shareholders</li> </ul>
<b>Legal Matters</b>	Cross-border recognition	<ul style="list-style-type: none"> <li>• Chapter 15 bankruptcy recognition in the United States of America</li> <li>• Preparation of declarations for inclusion in legal submissions</li> </ul>
	Identity verification scoping	<ul style="list-style-type: none"> <li>• Initial review of customer database, identity requirements</li> <li>• Companies' legal advice around sanctioned countries</li> <li>• Crypto specific obligations</li> </ul>
	Legal Requirements	<ul style="list-style-type: none"> <li>• Undertakings by staff for information</li> <li>• Court order service preparation and review of communications to account holders and Creditors.</li> </ul>



# Liquidators' Ninth Report on the State of Affairs of

Cryptopia Limited (in Liquidation)

Company number: 2392901

NZBN: 9429041327791

12 June 2023



# Contents

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# Introduction

David Ian Ruscoe (IP#50) and Malcolm Russell Moore (IP#42), of Grant Thornton New Zealand Limited, were appointed jointly as liquidators of Cryptopia Limited (in Liquidation) (“the Company” or “Cryptopia”) on 14 May 2019 at 1.20pm by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993 (“the Act”).

Liquidators of insolvent companies are required to be licensed insolvency practitioners. Information about the regulation of insolvency practitioners is available from the Registrar of Companies.

We have considered the Declaration of Independence, Relevant Relationships and Indemnities provided in our first report and confirm that there have been no changes to it.

We set out below our ninth report on the state of the affairs of the Company for the period 15 November 2022 to 14 May 2023 (“the Period”) to as required by section 255(2)(d) of the Act and section 7 of the Companies (Reporting by Insolvency Practitioners) Regulations 2020 (“the Regulations”).

## Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators’ written permission in each specific instance.

The Liquidators, their employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light of any information existing at the date of this report which becomes known to them after that date.

We have not independently verified the accuracy of the information provided to us and have not conducted any form of audit in respect of the Company. We express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available and assumptions made as at the date of this report. It is possible that actual outcomes may be significantly different from those disclosed in this report.

In addition, the following should be noted:

- Certain values included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars unless otherwise stated.

## Background

Cryptopia was a New Zealand cryptocurrency exchange based in Christchurch. At the date of liquidation, it had over 2.2 million registered users worldwide and employed 37 staff.

The rapid growth of cryptocurrency in early 2018 meant the Company scaled up to manage the increased level of trading. The Company entered into a number of long-term, high-cost contracts to provide the infrastructure necessary to trade at this level. Unfortunately trade volumes, from which the Company earned its revenue, reduced significantly through late 2018. Accordingly, the Company then took steps to reduce its expenses to minimise trading losses.

In January 2019, Cryptopia's exchange was hacked, and a significant amount of crypto assets taken. The reputation damage from this event adversely affected trade volumes and meant the Company was unable to meet its debts as they fell due. It was then decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders.

# Conduct of the Liquidation

We have continued to keep stakeholders updated on the progress of the liquidation via the designated webpage <https://www.grantthornton.co.nz/cryptopia-limited/>. A summary of conduct for the Period is below.

## Wallets environment resilience

Since appointment we have had to re-establish the majority of the exchange's wallets environment. This is due to the fact that the source of the original hack is still unidentified. This means the risk that malicious code still resides in the historic wallets environment still exists. This is a real threat, as evidenced by the Cryptopia hack and various other cryptocurrency exchange hacks that have occurred worldwide. The Liquidators have had to engage with international cybersecurity experts to secure wallets on behalf of the users and transfer assets to a secure environment. This has been a complex and lengthy process.

## Customer database remediation

The record keeping and accounting of the exchange showed various deficiencies and as previously reported a detailed reconciliation between assets held in the exchange's wallets and the balances recorded as customer funds never took place. This has meant we have had to forensically reconstruct parts of certain exchange wallets and corroborate on-chain transactions for certain customer deposits and withdrawals. This process has involved a significant amount of data discovery exercise involving millions of transactions and addresses. The outcome of this exercise has meant we have updated a material amount of account holders' balances to ensure the amount due from Cryptopia is recorded accurately. The response to stage 3 mentioned below confirms that this was a necessary process.

## Claims process

We continue to follow the claims process previously reported. Over the Period we have further refined the claims process and split out the previously reported "asset distribution" stage. This now is split in two being "wallet address collection" and "Crypto-asset return".

Process Step	Details
1. Claims registration	Allows the registration of account holders' details and to make claims for their account balances
2. Identity verification	Verifies account holders' identities to the necessary verification standard
3. Balance acceptance	Provides account holders the opportunity to agree that Cryptopia's records represents amount due to them
4a. Asset Distribution - Wallet Address Collection	Allows eligible account holders to submit wallet addresses for each balance qualified to participate in Asset distribution.
4b. Asset Distribution – Crypto-asset return	Returns account holders assets proportional to distribution calculation using transaction/s broadcast on the relevant Crypto-asset's blockchain

In November 2022, stage 3 of the claims process was launched to qualifying users. Those users who have completed stages 1 and 2 above were invited to begin the balance acceptance process. We continue to invite those users who complete stages 1 and 2 during the Period. By the end of May 2023, 80% of users who had been invited to begin this stage had responded and accepted their balances, <2% of users who have been invited have disputed their balances, with the remainder yet to respond.

We continue to encourage claim registration and continue to send reminder emails to those who are yet to engage. At the date of this update, 84.5% of users by value have interacted in the claims process in some way. However, a number of these account holders may have only opened the email or clicked on the link to the portal and are yet to fully engage in registering their claim. While we have made significant progress on the claims process by value, we still have a large

number of unclaimed holdings. Despite this, sufficient progress has been made for us to petition the court for directions to allow distribution to participating users.

To support the claims process, a dedicated customer support portal has been deployed. To date, the customer support team, via this portal, has supported over 93,700 users through the claims process.

If account holders are having issues with the claims process, please refer to the '[Update for Cryptopia Claimants & Common Portal Errors 16 December 2020](#)' or contact the dedicated team via the customer support portal at the [Cryptopia customer support portal](#). This support portal is separate from the claims portal and can be accessed by any account holder, provided they register and click the 'Sign Up' button on the page.

As previously reported the distribution stage will follow from this. However, the transfer stage will require the input and approval of the Court, particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders' property including how the costs of distribution will be fairly allocated across each cryptocurrency trust.
- Confirming what is to be done with unclaimed crypto assets and the administration of these, given there remains a material amount of cryptocurrency attributed to account holders who have not yet participated in the claims process or identified themselves.
- Setting a cut-off date for claims to be received and assessed so that a more definitive timeline can be provided around the length of the claims process and the eventual date of distribution to account holders.

During the Period we have been preparing Court submission documents in support of an application for directions on the above. These documents are currently being finalised and we expect to file this distribution application this month.

Included in our application for directions is that we intend to undertake an interim distribution of certain crypto assets to qualifying users. This would involve setting a cut-off date for the interim distribution and qualifying users receiving a transfer of a percentage of the trust assets they are beneficially entitled to. We anticipate the interim distribution will lead to further registrations of users.

We have also begun the design stage for the development of the claims portal to facilitate the collection and screening of wallet addresses for the distribution of crypto assets to qualifying users.

There are a number of cryptocurrency projects that have significant holdings frozen in Cryptopia's wallets. We are engaging with the various coin development teams, where possible, to seek their input on the most efficient process to assist in this transfer.

### **Hacked assets**

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack. Our obligation is to seek recoveries for stakeholders' benefit.

As previously reported, we have filed recovery actions in the United States of America, Malaysia and Singapore related to the January 2019 hack. For the most part, actions in respect to the January 2019 hack have been focused on recovering information that sets out the movement of the crypto assets post hack. Norwich Pharmacal and other disclosure orders have been utilised against other crypto asset exchanges and service providers to follow the movement of the assets once they left the Cryptopia exchange.

We have previously petitioned US law enforcement for the return of restrained assets attributed to the January 2019 compromise and subsequent theft. We will provide further updates as this matter progresses.

In Singapore, we obtained recognition as a foreign main proceeding and have used this recognition to obtain information from an international exchange that received a number of stolen assets. The exchange has complied with these disclosure orders and our investigations are ongoing in regard to information provided, focusing on the user accounts that received stolen assets.

We continue our investigations to trace and or freeze stolen crypto assets and are in discussion with exchanges that have frozen stolen cryptocurrency. We are working on providing the detailed analysis of hacked coins to these exchanges in our attempts to have these funds released to the Liquidators' control and compensate the victims of the hack. As previously reported the legal decision confirms that any stolen cryptocurrency recovered is to be applied to the specific trust associated with each cryptocurrency.

### Investigations

Due to the ongoing nature of our investigations, we are unable to provide details regarding our findings to date since doing so could prejudice any proceedings, which may be taken at a later date.

If any insolvent transactions or breaches of legislation have occurred, we will take the appropriate action where it has the potential to increase the recovery available to creditors. Our duties as Liquidators require a transparent and robust investigation into the insolvency of the Company and its officers.

### Legal matters

#### Ex-employee theft

As previously reported an ex-employee admitted to stealing funds from the Company's historic deposit addresses while in the employment of the company. This employee was sentenced in the Christchurch district court on 18 March 2022 and ordered to pay the Liquidators approx. \$21,255 in reparations, these reparations are being paid weekly. During the Period, we have received \$2,050 in reparation payments.

### Next steps

We are in the final stages of preparing our submission documents and anticipate submitting an application to the Courts seeking directions in respect of several issues, including the method of distribution, this month. Further information will be provided to account holders upon submission of these documents to the Court.

We continue to encourage account holder claim registration, identify verification, and interaction with the balance acceptance stage.

Account holders registered in the claims portal and who have completed identity verification may receive further requests from us to provide identity verification documents.

## Receipts and Payments

Please refer to Appendix A: Statement of Receipts and Payments for further details on the receipts and payments for the Period.

## Creditors

### Secured Creditors

At the date of liquidation there were two specific security financing statements (Purchase Money Security Interests (PMSIs)) registered. The Liquidators have contacted all registered PMSI holders and do not believe there are any secured amounts due.

### Preferential Creditors

At the date of liquidation there were 34 preferential claims for employees totalling \$312,992. We have paid out the preferential claims to employees and the Inland Revenue Department (for payroll related taxes) on 1 November 2019.

At the date of liquidation, the Inland Revenue Department were auditing the tax returns of the Company including GST, once this audit is complete, we will determine if there are any preferential taxes owing. There have been no preferential claim payments paid during the Period.

### Unsecured Creditors

We have received 26 unsecured creditors' claims received to date totalling \$2.991m.

At this stage, it is unclear if there will be any funds available to pay out the unsecured creditors.

We confirm that only preferential creditors have been paid out and no other creditor distributions have been made.

### Contingent Creditors

To date, we have received 1 contingent creditor claim. This claim is based on the potential lost market value of cryptocurrency lost prior to the liquidation of Cryptopia. We are yet to adjudicate the value of this claim.

We expect to receive further claims against the Company based on any potential shortfalls found in each cryptocurrency trust based on assets held versus assets recorded against account holders. We also expect claims from other users of the Cryptopia platform such as coin developers who paid for a fee listing but never received a corresponding listing on the exchange. We will review these claims as they are received.

## Remuneration Report

The Liquidators' remuneration received for the Period, charged at the hourly rates, totalled \$459,727 exclusive of GST. This includes time spent carrying out investigations, attempting to secure hacked assets, development and management of the claim's portal, designing and overseeing an appropriate identity verification process, supervision of the Cryptopia customer support team, development and engagement with specialist Crypto-asset experts and liaising with legal authorities.

All time and expenses incurred and billed in the liquidation are reasonable and necessary.

A detailed breakdown of the Liquidators' remuneration and disbursements for the Period is enclosed at Appendix B, including a schedule of the qualifications and experience generally of staff at each level. A schedule of the work undertaken during the Period is also summarised in Appendix B.

# Remaining Matters

At this stage it is not practicable to estimate a completion date for the liquidation.

Should you have any queries in relation to any matter raised in this report then please contact Tom Aspin at [Cryptopia@nz.gt.com](mailto:Cryptopia@nz.gt.com).

Dated: 12 June 2023



David Ruscoe  
Liquidator  
Cryptopia Limited (in Liquidation)



# Appendix A – Receipts and Payments

Receipts and Payments	15 November 2022 to 14 May 2023 NZ (\$)	Total NZ (\$)
Opening Balance	2,069,220	-
<b>Receipts</b>		
Funds on hand at date of Liquidation	-	1,065,426
Crypto-Assets converted to Fiat	200,000	14,528,852
Court Settlement	-	50,000
Theft Repatriations	2,050	4,756
Funds Recovered	-	5,022,935
Interest Income	97	89,878
Other income	1,200	3,000
Sale of Assets	-	241,142
GST Refunds received	181,874	1,742,526
GST on Receipts	-	23,931
<b>Total Receipts</b>	<b>385,221</b>	<b>22,772,446</b>
<b>Payments</b>		
Asset sale costs	-	86,067
Claims Portal	350,498	3,769,779
Computer Costs	24,223	403,700
Consulting & Accounting	-	7,751
Distribution to Preferential Creditors	-	312,992
Employee Costs	515,455	4,475,276
General Expenses	7,011	61,220
Insurance	7,683	52,433
Legal expenses	194,909	3,583,379
Light, Power, Heating	9,436	73,126
Liquidators Fees	459,727	6,247,335
Relocation Costs	-	13,090
Rent	59,811	452,934
Security Expenses	-	47,008
Server Hosting Fees	3,210	668,447
Telephone & Internet	4,149	52,199
GST on Expenses	141,065	1,788,448
<b>Total Payments</b>	<b>1,777,177</b>	<b>22,095,183</b>
<b>Net Receipts/(Payments) for the period</b>	<b>(1,391,956)</b>	<b>677,264</b>
<b>Closing Balance</b>	<b>677,264</b>	<b>677,264</b>

# Appendix B – Remuneration Report

## Section 1: Initial Advice to Creditors

### Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of title	Hourly rate (Exc. GST)
Partner	Accredited Insolvency Practitioner. Partner bringing specialist skills to Liquidations and Insolvency matters. Controlling all matters relating to the assignment.	\$650
IT Specialist/Specialist Partner	Specialist IT Practitioner bringing specialist skills in Cybersecurity, Procurement, vendor selection and other IT related matters. Provide detail reporting around any security vulnerabilities.	\$200-\$450
Cybersecurity Specialist Staff	Specialist Claims Portal staff brings project management and governance for the design and integration of the claims process.	\$450-\$800
AML Specialist Staff	Specialist AML practitioner bringing specialist skills in designing and implementation of a know your customer process to support the claims process.	\$90-\$725
Director	Qualified accountant and may be a Registered Insolvency Practitioner. Minimum 7/8+ years' experience. Highly advanced technical and commercial skills. Planning and control of all Liquidation and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$500
IT Director	IT specialist. Required to assist Liquidators with the day to day running operation of the Cryptopia and cybersecurity.	\$450
Manager/Senior Manager	Typically Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Liquidation and Insolvency tasks with the assistance of the appointee.	\$370-\$420
Assistant Manager	Typically Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Liquidations and Insolvency tasks. Conducts certain aspects of larger Liquidations.	\$315
Analyst	Typically undertaking Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Liquidations and Insolvency tasks and assist with fieldwork on medium to large Liquidations and Insolvency tasks.	\$80-\$250
Administration Staff	Conducts all aspects relating to administering the accounts function and other functions as required.	\$125-\$170

## Section 2: Calculation of Remuneration

### Calculation of Remuneration – Time based charges

Charged on an hourly basis and per the hourly rates set out by time and cost charged by key category:

	Hourly Rate (\$/ph)	Administration/ Statutory		Asset Realisation		Employees		Legal matters		Operations		Total	
		Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)	Hours	Cost (\$)
Partner	650	3.5	2,275	-	-	-	-	31.2	20,280	100.1	65,065	134.8	87,620
Cybersecurity Specialist Staff	450-800	-	-	-	-	-	-	-	-	60.5	32,648	60.5	32,648
AML Specialist Staff	90-725	-	-	-	-	-	-	-	-	-	-	-	-
Director	500	-	-	-	-	-	-	6.0	3,000	63.8	31,900	69.8	34,900
Tax Specialist Staff	450	-	-	-	-	-	-	-	-	-	-	-	-
Senior Manager	420	19.0	7,980	-	-	-	-	88.0	36,960	233.5	98,070	340.5	143,010
Manager	370	-	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager	315	17.5	5,513	-	-	-	-	3.2	1,008	183.4	57,771	204.1	64,292
Analyst	80-250	-	-	-	-	-	-	-	-	73.0	14,225	73.0	14,225
Support Staff	170	5.2	884	-	-	-	-	-	-	40.8	6,936	46.0	7,820
<b>Total</b>		<b>45.2</b>	<b>16,652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128.4</b>	<b>61,248</b>	<b>755.1</b>	<b>306,615</b>	<b>928.7</b>	<b>384,515</b>

### Basis of Disbursement Claim

Disbursements	Total (\$ exc. GST)
Travel (flights, car rental, accommodation etc)	15,324
Data Hosting	16,078
Blockchain Specialist Advisory	4,603
Sundry	2,309
Total Disbursements	75,212
Total Fees	384,515
<b>Total Liquidators costs</b>	<b>459,727</b>

## Section 3: Description of Work

Summary of work performed in relation the Liquidators' remuneration for the Period:

Task Area	General Description	Includes
<b>Assets</b>	Debtors	<ul style="list-style-type: none"> <li>• Correspondence with debtors</li> <li>• Reviewing and assessing debtors ledgers</li> <li>• Liaising with debt collectors and solicitors</li> </ul>
	Sale of Plant and Equipment	<ul style="list-style-type: none"> <li>• Liaising with valuers, auctioneers and interested parties</li> <li>• Reviewing asset listings</li> <li>• Review of Sales</li> <li>• Liaising with valuers, agents</li> <li>• Assistance with Sales process</li> </ul>
	Crypto Assets	<ul style="list-style-type: none"> <li>• Review of company assets</li> <li>• Reviewing stock values from Crypto markets</li> <li>• Liaising with OTC traders</li> <li>• Securing assets into cold storage</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>• Tasks associated with realising other assets</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>• Reviewing leasing documents</li> <li>• Liaising with owners/lessors</li> <li>• Tasks associated with disclaiming leases</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone and email</li> <li>• Maintaining creditor enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>• Preparing statutory report, investigation, meeting and general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>• Receipting and filing Proofs of Debt</li> <li>• Corresponding with Proofs of Debt</li> </ul>
<b>Employees</b>	Employees enquiry	<ul style="list-style-type: none"> <li>• Receive and follow up employee enquiries via telephone and email</li> <li>• Maintain employee enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Preferential payment	<ul style="list-style-type: none"> <li>• Correspondence with employees regarding preferential payment</li> <li>• Correspondence with IRD regarding proof of debt</li> <li>• Receipting Proofs of Debt</li> <li>• Adjudicating Proofs of Debt</li> <li>• Ensuring PAYE is remitted to IRD</li> </ul>
<b>Operations</b>	Correspondence	<ul style="list-style-type: none"> <li>• Communications with government agencies around statutory obligations</li> <li>• Various other stakeholder communications</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>• First month, then 6 monthly liquidation review</li> <li>• Filing of documents</li> <li>• File reviews</li> <li>• Updating checklists</li> </ul>

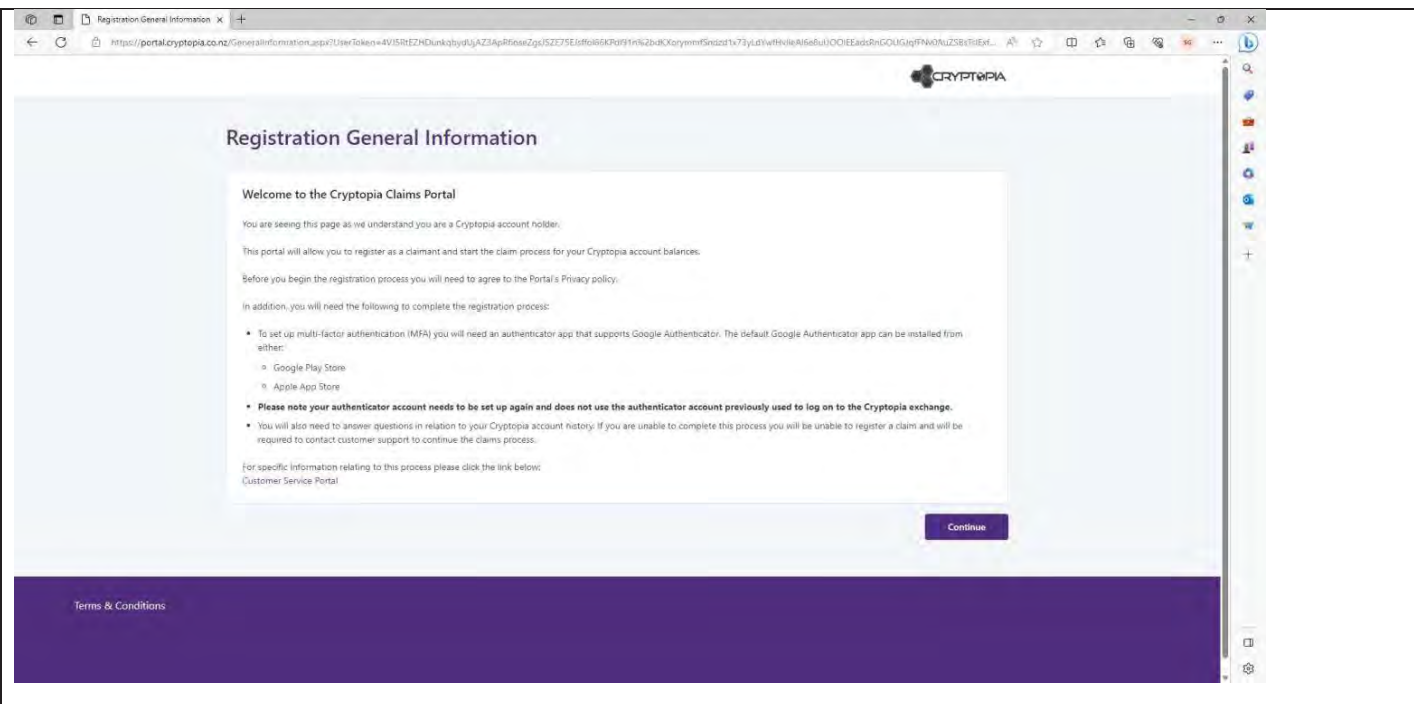
	Ongoing Trading	<ul style="list-style-type: none"> <li>• Management of currently employed staff</li> <li>• Management of premises including lease property</li> <li>• Review of Anti Money laundering obligations and statutory obligations.</li> <li>• Ongoing review and monitoring of IT security and record retention.</li> <li>• Correspondence with Law Enforcement</li> <li>• Preparation of budgets</li> <li>• Review of cashflow and its ability to operate the business and meet its commitments in the immediate future.</li> <li>• Corresponding with coin devs</li> <li>• Continuous valuation of the customer database</li> </ul>
	Claims Portal	<ul style="list-style-type: none"> <li>• Project management of the claim's portal development</li> <li>• Liquidator's time for the oversight of the project</li> <li>• Option analysis of vendors</li> <li>• Identity verification analysis and integration costs</li> <li>• Time in relation to the management of identity verification process</li> <li>• Specialist software development staff time</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>• Requesting bank statements</li> <li>• Bank account reconciliations</li> <li>• Correspondence with bank regarding specific transfers</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>• Discussions regarding status of Liquidation</li> </ul>
	Books and records/ storage	<ul style="list-style-type: none"> <li>• Dealing with records in storage</li> <li>• Sending job files to storage</li> </ul>
<b>Administration/Statutory</b>	Company office obligations	<ul style="list-style-type: none"> <li>• Filing with Companies Office</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Identification of potential issues requiring attention of insurance specialists</li> <li>• Correspondence with insurers regarding initial and ongoing insurance requirements</li> <li>• Reviewing insurance policies</li> <li>• Correspondence with previous brokers</li> </ul>
	Report as to Affairs	<ul style="list-style-type: none"> <li>• Directors Questionnaire</li> <li>• Completion deadlines and extensions</li> <li>• Meetings with coin developers</li> <li>• Drafting press releases for stakeholders</li> </ul>
<b>Investigations</b>	Tracing exercise	<ul style="list-style-type: none"> <li>• Using blockchain forensic tools to verify holdings</li> <li>• Hack analysis</li> <li>• Correspondence with law enforcement around compromised assets</li> </ul>
	Company/Directors duties	<ul style="list-style-type: none"> <li>• Reviewing company solvency and financial reporting</li> <li>• Investigating director's duties</li> <li>• Review of IT environment and company mailboxes</li> <li>• Inspection of service agreements</li> <li>• Reviewing conduct of companies for breaches of Companies Act</li> <li>• Interviews with Directors and Shareholders</li> </ul>
<b>Legal Matters</b>	Cross-border recognition	<ul style="list-style-type: none"> <li>• Chapter 15 bankruptcy recognition in the United States of America</li> <li>• Preparation of declarations for inclusion in legal submissions</li> </ul>
	Identity verification scoping	<ul style="list-style-type: none"> <li>• Initial review of customer database, identity requirements</li> <li>• Companies' legal advice around sanctioned countries</li> <li>• Crypto specific obligations</li> </ul>
	Legal Requirements	<ul style="list-style-type: none"> <li>• Undertakings by staff for information</li> <li>• Court order service preparation and review of communications to account holders and Creditors.</li> </ul>



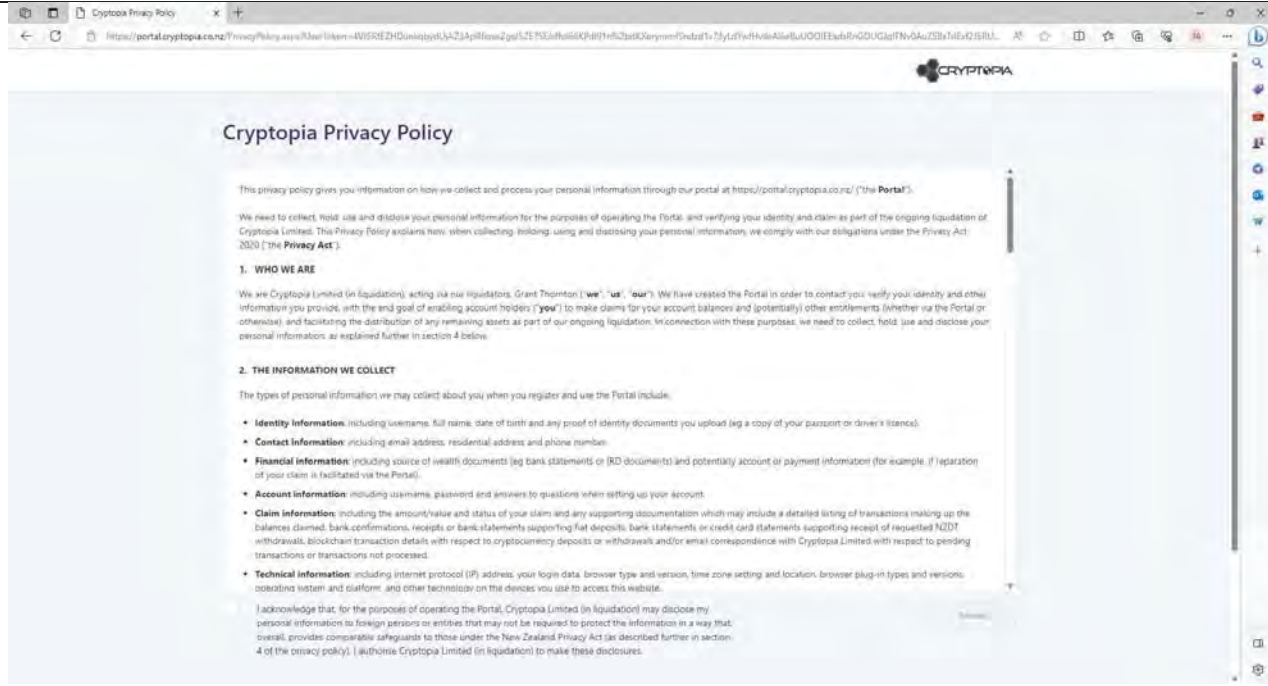
Stage 1. Claims registration

Stage	Screenshot	Information Provided by Liquidators	Account holder input required?
1a		Registration email	Account holder must open email and proceed to 'Claims Portal Registration'



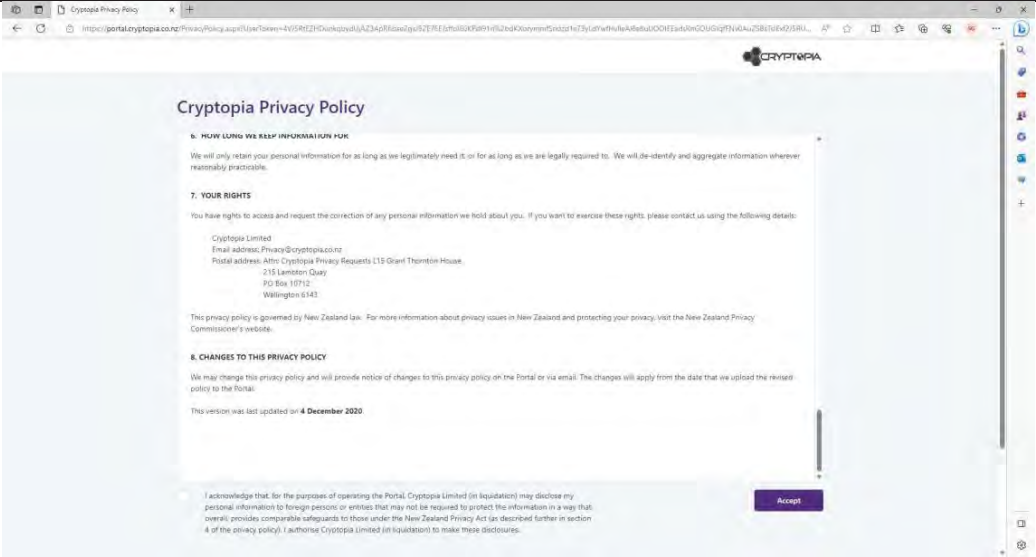
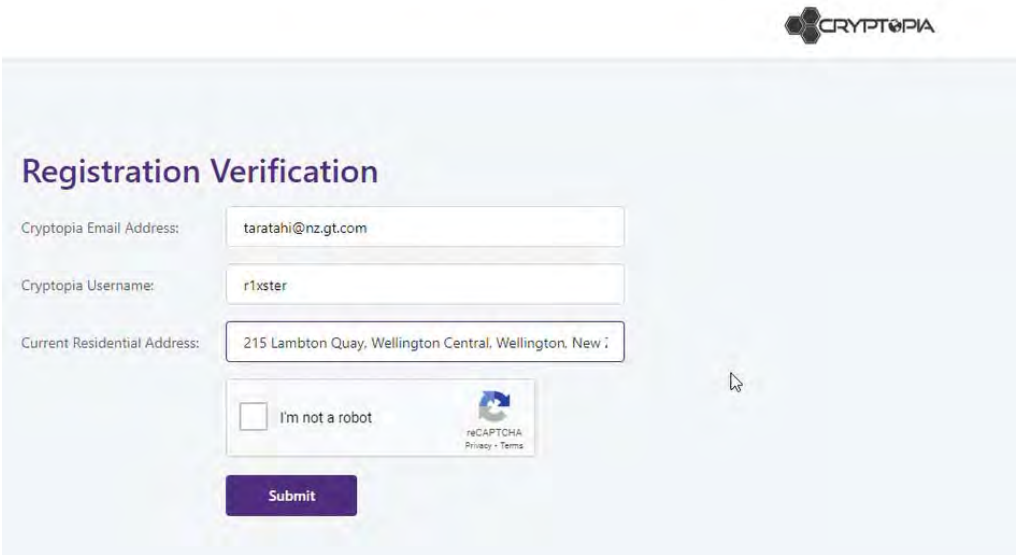
<p>1b</p>		<p>Registration general information</p>	<p>Gives account holder chance to prepare for following stages (set up 2FA, verify account ownership). Account holder must click 'continue'</p>
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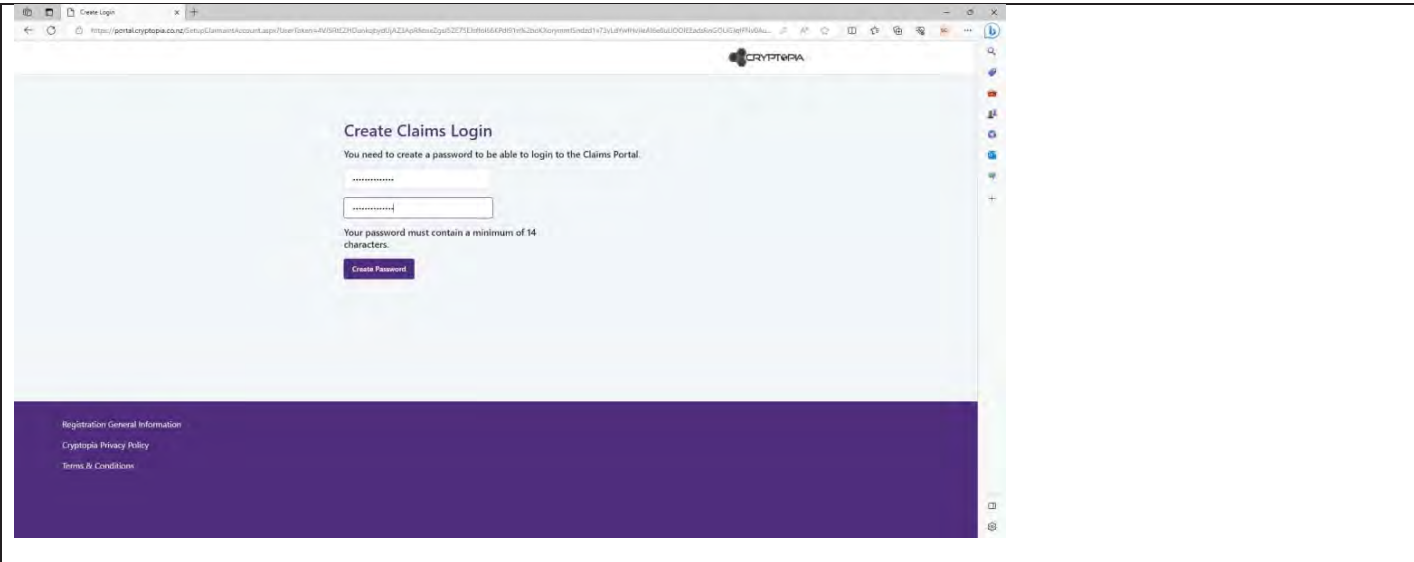
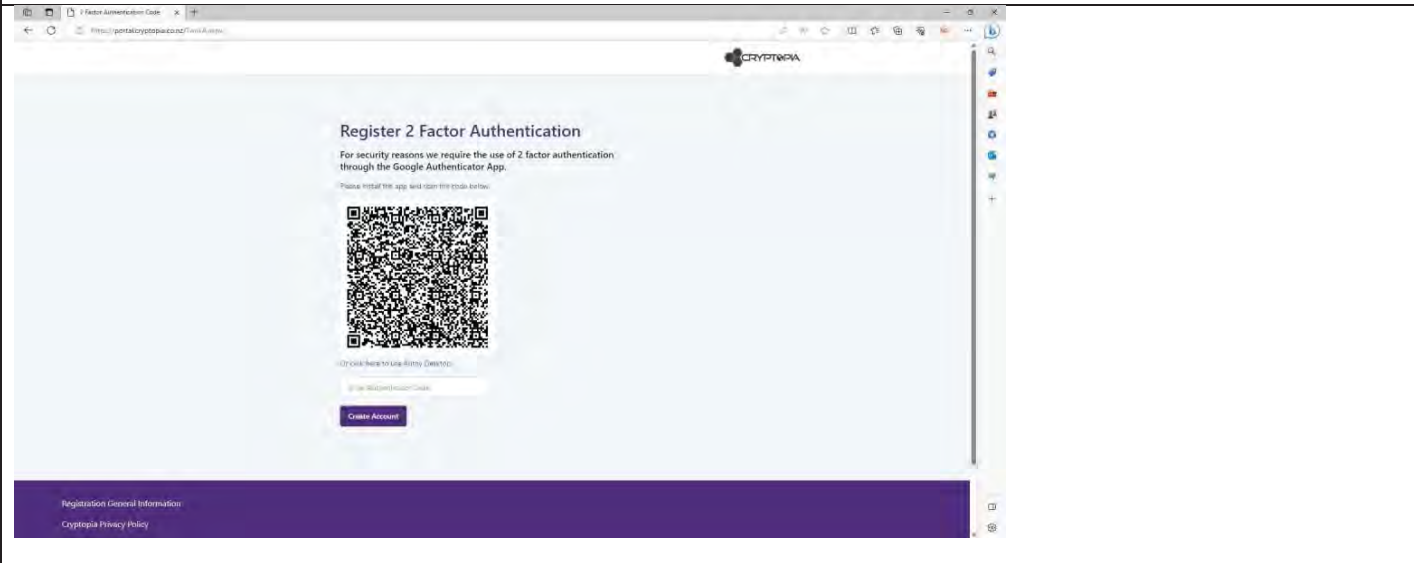
1c

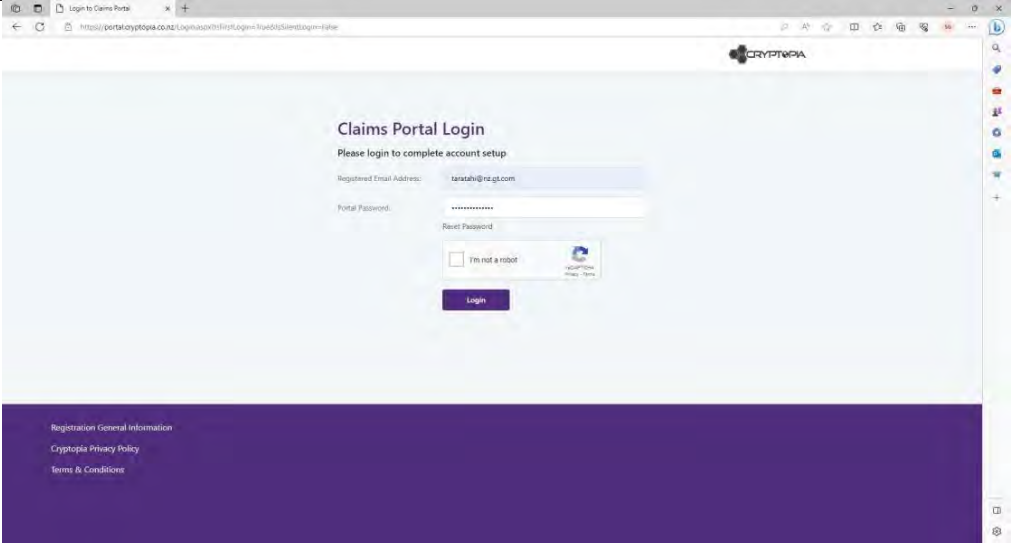
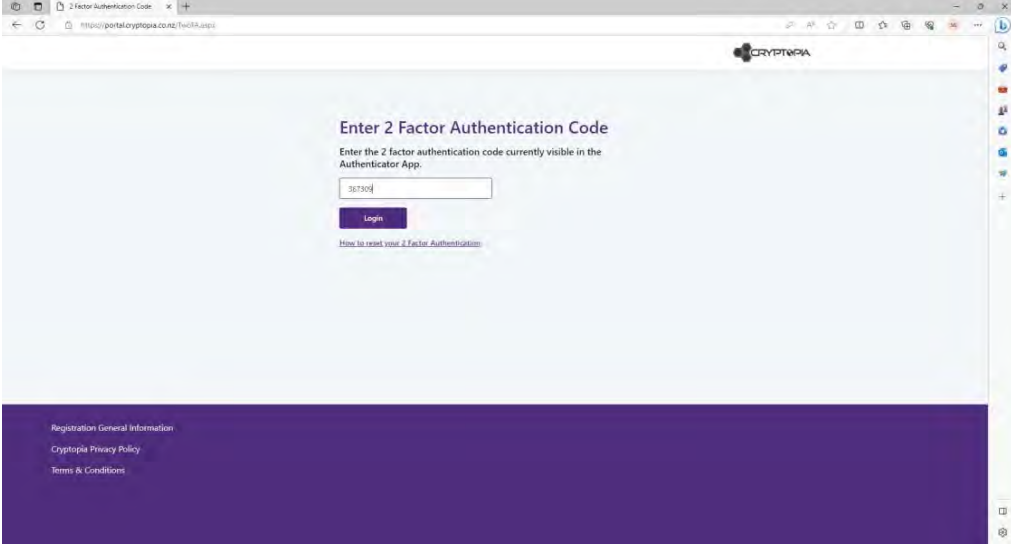


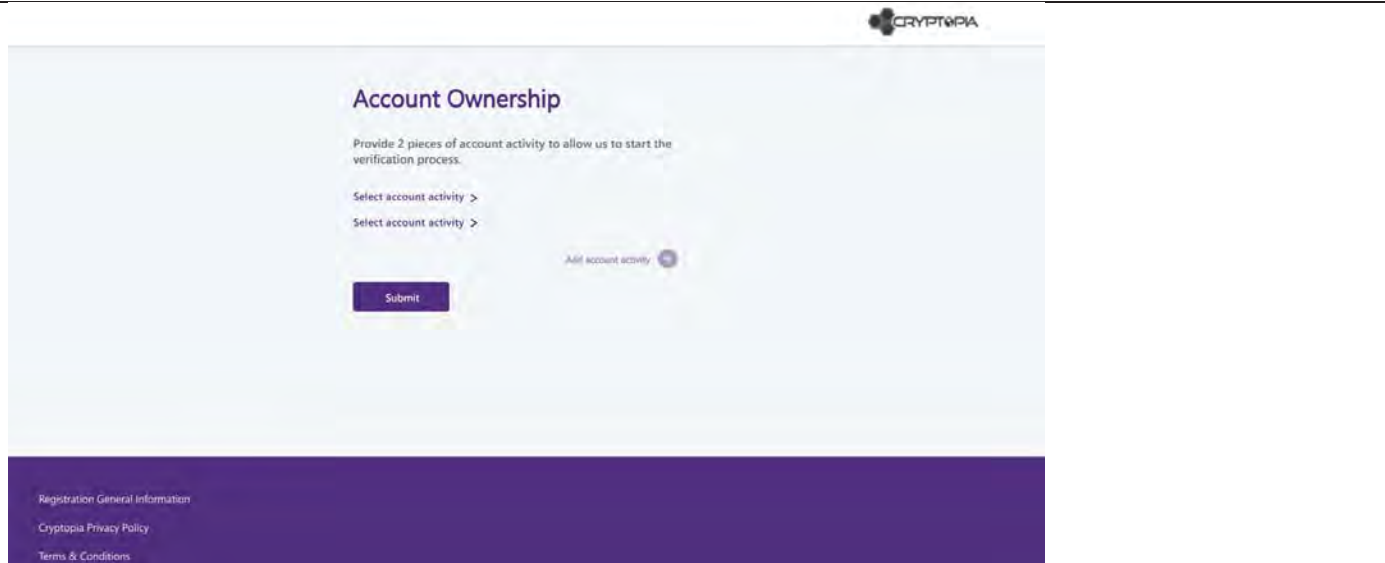
Cryptopia Privacy Policy

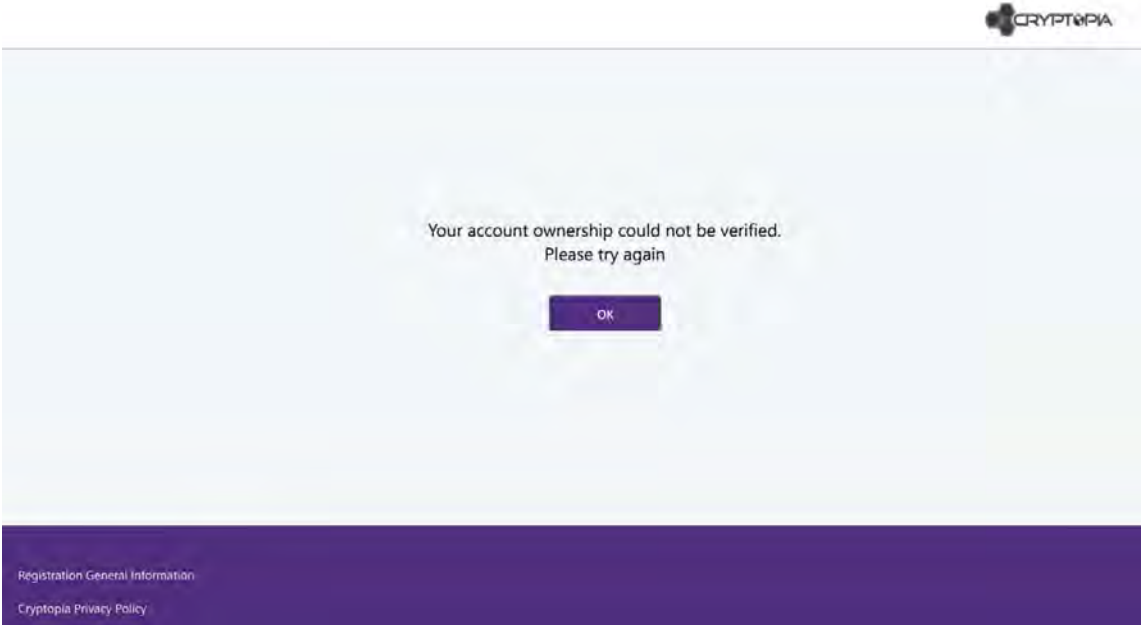
Account holder must accept privacy policy by checking bottom box at bottom and clicking 'continue'

			
<p>1d</p>			<p>Account holder must enter their Cryptopia email address, Cryptopia username, and current residential address. Account holder must then pass the reCAPTCHA check and click 'submit'</p>

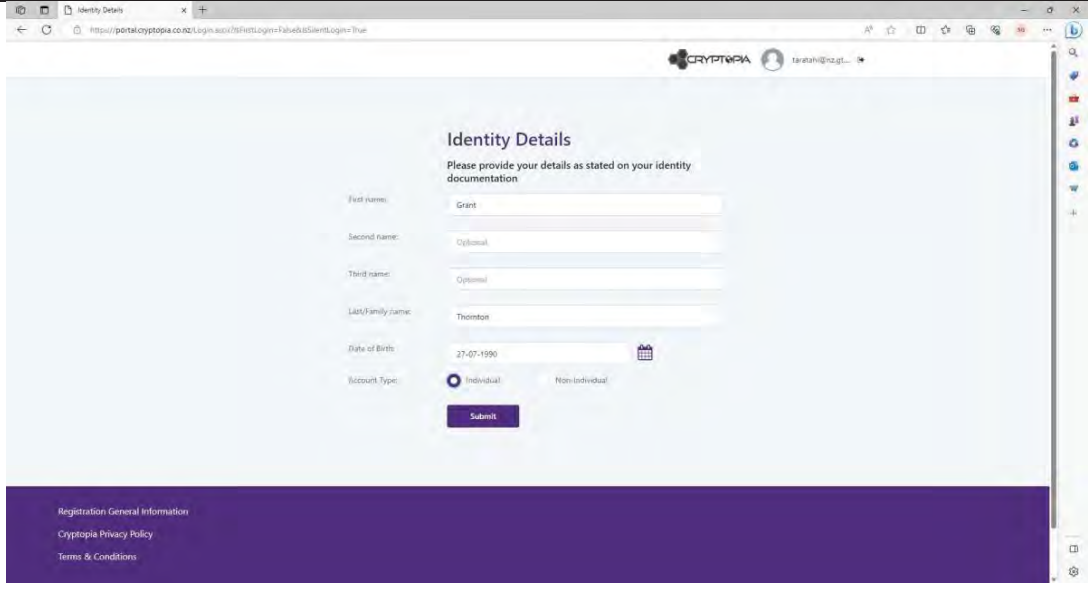
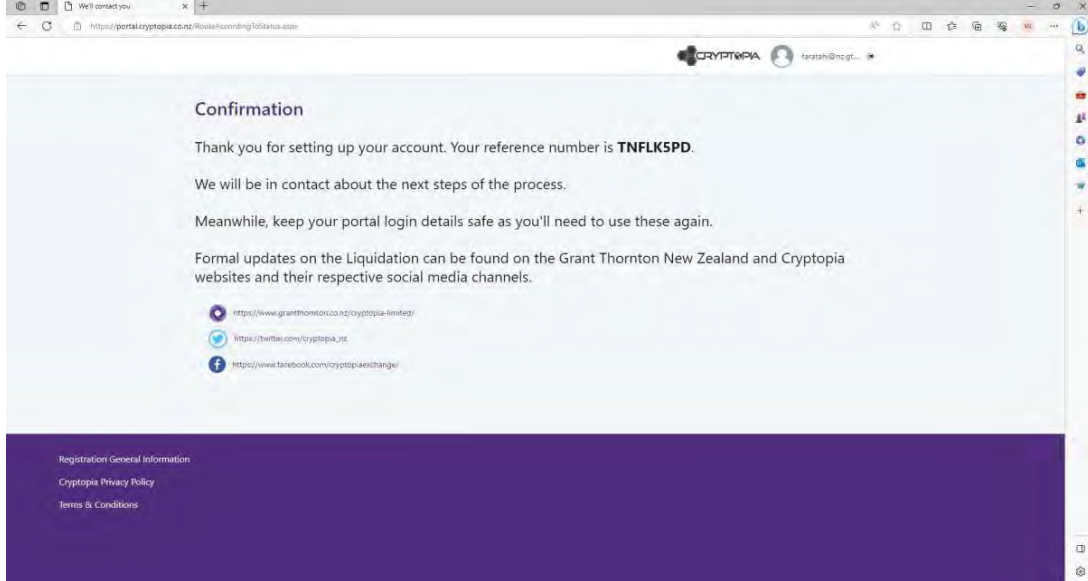
<p>1e</p>		<p>Account holder must create a password for their Claims Portal account</p>
<p>1f</p>		<p>Account holder must set up 2FA by scanning QR code and entering Authentication code</p>

<p>1g</p>		<p>Account holder must login to Portal using their Cryptopia registered email address and their Portal password. Account holder must also pass reCAPTCHA check</p>
<p>1h</p>		<p>Account holder must complete 2FA to successfully login</p>

11	<div data-bbox="241 227 1617 787">  </div> <table border="1" data-bbox="241 787 1617 1425"> <thead> <tr> <th>Question Number</th> <th>Category</th> <th>Question</th> <th>Fields to be validated</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Registration</td> <td>1. What was the date you registered with Cryptopia?</td> <td>1. Registration Date 2. Registration IP</td> </tr> <tr> <td>2</td> <td>Registration</td> <td>2. If applicable what was your Referrers username?</td> <td>1. Referrers username</td> </tr> <tr> <td>3</td> <td>Trade</td> <td>3. What was the Last trade pair you used on Cryptopia?</td> <td>1. Date of Trade 2. Trade Pair 3. Whether it was Buy or Sell</td> </tr> <tr> <td>4</td> <td>Deposits</td> <td>4. What was the Last Deposit you made on Cryptopia?</td> <td>1. Deposit Date 2. Deposit TXid 3. Coin name</td> </tr> <tr> <td>5</td> <td>Withdrawals</td> <td>5. What was the Last Withdrawal you made on Cryptopia?</td> <td>1. Withdrawal Date 2. Withdrawal TXid 3. Coin name</td> </tr> <tr> <td>6</td> <td>Transfers</td> <td>6. If applicable, what username has transferred coins to/from you using Cryptopia's transfer function (NOT a withdrawal to an address)</td> <td>1. Username transferred to/from</td> </tr> <tr> <td>7</td> <td>Balances</td> <td>7. Name a coin and the exact balance of that coin you had in your Cryptopia account at the date of Liquidation</td> <td>1. Coin name 2. Amount</td> </tr> <tr> <td>8</td> <td>Balances</td> <td>8. Name 3 non base market coins you had in your Cryptopia account (e.g. <b>NOT</b> BTC, LTC, DOGE or USDT and excluding Cryptopia Loss Marker)</td> <td>1. Coin Name 2. Coin Name</td> </tr> </tbody> </table>	Question Number	Category	Question	Fields to be validated	1	Registration	1. What was the date you registered with Cryptopia?	1. Registration Date 2. Registration IP	2	Registration	2. If applicable what was your Referrers username?	1. Referrers username	3	Trade	3. What was the Last trade pair you used on Cryptopia?	1. Date of Trade 2. Trade Pair 3. Whether it was Buy or Sell	4	Deposits	4. What was the Last Deposit you made on Cryptopia?	1. Deposit Date 2. Deposit TXid 3. Coin name	5	Withdrawals	5. What was the Last Withdrawal you made on Cryptopia?	1. Withdrawal Date 2. Withdrawal TXid 3. Coin name	6	Transfers	6. If applicable, what username has transferred coins to/from you using Cryptopia's transfer function (NOT a withdrawal to an address)	1. Username transferred to/from	7	Balances	7. Name a coin and the exact balance of that coin you had in your Cryptopia account at the date of Liquidation	1. Coin name 2. Amount	8	Balances	8. Name 3 non base market coins you had in your Cryptopia account (e.g. <b>NOT</b> BTC, LTC, DOGE or USDT and excluding Cryptopia Loss Marker)	1. Coin Name 2. Coin Name	<p>Account holder must verify account ownership by selecting 2 pieces of account activity and providing the relevant account information. Options for these questions are in the table below the screenshot.</p>
Question Number	Category	Question	Fields to be validated																																			
1	Registration	1. What was the date you registered with Cryptopia?	1. Registration Date 2. Registration IP																																			
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6	Transfers	6. If applicable, what username has transferred coins to/from you using Cryptopia's transfer function (NOT a withdrawal to an address)	1. Username transferred to/from																																			
7	Balances	7. Name a coin and the exact balance of that coin you had in your Cryptopia account at the date of Liquidation	1. Coin name 2. Amount																																			
8	Balances	8. Name 3 non base market coins you had in your Cryptopia account (e.g. <b>NOT</b> BTC, LTC, DOGE or USDT and excluding Cryptopia Loss Marker)	1. Coin Name 2. Coin Name																																			

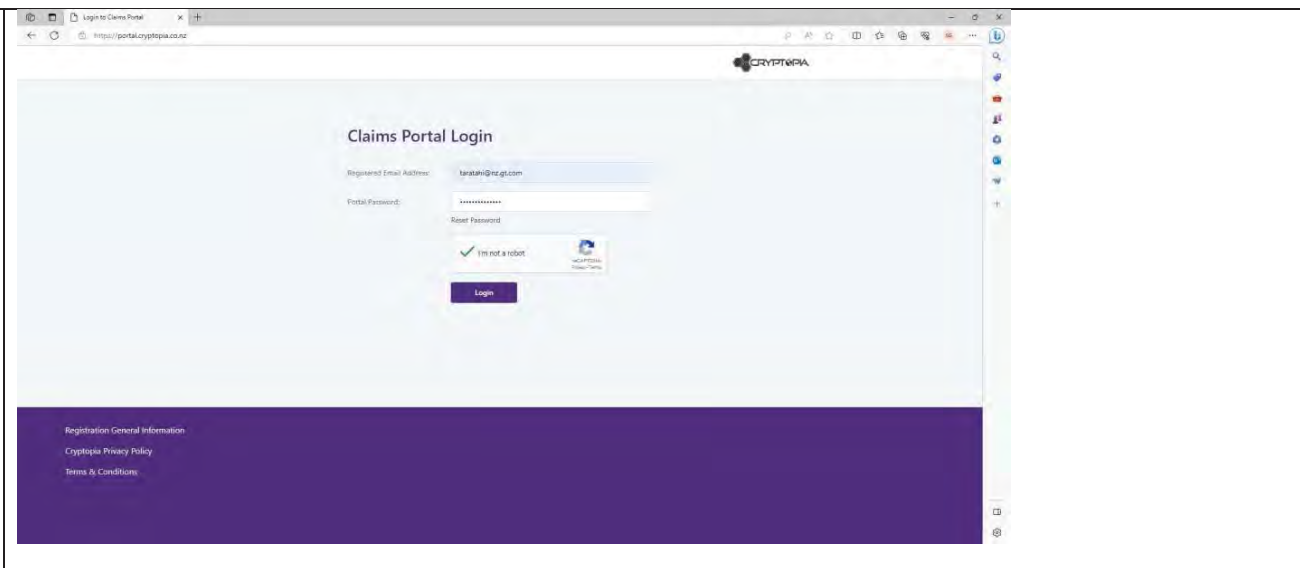
		3. Coin Name			
1j					<p>If an account holder fails these questions they will see this screen. Clicking OK will be take them back to 1i</p>

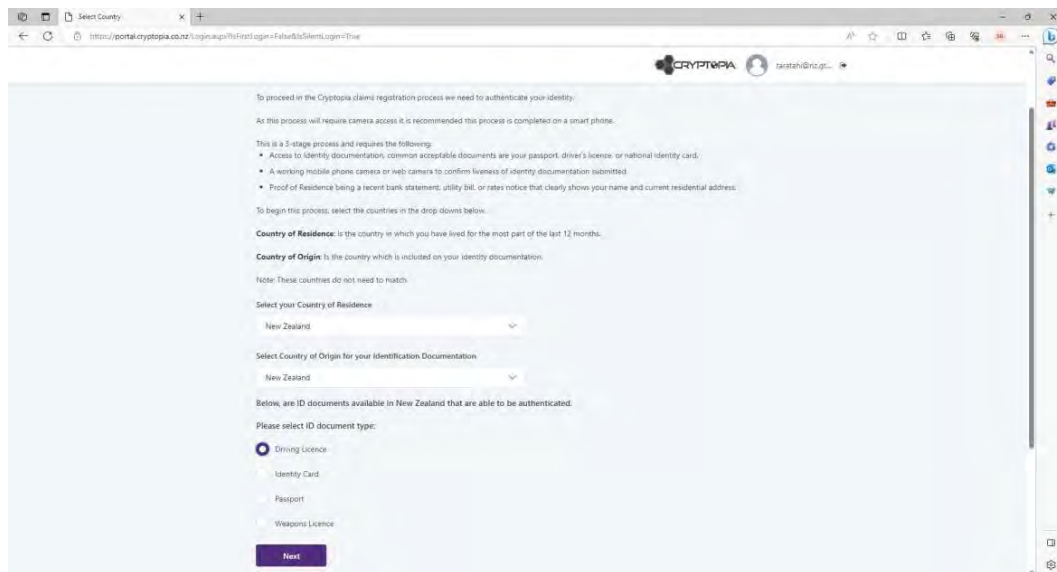
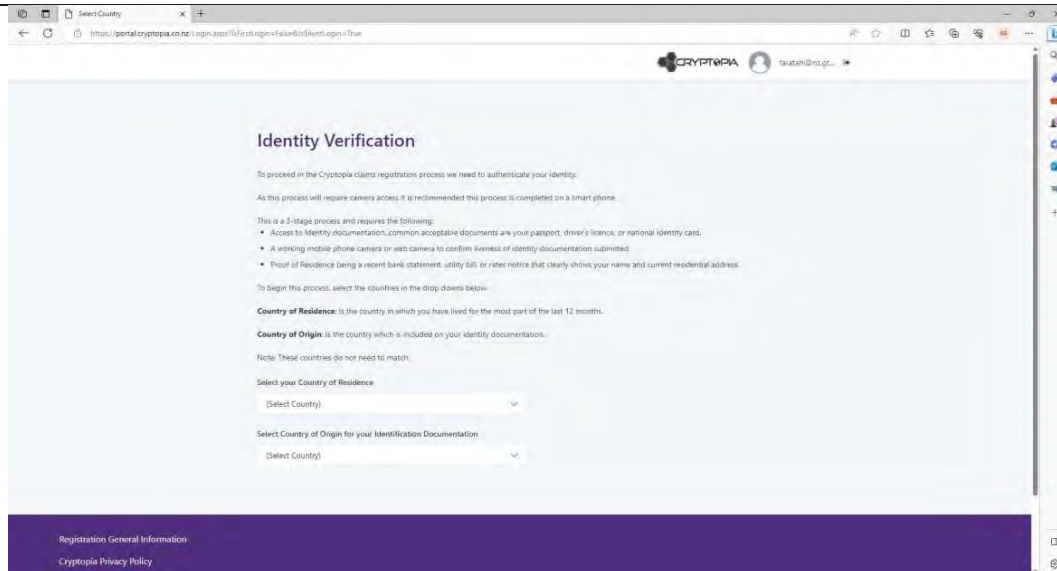


<p>1k</p>			<p>Account holder must enter ID details (first name, last name, DOB, account type)</p>
<p>1l</p>		<p>Reference number for account holder. Useful links for updates etc also provided</p>	<p>Account holder has completed Stage 1 and is now registered. Account holder should note their reference number</p>

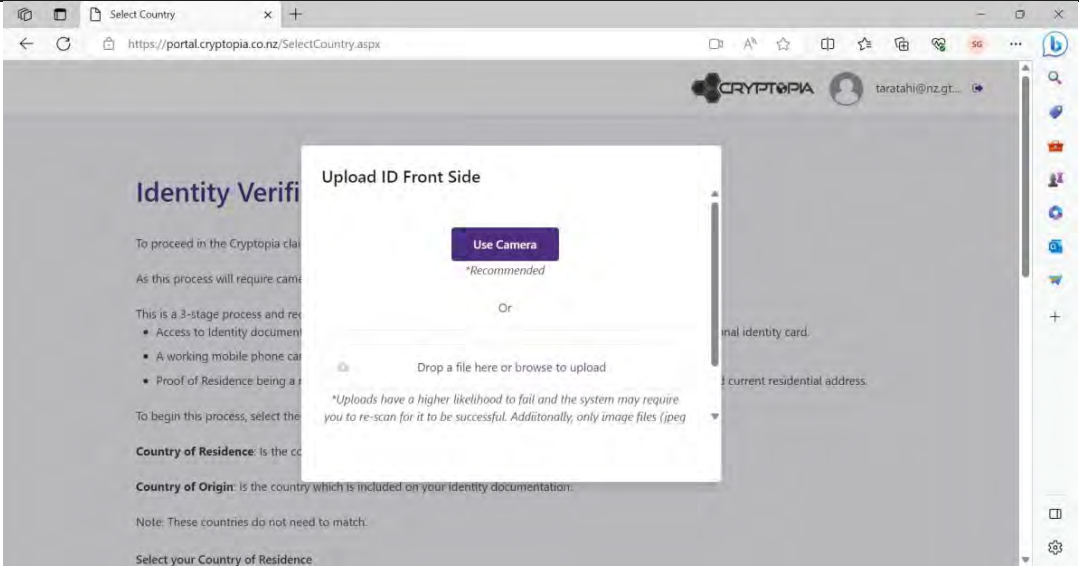
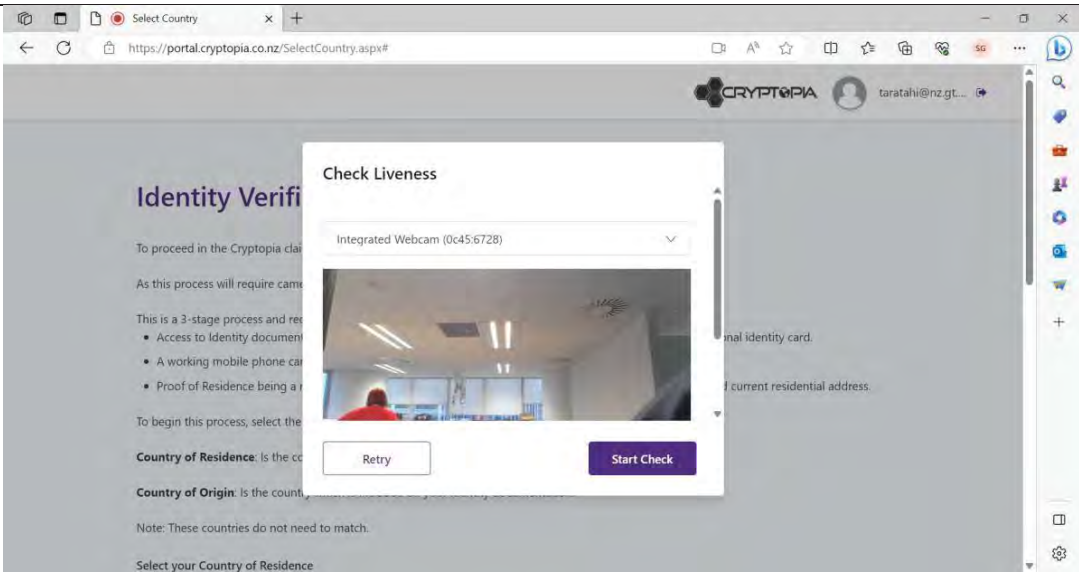


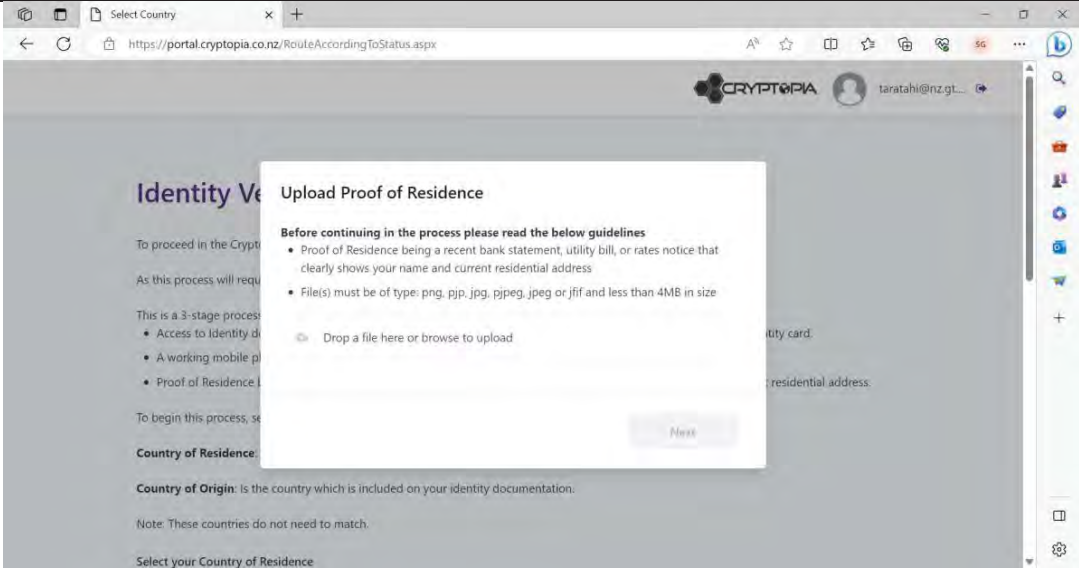
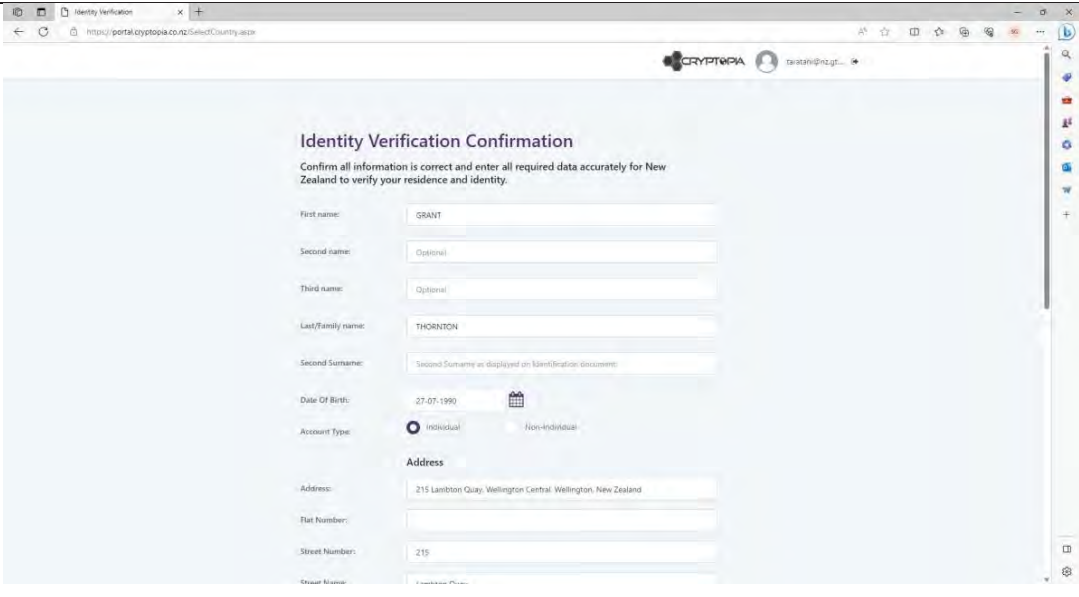
Stage 2. Identity verification			
Stage	Screenshot	Information Provided by Liquidators	Account holder input required?
2a	<p>ew it in a web browser,</p> <p><b>CRYPTOPIA</b></p> <p><b>Dear Registered Cryptopia Account Holder,</b></p> <p>You have now completed account registration and we now invite you to begin the Cryptopia Limited (In Liquidation) identity verification process.</p> <p>As this process will require camera access it is recommended it is completed on a smartphone. If you do not have a smartphone a webcam can also be used. This 3-stage process requires the following:</p> <ol style="list-style-type: none"> <li>1. Access to identity documentation, common acceptable documents are your passport, driver's license, or national identity card.</li> <li>2. A working mobile phone camera or webcam to confirm the liveness of identity documentation submitted. This process has been tested on both Chrome for Android/iOS and Safari for iOS.</li> <li>3. Proof of Residence being a recent (within 6 months of submission date) bank statement, utility bill, or rates notice that clearly shows your current residential address.</li> </ol> <p>Completing identity verification on the Claims Portal will complete process 2 of the claims process and allow you to lodge a claim for the return of your property when this process opens.</p> <p>Failure to participate in this process may mean we are unable to return your Cryptocurrency.</p> <p><a href="#">Login to Claims Portal</a></p> <p><b>For other information on the Liquidation process refer to the link below:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Customer Service Portal</a></li> </ul> <p><small>You have received this email because your details were included in the Cryptopia customer list. You can always unsubscribe from these emails by clicking on unsubscribe. However, you will be removed from receiving any further communication concerning the Cryptopia Liquidation and will</small></p>	Invitation email to Identity verification stage	Account holder must open email and proceed to 'Login to Claims Portal'

2b			Account holder must login to Portal by providing registered email address and password, then completing 2FA
2c			

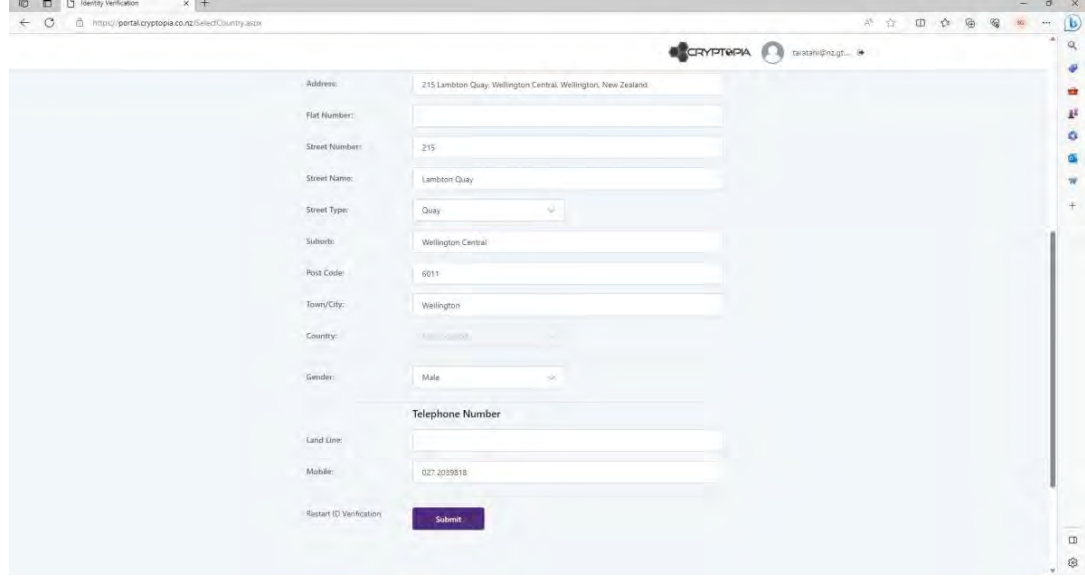
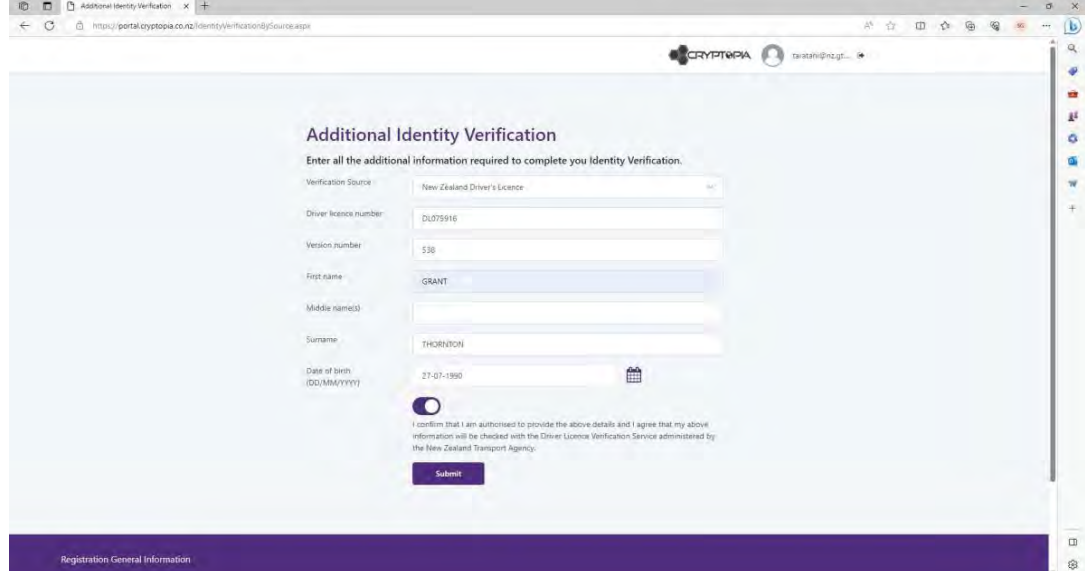


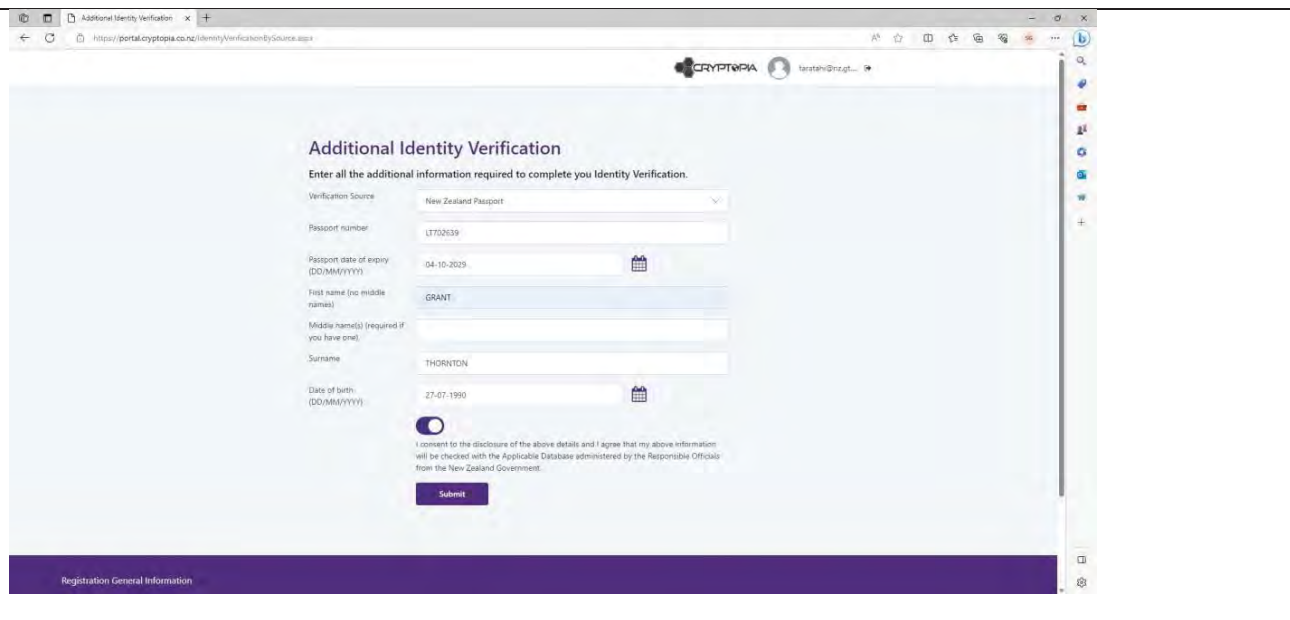
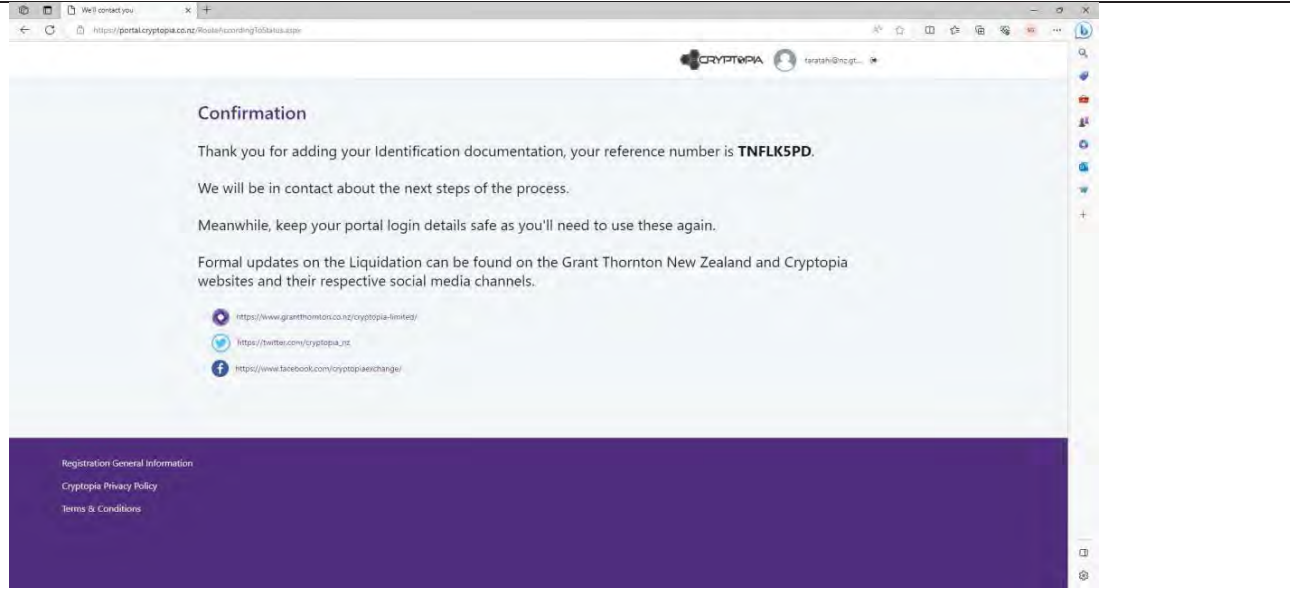
Account holder must provide their Country of Residence and the Country of Origin for their ID document. Account holder must then select ID document to be provided and select 'Next'

<p>2d</p>		<p>Account holder must upload ID document, either via file upload or by taking an image of the document with device camera</p>
<p>2e</p>		<p>Account holder must upload a 'selfie' via device camera</p>

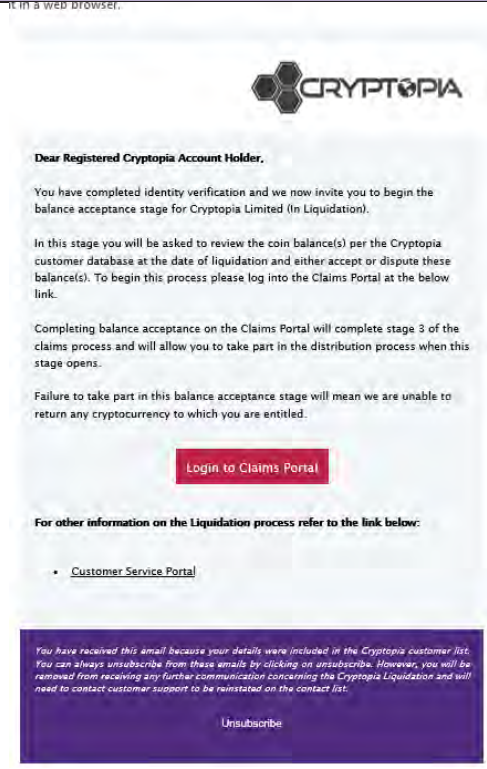
<p>2f</p>		<p>Account holder must upload a proof of residence document</p>
<p>2g</p>		<p>Account holder must confirm information has been entered correctly and enter further information to verify their residence</p>

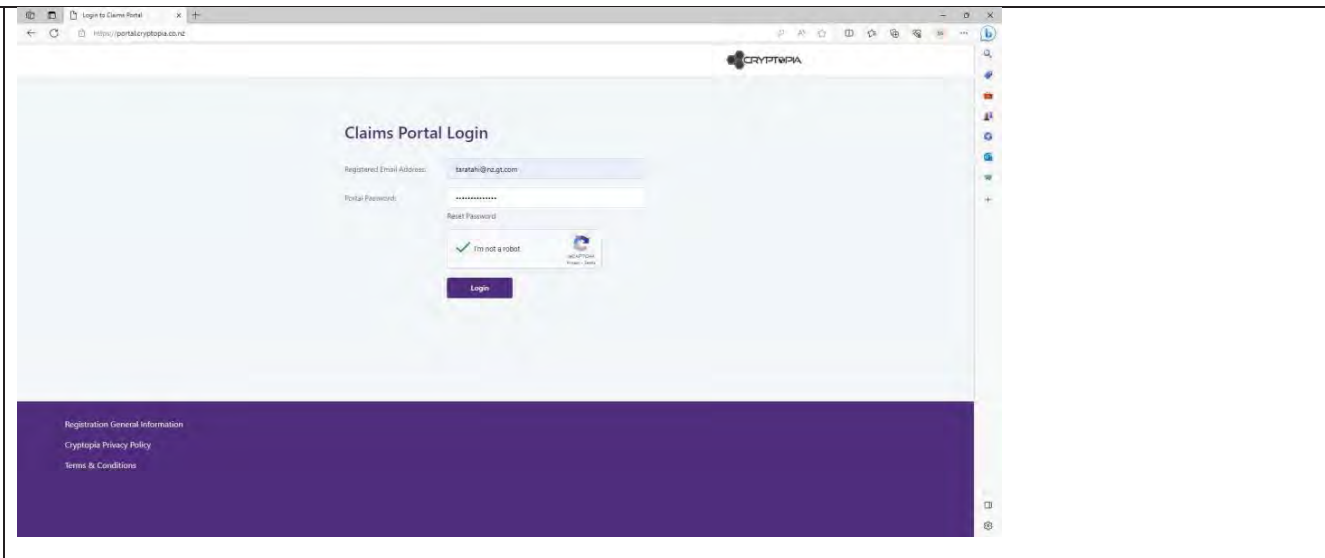
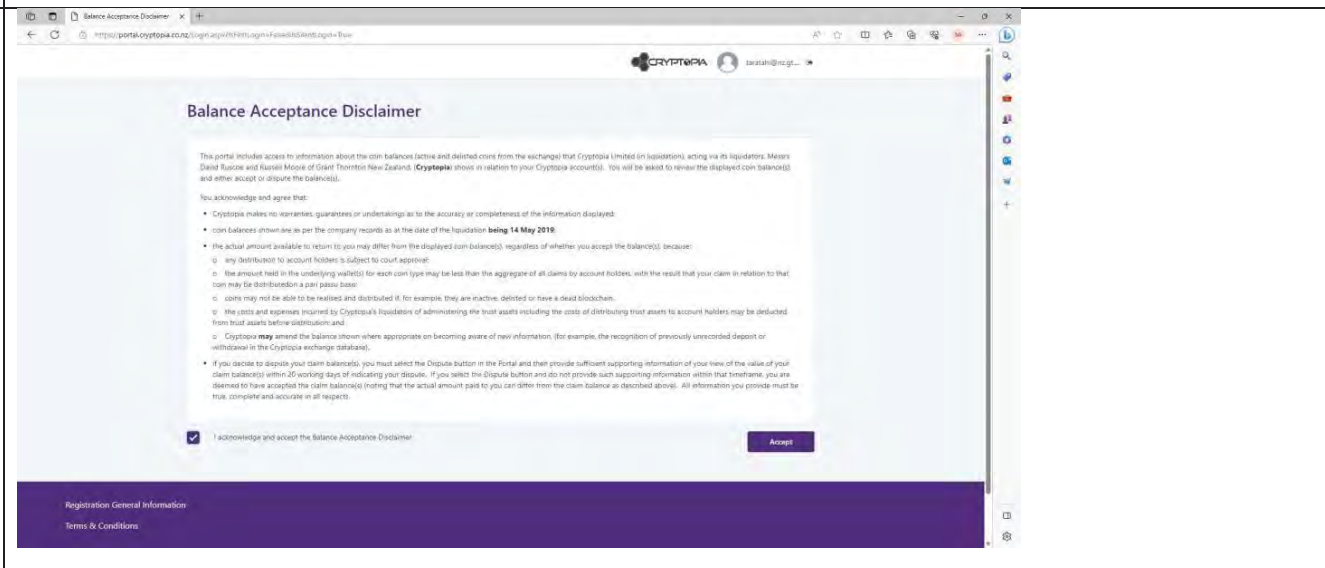


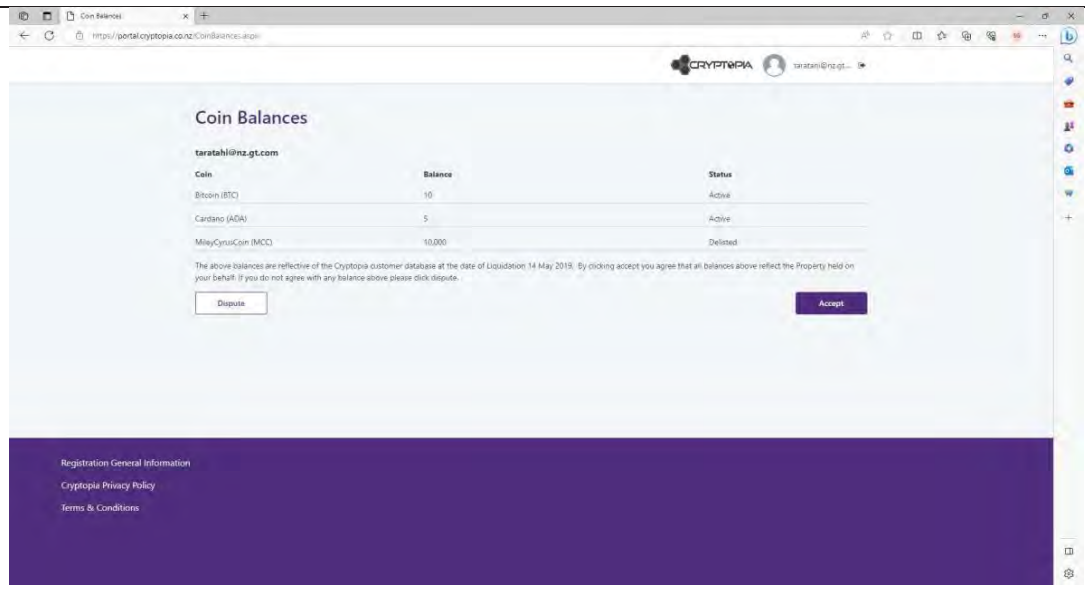
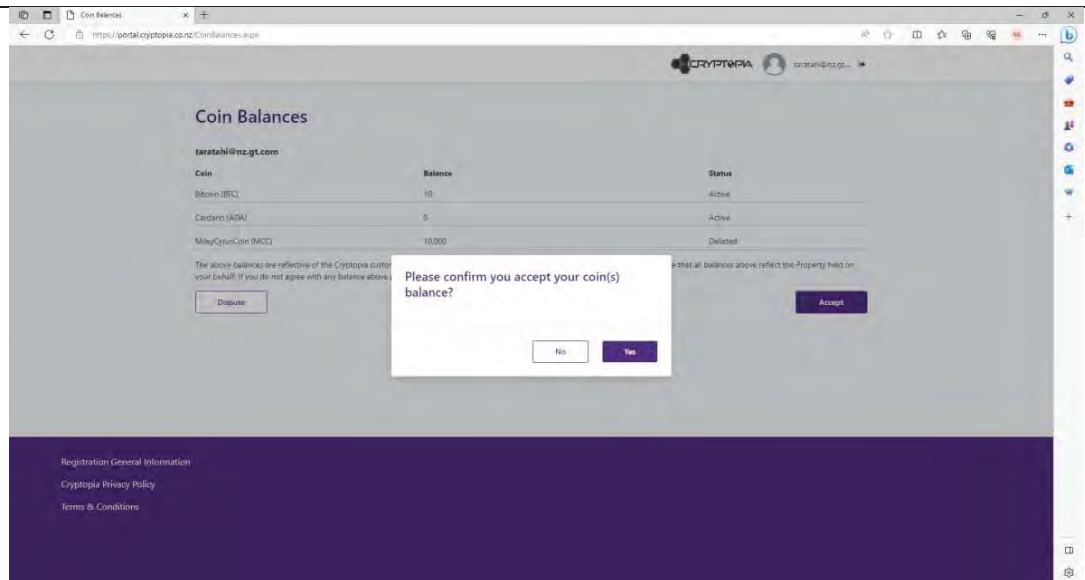
			
<p>2h</p>			<p>Account holder must enter additional identity verification information. Account holder must also agree to a database check against their provided details</p>

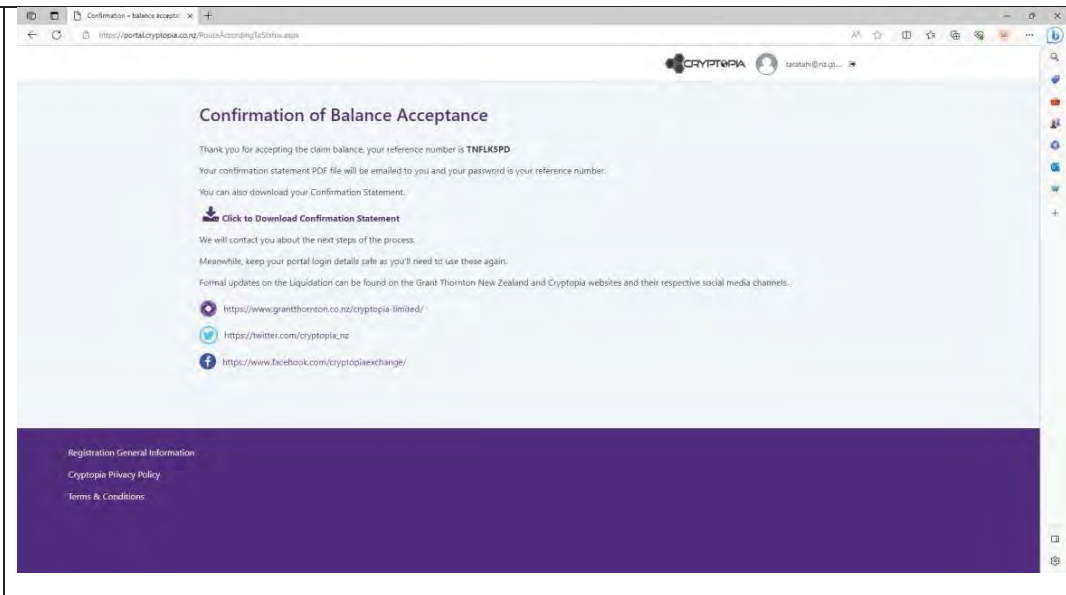
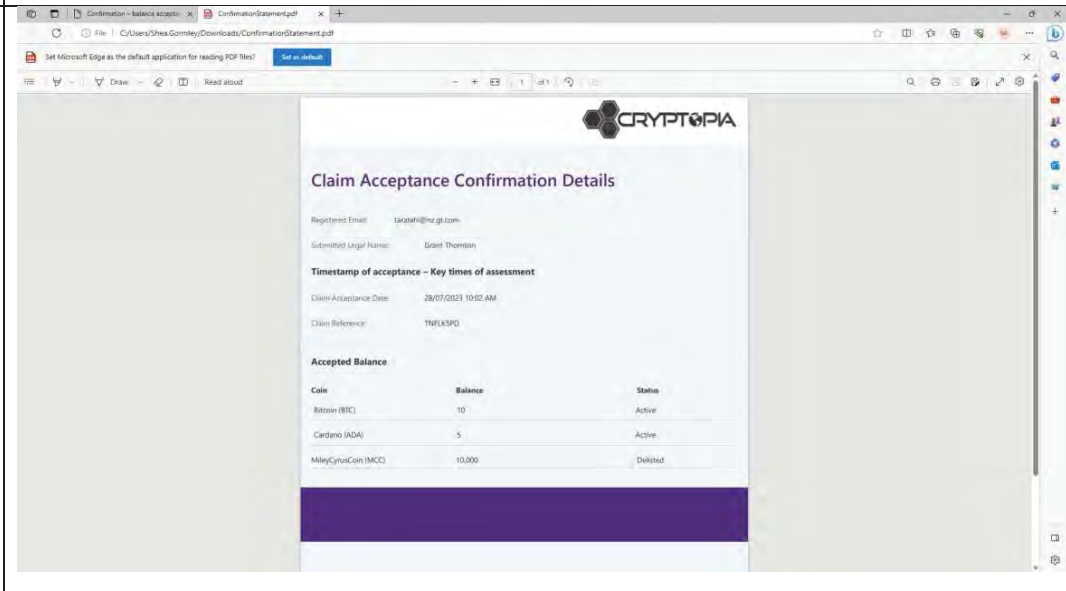
<p>2i</p>		<p>Account holder must enter further identity verification information (this additional identity verification step is only applicable to NZ and Aus Account holders whose database checks use GreenID)</p>
<p>2j</p>		<p>Account holder has completed Stage 2 and is now identity verified. Account holder should again note their reference number</p>



Stage 3. Balance acceptance (Accept balance)			
Stage	Screenshot	Information Provided by Liquidators	Account holder input required?
3a	<p>it in a web browser.</p> 	Invitation email to Balance acceptance stage	Account holder must open email and proceed to 'Login to Claims Portal'

<p>3b</p>			<p>Account holder must login to Portal by providing registered email address and password, then completing 2FA</p>
<p>3c</p>		<p>Balance Acceptance Disclaimer</p>	<p>Account holder must acknowledge and accept the Balance Acceptance Disclaimer by checking the box and then clicking 'Accept'</p>

<p>3d</p>		<p>Coin balances of account holder, per the Cryptopia customer database at the date of Liquidation, 14 May 2019</p>	<p>Account holder can accept or dispute their coin balances. In this case we will proceed through as accepting</p>
<p>3e</p>			<p>Account holder must confirm acceptance of coin balance</p>

<p>3f</p>	 <p>The screenshot shows a web browser window with the URL <a href="https://portal.cryptopia.co.nz/RoussAAccordingTo5inthis.aspx">https://portal.cryptopia.co.nz/RoussAAccordingTo5inthis.aspx</a>. The page title is "Confirmation of Balance Acceptance". The content includes a thank you message, a reference number (TNFLKSPD), and a link to download the confirmation statement PDF. It also lists social media links for Grant Thornton New Zealand and Cryptopia.</p>	<p>Confirmation of Balance acceptance and link to confirmation statement for account holder</p>	<p>Account holder has completed Stage 3 and has now accepted their balance. Account holder should view and save a copy of their confirmation statement</p>												
<p>3g</p>	 <p>The screenshot shows a PDF document titled "Claim Acceptance Confirmation Details". It contains the following information:</p> <ul style="list-style-type: none"> <li>Registered Email: taratah@nz.gt.com</li> <li>Submitted Legal Name: Grant Thomson</li> <li>Timestamp of acceptance – Key times of assessment:             <ul style="list-style-type: none"> <li>Claim Acceptance Date: 28/07/2023 10:52 AM</li> <li>Claim Reference: TNFLKSPD</li> </ul> </li> <li>Accepted Balance table:             <table border="1" data-bbox="556 1161 997 1282"> <thead> <tr> <th>Coin</th> <th>Balance</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Bitcoin (BTC)</td> <td>10</td> <td>Active</td> </tr> <tr> <td>Cardano (ADA)</td> <td>5</td> <td>Active</td> </tr> <tr> <td>MileyCryptoCoin (MCC)</td> <td>10,000</td> <td>Delisted</td> </tr> </tbody> </table> </li> </ul>	Coin	Balance	Status	Bitcoin (BTC)	10	Active	Cardano (ADA)	5	Active	MileyCryptoCoin (MCC)	10,000	Delisted	<p>Confirmation statement containing claim acceptance confirmation details</p>	<p>Account holder should save a copy of their confirmation statement</p>
Coin	Balance	Status													
Bitcoin (BTC)	10	Active													
Cardano (ADA)	5	Active													
MileyCryptoCoin (MCC)	10,000	Delisted													





### Claim Acceptance Confirmation Details

Registered Email: taratahi@nz.gt.com

Submitted Legal Name: Grant Thornton

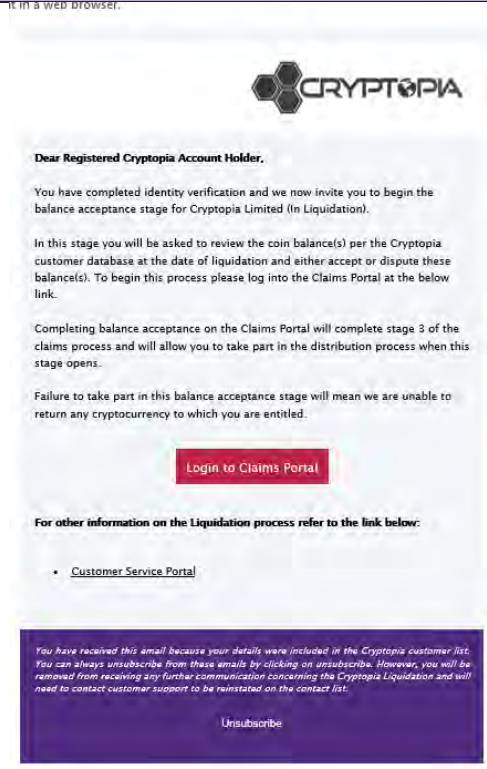
#### Timestamp of acceptance – Key times of assessment

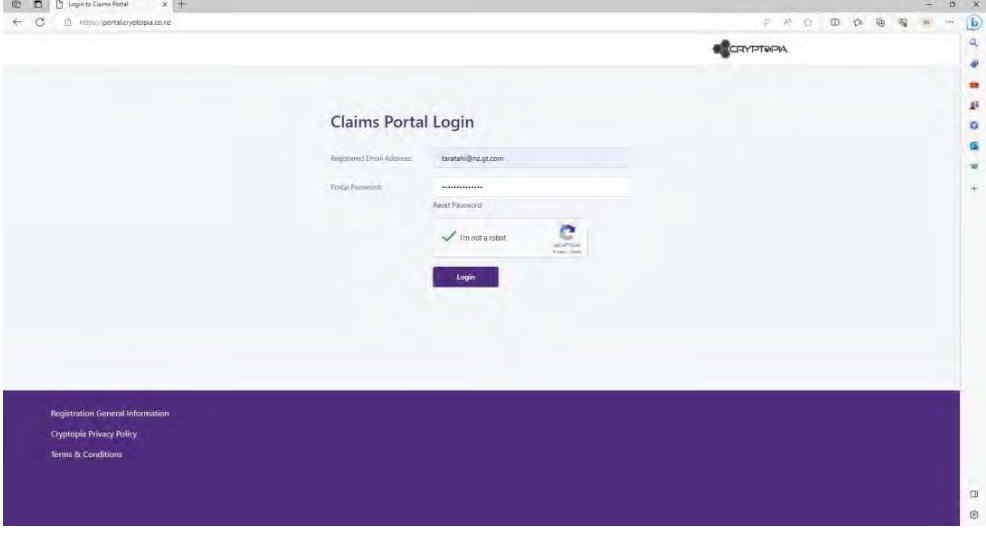
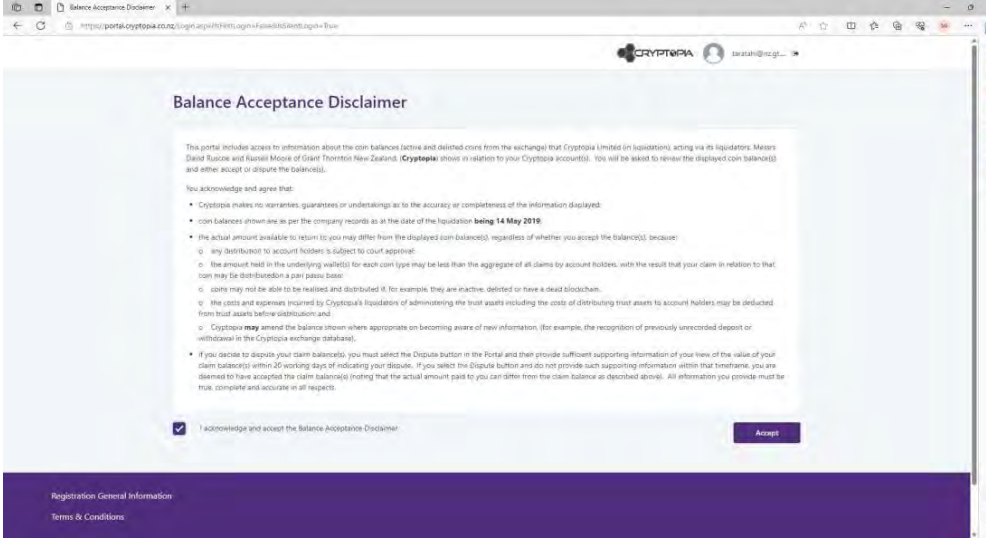
Claim Acceptance Date: 28/07/2023 10:02 AM

Claim Reference: TNFLKSPD

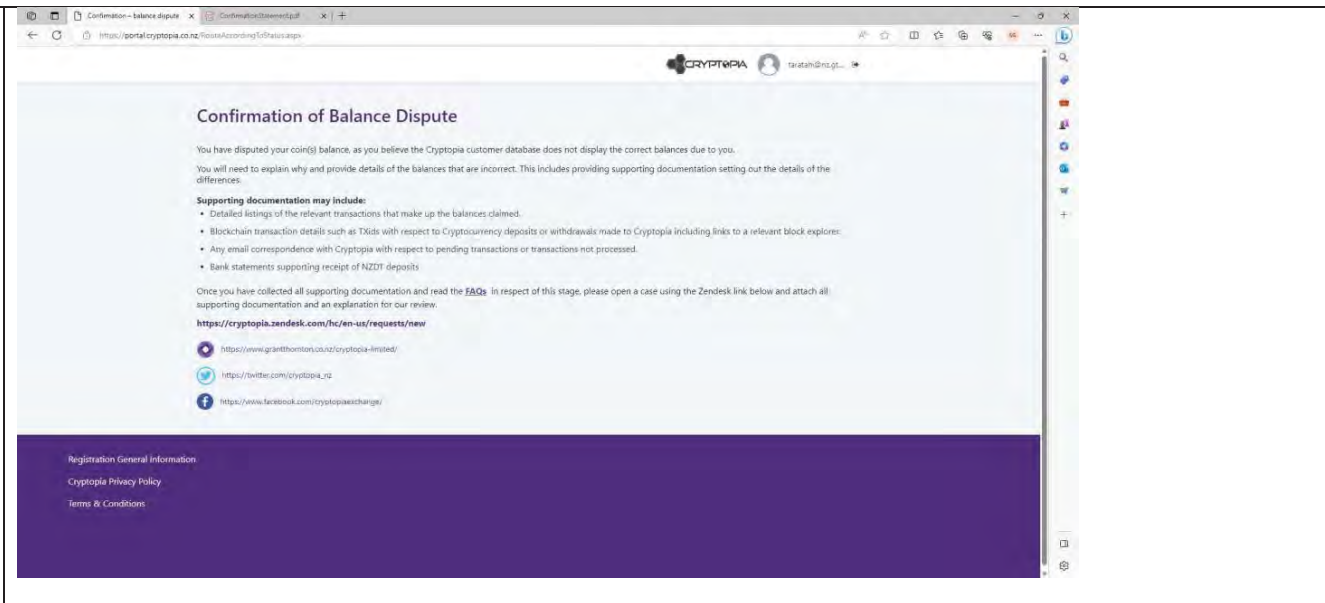
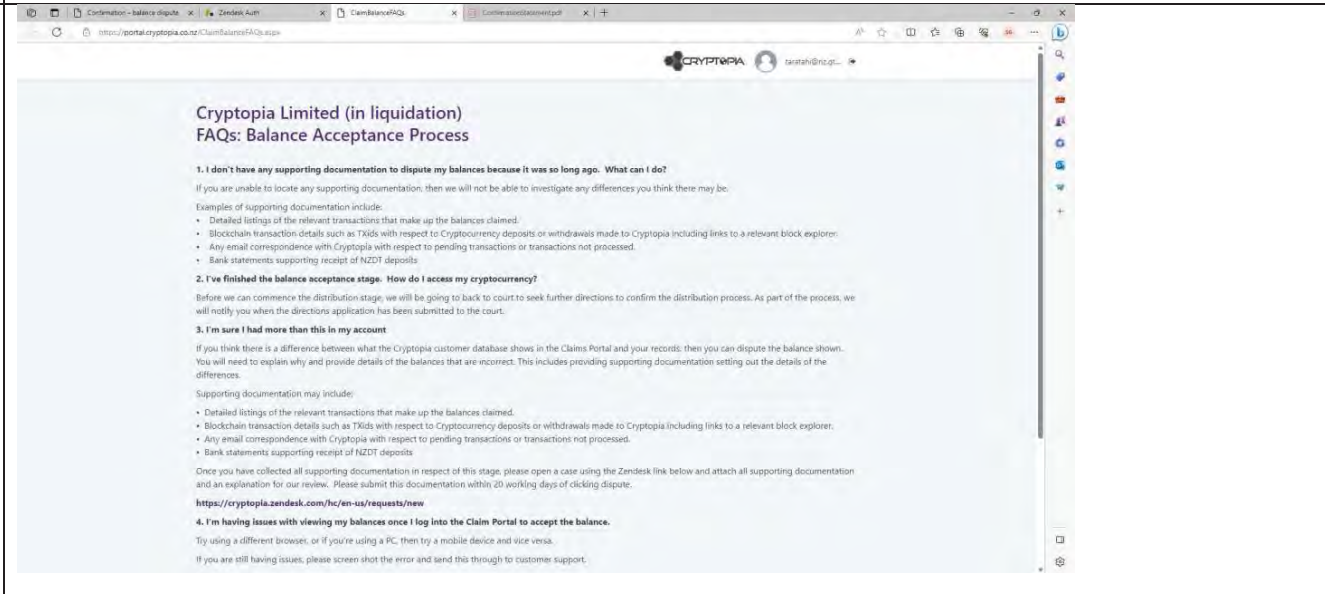
#### Accepted Balance

Coin	Balance	Status
Bitcoin (BTC)	10	Active
Cardano (ADA)	.5	Active
MileyCyrusCoin (MCC)	-10,000	Delisted

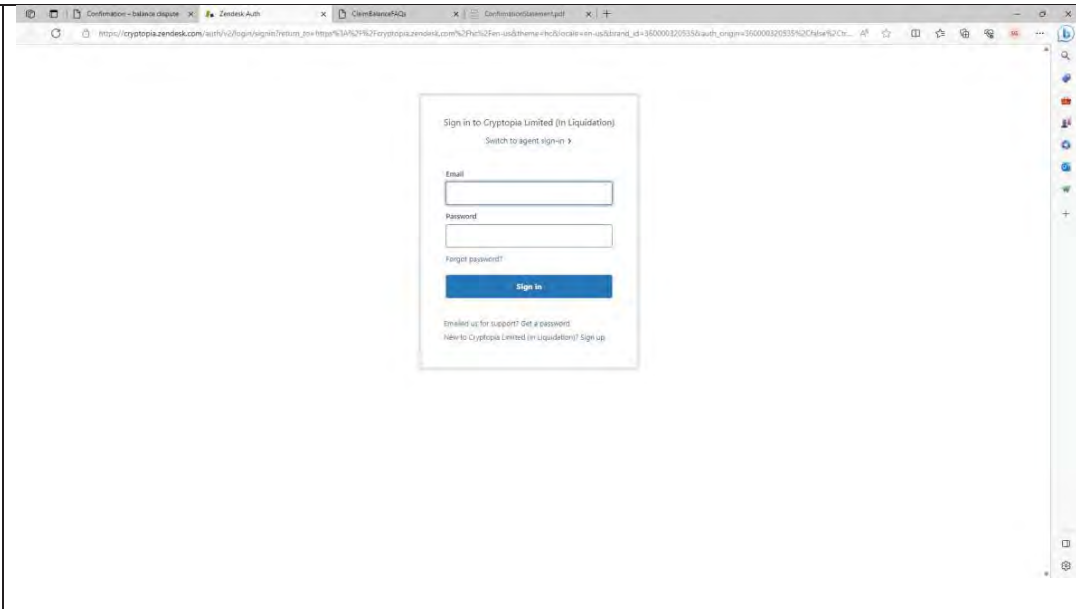
Stage 3. Balance acceptance (Dispute balance)			
Stage	Screenshot	Information Provided by Liquidators	Account holder input required?
3a	<p>it in a web browser.</p>  <p>The screenshot shows an email from Cryptopia. At the top is the Cryptopia logo. Below it, the text reads: "Dear Registered Cryptopia Account Holder. You have completed identity verification and we now invite you to begin the balance acceptance stage for Cryptopia Limited (In Liquidation). In this stage you will be asked to review the coin balance(s) per the Cryptopia customer database at the date of liquidation and either accept or dispute these balance(s). To begin this process please log into the Claims Portal at the below link. Completing balance acceptance on the Claims Portal will complete stage 3 of the claims process and will allow you to take part in the distribution process when this stage opens. Failure to take part in this balance acceptance stage will mean we are unable to return any cryptocurrency to which you are entitled." A red button labeled "Login to Claims Portal" is visible. Below this, it says "For other information on the Liquidation process refer to the link below:" followed by a bullet point: "Customer Service Portal". At the bottom, there is a purple box with the text: "You have received this email because your details were included in the Cryptopia customer list. You can always unsubscribe from these emails by clicking on unsubscribe. However, you will be removed from receiving any further communication concerning the Cryptopia Liquidation and will need to contact customer support to be reinstated on the contact list." and an "Unsubscribe" link.</p>	Invitation email to Balance acceptance stage	Account holder must open email and proceed to 'Login to Claims Portal'

<p>3b</p>			<p>Account holder must login to Portal by providing registered email address and password, then completing 2FA</p>
<p>3c</p>		<p>Balance Acceptance Disclaimer</p>	<p>Account holder must acknowledge and accept the Balance Acceptance Disclaimer by checking the box and then clicking 'Accept'</p>

<p>3d</p>		<p>Coin balances of account holder, per the Cryptopia customer database at the date of Liquidation, 14 May 2019</p>	<p>Account holder can accept or dispute their coin balances. In this case we will proceed through as disputing</p>
<p>3e</p>			<p>Account holder must confirm dispute of coin balance</p>

<p>3f</p>		<p>Confirmation of Balance dispute and information on how to proceed with submitting supporting evidence</p>	<p>Account holder should read the FAQs which are provided via hyperlink, before opening a case in Zendesk via hyperlink and submitting supporting evidence for balance dispute</p>
<p>3g</p>		<p>FAQs in relation to the disputes process</p>	<p>Account holder should read the FAQs before proceeding with dispute</p>

3h



Account holder needs to open a case by logging into the Zendesk Customer Support portal

<p>3i</p>	 <p><b>Dear Cryptopia Account Holder,</b></p> <p>This message is a confirmation that you have disputed the coin balance(s) presented in the Claims Portal during the balance acceptance process.</p> <p>You will need to explain why and provide details of the balances that are incorrect. This includes providing supporting documentation setting out the details of the differences.</p> <p>Supporting documentation may include:</p> <ul style="list-style-type: none"> <li>• Detailed listings of the relevant transactions that make up the balances claimed.</li> <li>• Blockchain transaction details such as TXids with respect to Cryptocurrency deposits or withdrawals made to Cryptopia including links to a relevant block explorer.</li> <li>• Any email correspondence with Cryptopia with respect to pending transactions or transactions not processed.</li> <li>• Bank statements supporting receipt of NZDT deposits</li> </ul> <p>Once you have collected all supporting documentation in respect of this stage, please open a case using the Zendesk link below and attach all supporting documentation and an explanation for our review. Please submit this documentation within 20 working days of clicking dispute. If you do not provide the requested information within that 20-working day period, then we may ask the High Court to allow us to treat your dispute as having been abandoned. In that event, your claim would be calculated based upon Cryptopia's records.</p> <p>If you have not disputed your balance(s) please contact Cryptopia customer support at the link below also.</p> <p style="text-align: center;"><a href="#">Customer Service Portal</a></p> <p><small>You have received this email because your details were included in the Cryptopia customer list. You can always unsubscribe from these emails by clicking on unsubscribe. However, you will be removed from receiving any further communication concerning the Cryptopia Liquidation and will need to contact customer support to be reinstated on the contact list.</small></p> <p style="text-align: center;"><a href="#">Unsubscribe</a></p>	<p>Balance dispute confirmation email</p>	<p>Account holder will also receive a balance dispute confirmation email. Account holder will need to click through to 'Customer Service Portal' to be taken to Zendesk Customer Support Portal login page, where they can login and submit their supporting evidence</p>
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### 'Balance Acceptance Disclaimer

*This portal includes access to information about the coin balances (active and delisted coins from the exchange) that Cryptopia Limited (in liquidation), acting via its liquidators, Messrs David Ruscoe and Russell Moore of Grant Thornton New Zealand, (**Cryptopia**) shows in relation to your Cryptopia account(s). You will be asked to review the displayed coin balance(s) and either accept or dispute the balance(s).*

*You acknowledge and agree that:*

- *Cryptopia makes no warranties, guarantees or undertakings as to the accuracy or completeness of the information displayed;*
- *coin balances shown are as per the company records as at the date of the liquidation **being 14 May 2019**;*
- *the actual amount available to return to you may differ from the displayed coin balance(s), regardless of whether you accept the balance(s), because:*
  - *any distribution to account holders is subject to court approval;*
  - *the amount held in the underlying wallet(s) for each coin type may be less than the aggregate of all claims by account holders, with the result that your claim in relation to that coin may be distributed on a pari passu basis;*
  - *coins may not be able to be realised and distributed if, for example, they are inactive, delisted or have a dead blockchain.*
  - *the costs and expenses incurred by Cryptopia's liquidators of administering the trust assets including the costs of distributing trust assets to account holders may be deducted from trust assets before distribution; and*
  - *Cryptopia **may** amend the balance shown where appropriate on becoming aware of new information, [for example, the recognition of previously unrecorded deposit or withdrawal in the Cryptopia exchange database ]).*
- *if you decide to dispute your claim balance(s), you must select the Dispute button in the Portal and then provide sufficient supporting information of your view of the value of your claim balance(s) within 20 working days of indicating your dispute. If you select the Dispute button and do not provide such supporting information within that timeframe, you are deemed to have accepted the claim balance(s) (noting that the actual amount paid to you can differ from the claim balance as described above). All information you provide must be true, complete and accurate in all respects.*



## Articles in this section

Balance Acceptance FAQs

ID Verification FAQ

How to set up Authy Desktop Client

How to register your claim

Troubleshooting Residential Address issues

Required information for account verification

Claims Portal release 1 FAQs

How do I reset my Claims Portal 2FA?

## Balance Acceptance FAQs

8 months ago · Updated

**1. I don't have any supporting documentation to dispute my balances because it was so long ago. What can I do?**

If you are unable to locate any supporting documentation, then we will not be able to investigate any differences you think there may be.

Examples of supporting documentation include:

- Detailed listings of the relevant transactions that make up the balances claimed.
- Blockchain transaction details such as TXIDs with respect to Cryptocurrency deposits or withdrawals made to Cryptopia including links to a relevant block explorer.
- Any email correspondence with Cryptopia with respect to pending transactions or transactions not processed.
- Bank statements supporting receipt of NZDT deposits

**2. I've finished the balance acceptance stage. How do I access my cryptocurrency?**

Before we can commence the distribution stage, we will be going to back to court to seek further directions to confirm the distribution process. As part of the process, we will notify you when the directions application has been submitted to the court.

**3. I'm sure I had more than this in my account**

If you think there is a difference between what the Cryptopia customer database shows in the Claims Portal and your records, then you can dispute the balance shown. You will need to explain why and provide details of the balances that are incorrect. This includes providing supporting documentation setting out the details of the differences.

Supporting documentation may include:

- Detailed listings of the relevant transactions that make up the balances claimed.
- Blockchain transaction details such as TXIDs with respect to Cryptocurrency deposits or withdrawals made to Cryptopia including links to a relevant block explorer.
- Any email correspondence with Cryptopia with respect to pending transactions or transactions not processed.
- Bank statements supporting receipt of NZDT deposits

Once you have collected all supporting documentation in respect of this stage, please open a case using the Zendesk link below and attach all supporting documentation and an explanation for our review. Please submit this documentation within 20 working days of clicking dispute.

<https://cryptopia.zendesk.com/hc/en-us/requests/new>

**4. I'm having issues with viewing my balances once I log into the Claims Portal to accept the balance.**

Try using a different browser, or if you're using a PC, then try a mobile device and vice versa. If you are still having issues, please screenshot the error and raise a ticket via the customer support portal link above.

**5. What is Cryptopia Loss Marker? (CLM)**

Some users will see 'CLM' or 'CryptopiaLossMarker' on their Coin Balances page. This balance is the loss marker calculated by Cryptopia before going into Liquidation. This relates to the January 2019 compromise. CLM is not an actual token or cryptocurrency (not to be confused with CoinClaim (CLM) currently listed on some exchanges) and represents the value in New Zealand dollars (NZD) at the time this was stolen. For certain coins, the exchange calculated the percentage of each coin the exchange wallet had lost and for each account removed that percentage of the coin and added an equivalent in CLM as a marker of the loss, % used are as follows:

- Ethereum(ETH) - 100% lost
- Bitcoin(BTC) - 14.0489% lost
- Litecoin(LTC) - 43.1986% lost

**6. My Bitcoin(BTC), Litecoin(LTC) and Ethereum or Ether(ETH) balances do not match.**

Please see the above explanation for CLM. If you still do not believe that these are correct, please begin the dispute process by raising a ticket at <https://cryptopia.zendesk.com/hc/en-us/requests/new>

Was this article helpful?

Yes

No

16 out of 23 found this helpful

Have more questions? [Submit a request](#)

## Related articles

[How to register your claim](#)[ID Verification FAQ](#)[How do I reset my Claims Portal 2FA?](#)



## Cryptopia Limited appoints Grant Thornton as liquidators

15 May 2019

- Press releases
- [2021](#)
- [2020](#)
- [2019](#)
- [2018](#)
- [2017](#)
- [2016](#)
- [2015](#)
- [2014](#)
- [2013](#)
- [2012](#)

David Ruscoe and Russell Moore from Grant Thornton New Zealand were yesterday appointed liquidators of Cryptopia Limited, a New Zealand cryptocurrency exchange based in Christchurch.

The highly publicised hack of Cryptopia’s exchange in January 2019 had a severe impact on the company’s trade. Despite the efforts of management to reduce cost and return the business to profitability, it was decided the appointment of liquidators was in the best interests of customers, staff and other stakeholders.

The liquidators are focused on securing the assets for the benefit of all stakeholders. While this process and investigations take place, trading on the exchange is suspended.

“We realise Cryptopia’s customers will want to have this matter resolved as soon as possible. We will conduct a thorough investigation, working with several different stakeholders including management and shareholders, to find the solution that is in the best interests of customers and stakeholders,” says David Ruscoe.

“Given the complexities involved we expect the investigation to take months rather than weeks.”

The liquidators are also working with independent experts and the relevant authorities with regards to the company’s obligations.

Grant Thornton will be contacting all customers and suppliers about its appointment in the next few days.

An initial report will be available on the [New Zealand Companies Office website](#) next week. No further comment will be made until more information is available.

**Media enquiries, please contact:**

**Claire Cicchini**

Acumen Republic

E [ccicchini@acumenrepublic.com](mailto:ccicchini@acumenrepublic.com)

**Cryptopia customer enquiries, please contact:**

E [liquidation@cryptopia.co.nz](mailto:liquidation@cryptopia.co.nz)

COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia account holders 27 May 2019

27 May 2019

On Friday 24 May 2019, we filed a petition in the Bankruptcy Court in the Southern District of New York (SDNY) seeking recognition of the New Zealand liquidation in the USA, and we also applied for urgent interim relief. We took these steps to preserve the Cryptopia information that is stored and hosted on servers with an Arizona based business.

### **What does the interim order mean?**

The interim order preserves the Cryptopia data, which includes a SQL database containing all account holders' individual holdings of cryptocurrencies and the account holder contact details. Without this information, reconciling individual holdings with the currencies held by Cryptopia will be impossible.

### **What happens next?**

Our objective is to protect and to preserve those holdings for the benefit of those entitled to them. We are seeking legal advice about our responsibilities in relation to the various currency holdings.

### **Can I get my tokens back?**

We expect that the process of recovering data and determining how to make distributions to account holders will take some months at least. We understand that this delay will be frustrating for account holders. For that reason, we are working to resolve these issues as soon as reasonably practicable.

### **How do I get information on progress?**

We will keep account holders informed of developments through posts to the Grant Thornton New Zealand and Cryptopia websites. A copy of the order from the SDNY Bankruptcy Court [can be downloaded here \[ 126 kb \]](#), as directed by that Court.

Also appears under...

- [Receiverships](#)
- [Report](#)



COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia account holders 3 July 2019

03 Jul 2019

We understand that Cryptopia stakeholders are keen to hear what progress has been made on the liquidation process in the last few weeks. Please find below a summary of what the liquidators have been doing to secure and preserve the crypto-asset holdings for the benefit of those entitled to them.

### **Securing assets**

We have undertaken a significant legal process to further secure the crypto-asset holdings. This is a very positive development.

We have obtained Chapter 15 Bankruptcy Recognition in the United States. Now that the Recognition Order has been entered, certain protections apply to Cryptopia and its property within the territorial jurisdiction of the United States. An “automatic stay” is effective and acts as a moratorium in favour of Cryptopia and its property within the territorial limits of the United States concerning pre-petition claims including litigation (whether class action or otherwise), creditor collection efforts with respect to Cryptopia’s assets in the United States, and efforts by contract counterparties to terminate contracts with Cryptopia.

A similar automatic stay against legal action is also in force under New Zealand insolvency law.

### **Determining customer holdings**

These legal processes mean we have now recovered the customer holdings database from Phoenix. Initiatives are now underway to reconcile this with Cryptopia-controlled crypto-asset wallets. This is not a simple task as there are hundreds of thousands of customers and many hold multiple crypto-assets.

We have begun and continue the process of recovering certain wallets which were established after the January hack and moving them into a “safe non-hacked environment”. The requirement to undertake this task is also contributing to the complexity of the process.

We continue to liaise with our legal advisors to determine how crypto-assets could be returned to customers. However, due to the January hack, this is a complex and time-consuming process. For example, an Exchange that has been hacked cannot simply be reopened. We have certain legal requirements and obligations both in New Zealand and internationally that liquidators must meet, such as Anti Money Laundering/Know Your Client (AML/KYC) requirements when considering any repayment or return of assets.

We continue to liaise with the New Zealand Police and other authorities internationally in relation to the January hack and other issues arising in connection with customers' use of the Exchange.

### **Working through the legal process**

International law governing crypto-assets is still very much in its infancy. Alongside our legal advisors we are looking to answer questions such as the legal status of crypto-assets, and the legal relationship between Cryptopia and its customers.

### **Where to go for updates**

We appreciate that Cryptopia customers want to know where the process is at and what it means for them and understand the concern they feel. While we are working as fast as we can to resolve the situation as we do not have answers to many customer questions at this stage.

Given the volume of correspondence we regularly receive, we cannot reply to individual correspondence. However, we will continue to provide regular updates via the [Cryptopia website](#), [Twitter](#) and [Facebook](#) pages.

We have today also updated the [frequently asked questions](#) to include answers to questions in relation to transaction listings and creditor claim forms.

Also appears under..

- [Receiverships](#)
- [Report](#)

COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia account holders 20 August 2019

21 Aug 2019

We have made good progress towards securing and preserving Cryptopia crypto-asset holdings for the benefit of those entitled to them. Below is an outline of the progress we have made since our last update on 3 July 2019.

### Securing assets

We now have possession of Cryptopia data that was stored by a third-party data centre in the United States, and since the last update have been successful in accessing that data. This is a very pleasing step towards determining customer holdings, as the data contained the only records of Cryptopia's customer holdings and certain crypto-assets were only stored on these servers.

As mentioned previously, we are now moving the crypto-assets which we have taken possession of, into a "safe non-hacked environment". We are doing this as a precaution as the source of the January 2019 hack has not yet been determined.

The process was commenced by Cryptopia prior to Liquidation and is necessary to ensure that the data does not corrupt crypto-assets and other data which were not subject to the hack.

We also continue to work with the New Zealand Police and other authorities internationally in respect of the work they are doing to determine the source of the January hack.

### Determining customer holdings

We appreciate that customers are wondering why it is taking so long for us to determine customer holdings. There are two main reasons for the time and complexity of the process:

1. **Customers did not have individual wallets and it is impossible to determine individual ownership using just the keys in the wallets.**

While Cryptopia held details of customer holdings and reported these on the Exchange, the crypto-assets themselves were pooled (co-mingled) in coin wallets. As a centralised

exchange, users' trades would occur in the exchange's internal ledger without confirmation on the blockchain.

## 2. **No detailed reconciliation process between the customer databases and the crypto-assets held in the wallets has ever been completed.**

To determine each customer's holdings we must undertake a manual process to determine what is held in the pooled wallets and then reconcile the information with that held in the customer database. We are hopeful this process will show us the holdings of individual account holders. This process is well underway but will still take some time to complete. We are working to reconcile the accounts of over 900,000 customers, many holding multiple crypto-assets, millions of transactions and over 400 different crypto-assets). These must be reconciled one-by-one.

### **Hacked assets**

We are still determining how we can, or if we can, recover crypto-assets that were hacked in January 2019. This is a complex situation with cooperation needed from third parties.

### **What happens next**

While our reconciliation process is progressing well, we still require direction from the New Zealand Courts before we can return crypto-assets to customers. The information outlining the legal process included in the last communication are still current and is below.

We continue to liaise with our legal advisors as to the legal status of crypto-assets, the legal relationship between Cryptopia and its customers and to determine how crypto-assets could be returned to customers. However, due to the January hack, this is a complex and time-consuming process. For example, an Exchange that has been hacked cannot simply be reopened. We have certain legal requirements and obligations both in New Zealand and internationally that liquidators must meet, such as Anti Money Laundering/Know Your Client (AML/KYC) requirements when considering any repayment or return of assets.

The KYC process cannot be avoided, it is a legal requirement in New Zealand, and prior to returning crypto-assets we will correspond with customers as to how this process will be completed. Please note, customers who have previously completed the KYC process with Cryptopia will still need to go through the process set by us.

### **Where to go for updates**

We appreciate you want to be advised regarding our progress on the Cryptopia liquidation. We will continue to update you as further information comes to hand.

Also appears under...

- [Receiverships](#)

- Report

COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia account holders 25 October 2019

25 Oct 2019

Since our last update we have made further progress towards securing and preserving Cryptopia crypto-asset holdings for the benefit of those entitled to them. Below is an outline of the progress we have made since our last update on 20 August 2019.

### Legal directions

We applied to the High Court of New Zealand for directions and to ask the Court to appoint two Queen's Counsel.

We are seeking directions regarding the legal status of customers' holdings and the ability to hold Cryptocurrency on trust.

The Court has approved the Queen's Counsel appointment. See the link below:

1. [Court Orders as to Representation and Service \[ 811 kb \]](#)

This should be read in conjunction with the following documents;

2. [Notice to Creditors Re Application \[ 119 kb \]](#)

3. [Originating application with hearing date \[ 884 kb \]](#)

4. [Affidavit of David Ian Ruscoe \[ 4414 kb \]](#)

5. [Interlocutory application \[ 1811 kb \]](#)

6. [Memorandum of counsel \[ 740 kb \]](#)

### Reconciliation process

Our previous update mentioned the process to determine customer holdings.



We appreciate that customers wonder why it is taking so long for us to determine customer holdings. There are two main reasons for the time and complexity of the process:

1. **Customers did not have individual wallets and it is impossible to determine individual ownership using just the keys in the wallets.** While Cryptopia held details of customer holdings and reported these on the Exchange, the crypto-assets themselves were pooled (co-mingled) in coin wallets. As a centralised exchange, customers' trades would occur in the exchange's internal ledger without confirmation on the blockchain.
2. **No detailed reconciliation process between the customer databases and the crypto-assets held in the wallets has ever been completed.**

This process is well underway and will still take some time to complete. We are working to reconcile the accounts of over 900,000 customers, many holding multiple crypto-assets, millions of transactions and over 400 different crypto-assets.

We have split the reconciliation process into three main phases:

1. **Securing assets and company data** – We have recovered assets from Phoenix and have secured company data.
2. **Wallet environment and customer reconciliation** – Due to the January 2019 security compromise it was necessary to rebuild the full wallet environment. This was done to ensure no leftover malicious code from the January hack would corrupt the new environment. This recompiling is not a straightforward process, as over 900 different assets were supported by Cryptopia at one time or another.
3. **Identifying users and repatriation of returns** - This phase is at an early stage. A number of legal matters need to be resolved before this phase can progress.

## Hacked assets

We continue to work with the New Zealand Police and international authorities as they work to determine the source of the January 2019 hack.

We are not investigating the root cause of the hack. Our obligation is to seek recoveries for stakeholders' benefit. We have therefore undertaken work scoping potential actions to trace and or freeze stolen crypto-assets. This is a complex situation with cooperation needed from third parties.

## Sale of surplus plant and equipment

We have sold by auction excess desks, computer equipment, furniture and other items that are not required for the continued operations. This is a standard liquidation procedure.

## Coin developers meetings

Over the past month we have held a number of webinars with affected coin developers, in order to better engage with the developer community, provide an overview of the liquidation process



and allow the developers to raise any issues or concerns they have. So far we have received positive feedback on these sessions and we plan to hold further webinars.

### **What happens next**

While our reconciliation process is progressing well, we still require direction from the New Zealand courts before we can return crypto-assets to customers. The information outlining the legal process included in the last communication is still current and is set out below.

We continue to liaise with our legal advisors about the legal status of crypto-assets, the legal relationship between Cryptopia and its customers, and to determine how crypto-assets could be returned to customers.

We have certain legal requirements and obligations in New Zealand and internationally that liquidators must meet, such as Anti Money Laundering/Know Your Client (AML/KYC) requirements when considering any repayment or return of assets.

The KYC process cannot be avoided, as it is a legal requirement in New Zealand. Before returning crypto-assets we will correspond with customers about how this process will be completed. Please note, customers who have previously completed the KYC process with Cryptopia will still need to go through the process set by us.

Anyone who did not complete KYC while the exchange was open will also be given the opportunity to confirm their identity.

### **Where to go for updates**

We appreciate that you want to be advised of our progress on the Cryptopia liquidation. We will continue to update you as further information comes to hand. Updates can be found on the [Grant Thornton New Zealand](#) and [Cryptopia websites](#) and their respective social media channels.

The next statutory report is due in early December and we will provide a formal update on the liquidation progress via this report.

Also appears under...

- [Receiverships](#)
- [Report](#)

## COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia account holders 10 February 2020

10 Feb 2020

In preparation for the directions hearing starting 11 February 2020 at the Christchurch High Court, we provide service to those Potential Trust Beneficiaries and/or Creditors by uploading the below affidavits and submissions in regards to these proceedings.

These are split into affidavits of evidence and submissions by appointed counsel. The documents are in chronological order.

**Affidavits of evidence**

1. Second Affidavit of David Ian Ruscoe sworn 8 November 2019 [ 14356 kb ]
2. Affidavit of Chrisopher Kirk Watson sworn 8 November 2019 [ 19363 kb ]
3. Affidavit of Timothy James Strahan Brocket affirmed 27 November 2019 [ 10631 kb ]
4. Third Affidavit of David Ian Ruscoe sworn 13 January 2020 [ 9968 kb ]
5. Fourth affidavit of David Ian Ruscoe sworn 7 February 2020 [ 31445 kb ]

**Subsequent Affidavits of evidence**

6. Fifth Affidavit of David Ian Ruscoe Sworn 13 February 2020 [ 5512 kb ]

**Submissions by appointed Counsel**

- A. Submissions of Counsel for Creditors 4 December 2019 [ 564 kb ]
- B. UK Jurisdiction Taskforce Legal Statement on cryptoassets and smart contracts [ 2121 kb ]
- C. Submissions of Counsel for Account Holders 13 January 2020 [ 657 kb ]
- D. Submissions for the liquidators 23 January 2020 [ 612 kb ]

[E. Reply Submissions of Counsel for Creditors 29 January 2020 \[ 318 kb \]](#)

[F. Reply Submissions of Counsel for Account Holders 4 February 2020 \[ 156 kb \]](#)

### **Subsequent Submissions by appointed Counsel**

[G. Submission of Counsel for Creditors re Quoine Pte Ltd v B2C2 Ltd 2 March 2020 \[ 237 kb \]](#)

[H. Submission of Counsel for Account Holders re Quoine Pte Ltd v B2C2 Ltd 4 March 2020 \[ 133 kb \]](#)

[I. Submission of Counsel for the Liquidators re Quoine Pte Ltd v B2C2 Ltd 10 March 2020 \[ 129 kb \]](#)

### **Where to go for updates**

We appreciate that you want to be advised of our progress on the Cryptopia liquidation. We will continue to update you as further information comes to hand. Updates can be found on the [Grant Thornton New Zealand](#) and [Cryptopia websites](#) and their respective social media channels.

Also appears under...

- [Receiverships](#)
- [Report](#)

## COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia account holders 9 April 2020

09 Apr 2020

In January 2019, the Cryptopia exchange was hacked and cryptocurrencies valued at approximately NZD30m were stolen. Cryptopia closed after the hack, re-opened for a short period, and was then placed into liquidation in May 2019. David Ruscoe and Russell Moore of Grant Thornton New Zealand were appointed liquidators.

Following their appointment, the liquidators took control of the cryptocurrencies held in the company's name and applied to the High Court for directions on a range of issues, including whether the cryptocurrencies were held on trust for account holders or whether the cryptocurrencies were owned by Cryptopia and able to be distributed to creditors.

The directions application involved a number of issues, such as whether Cryptocurrencies are "property" for the purposes of the Companies Act and whether Cryptocurrencies are held on trust by the company for its accountholders. The Court appointed counsel represented the interests of accountholders and unsecured creditors respectively, to ensure the Court received the benefit of full and contested argument on the issues.

On the 8 April 2020, the High Court released its decision firstly, that Cryptocurrency is "property" for the purposes of the Companies Act 1993 and therefore the common law. And secondly, that accountholders' cryptocurrency is held on express trust by Cryptopia and a separate trust exists for each type of cryptocurrency. This means that the cryptocurrencies are beneficially owned by the account holders and will not form part of the pool of assets available to unsecured creditors. This is the first final judgment on a fully contested basis that has considered whether cryptocurrency satisfies the legal definition of property at common law.

This decision gives guidance to insolvency practitioners and others on how cryptocurrencies ought to be treated, and addresses issues that are likely to become more prevalent as the popularity of cryptocurrencies increases.

The full decision can be found [here](#). [ 675 kb ]

**Where to go for updates**

We appreciate that you want to be advised of our progress on the Cryptopia liquidation. We will continue to update you as further information comes to hand. Updates can be found on the [Grant Thornton New Zealand](#) and [Cryptopia websites](#) and their respective social media channels.

The next statutory report is due in May and we will provide a formal update on the liquidation progress via this report. Further analysis of this judgement and implications for stakeholders will be provided in the coming weeks.

Also appears under...

- [Receiverships](#)
- [Report](#)

## COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia account holders 18 September 2020

18 Sep 2020

Since the release of our Third report in June 2020, we have made further progress in the Liquidation and provide an update with an additional set of frequently asked questions.

Our main focus has been working to continue the development of a claims process that achieves the following objectives:

Process	Details
Claims registration	1. Allows the registration of account holders details and to make claims for their account balances
AML/CFT verification	2. Verifies account holders' identities to the necessary AML/CFT standard
Asset transfer	3. Instigates asset transfers to account holders

We expect the claims registration process to be open by the end of the year.

Our next statutory report is due for release December 2020 but we will update stakeholders further in the lead up to the launch of the claims process prior to this.

#### Frequently Asked Questions:

##### 1. How do I get my coins back?

As outlined above once we have finalised the claims process the Liquidators will be in touch with coin holders via official channels around registering their claim. Coin holders will need to verify their account and identity through an online claims portal. Until the claims process has been completed the Liquidators cannot begin the repatriation process. Coins will only be returned to those who complete all of the above processes.

##### 2. When can I get my coins back?

The expectation is the claims process will open by the end of the year with the AML to follow this. Once these two phases are complete, we expect the repatriation process to follow. It is important to note that:

- We have to establish a claims process and cannot just open up the Cryptopia exchange: the exchange was hacked prior to the liquidation. With the source of the hack still not identified we cannot open up an exchange that has been compromised
- We have to complete the reconciliation process: this includes re-establishing coins in a non-hacked environment and then reconciling coin balances to the customer database. With over 900,000 active customers and up to 900 different coins, this is not a quick process
- We will likely need to go back to court to seek further directions in respect of the distribution process including AML requirements. As liquidators, we need to follow the laws in New Zealand and cannot just return coins to account holders without completing appropriate KYC procedures

### 3. Do I need to register my claim?

You will need to register your claim, however, at this point, we are not ready to receive account holder claims. We have recently agreed on a claims portal which we hope to launch by the end of 2020. We will advise account holders via registered Cryptopia email and our official channels when we are ready to receive account holder claims.

### 4. What does the Court decision mean?

The Court decision means that Cryptocurrency is 'property' and coins were held on express trust by Cryptopia. A separate trust exists for each type of cryptocurrency and they are beneficially owned by the account holders so will not form part of the pool of assets available to unsecured creditors.

The next steps now will be completing the reconciliation process to determine total customer holdings and finalising a distribution model for returning coins to beneficial owners. This process is being completed alongside the claims and KYC process mentioned above.

### 5. The Court has ruled that you are holding my coins, I demand that you return these to me immediately.

Whilst the Court ruling confirms that Cryptocurrencies were held on express trust, the process of returning these coins cannot begin immediately due to the incomplete reconciliation process, AML concerns, and various other legal guidance needed on numerous matters. The Liquidator has a duty to all beneficiaries of these trusts and so repatriation cannot begin until the reconciliation process is complete and the Liquidators are ready for claims from all beneficiaries.

### 6. Are you selling my coins to fund the Liquidation?

The Liquidation is currently being funded with company assets. Allocation of costs of returning account holders assets will be subject to further direction from the Court.

To clarify the account holders' assets are not recorded in the Receipts and Payments statement, found in the Liquidator's reports.



## **7. Will the return of my coins be in crypto or fiat?**

The Court's directions indicate repatriation of customer holdings is to be in crypto where possible. We will work through this and seek further directions as required.

## **8. Will KYC be needed?**

The KYC process cannot be avoided, as it is a legal requirement in New Zealand. Before returning crypto-assets we will correspond with customers within this claims process. Please note, customers who have previously completed the KYC process with Cryptopia will still need to go through the process set by us.

## **9. Why have you not replied to my email?**

There were over 960,000 active account holders of Cryptopia. We cannot reply to individual email queries due to the sheer number of emails we receive and the time it would take to reply to all account holders' queries. Please refer to the Grant Thornton New Zealand and Cryptopia websites and their respective social media channels for updates.

## **10. Can you tell me my account balance or provide a transaction report for taxation purposes?**

At this stage, we are not able to confirm the underlying transactions or trade history that make up customer balances and therefore cannot communicate account balances to account holders at this time.

## **11. Can anyone else tell me my account balance?**

We are the only ones with access to the customer database at the date of Liquidation. No one outside of the Liquidators has access to the customer database, nor should they be communicating any information about balances to account holders.

Anyone outside of the official communication channels pertaining to have access to this information or offering to tell account holders what balances are in their accounts is doing so without the Liquidators authority. Please be wary of any such approaches and note that any communications relating to the Liquidation will come from the official channels such as the Grant Thornton website, or the Grant Thornton and Cryptopia twitter accounts.

## **12. Will Cryptopia ask me for further funds?**

No, we will not ask you to deposit any further crypto-assets or confirm account holders' details at this stage. The only direct point of contact will be made via the email address you used when you registered on the Cryptopia exchange.

Please take care to ensure that any communications asking you to deposit further funds are not scams.

### 13. **Why can't you simply re-open the exchange and allow account holders to withdraw their coins?**

We cannot re-open the exchange to return account holders' coins. The exchange was hacked and the source of the hack is still unknown and is still being investigated by the New Zealand Police. Because of the hack, we have had to re-secure all of the coins in a non-hacked environment prior to undertaking the reconciliation process (which had never been completed before). This is not a quick process but is necessary to ensure that coins are secure and that a further hack does not occur.

Because no detailed reconciliation process between the customer database and the crypto assets held in the exchange's wallets was ever undertaken, we cannot confirm that account holders' coin balances will match the actual holdings for each coin.

### 14. **Will trading on Cryptopia resume?**

No. The Company is in Liquidation so will not be re-opening for trading. Please do not deposit any funds into historic deposit addresses.

### 15. **My crypto was not affected by the January hack, why can't I withdraw them?**

Because no detailed reconciliation process between the customer database and the crypto assets held in the exchange's wallets was ever undertaken, we cannot confirm that account holders' coin balances will match the actual holdings for each coin.

Also appears under...

- [Receiverships](#)
- [Report](#)

COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia account holders 13 November 2020

13 Nov 2020

We refer to our previous update of [18 September 2020](#) and provide you with a further update on progress since then.

We have continued with our investigation into the affairs of the business prior to our appointment to determine if further recoveries are available for creditors. This is ongoing.

While investigating the affairs of the business we have also maintained our focus on the development of a claims process that achieves the following objectives:

- Claims registration
- Identity verification
- Asset Transfer

The claim registration process is on track to be released in early December. We will ask all account holders to register their claim and start the process of verifying their identity following the release.

Please be aware that due to an error by court staff at the Christchurch High Court, information containing certain customer data has been provided to an unauthorised third party. We consider this information confidential and sensitive, and we are concerned that this third party may attempt to use it to mislead and influence account holders' decision making. We have taken steps to restrain the misuse of this confidential information and to recover it from the third party.

We understand that this party is associated with a scheme named Cryptopia Rescue and a New Zealand company.

Cryptopia Rescue is claiming that we as the Liquidators will not abide by the judgment of Justice Gendall. It is important to remember that we initiated the hearing to get the directions and, as previously stated, we will adhere to Justice Gendall's decision. Not to do so would be in breach of the Court's directions made on our application.

Those Court directions require that repatriation of customer holdings is to be in Crypto where possible. We are working towards paying as many users in Crypto as possible.

Cryptopia Rescue is encouraging members to contribute to their scheme by paying a monetary contribution as a means of forcing us to work with them to supposedly fast track repayment of funds to certain users ahead of others, which is not in line with New Zealand Law.

As Liquidators, we will not ask you to deposit any further crypto-assets or fiat to return Account Holders' property. To pay funds to another party to supposedly enforce directions we are following is unnecessary.

We urge Account Holders to take care to ensure that any communications asking you to deposit further funds are not scams, and to carefully read all terms and conditions of any proposals from third parties.

Members are being asked to sign powers of attorney and enter into an agreement with a 'principality' that does not physically exist. We encourage account holders to seek legal advice before they enter into any such agreements and agree to settlement of property in an unreleased, unknown and unregulated Cryptocurrency as consideration for a part of or all the account holders' entitlement.

We must warn that anyone outside of the official communication channels claiming to have access to the confidential information or offering to tell account holders what balances are in their accounts is doing so without the Liquidators' authority. This includes Cryptopia Rescue. Please be wary of any such approaches and note that any communications relating to the Liquidation will come from the official channels such as the Grant Thornton website, or the Grant Thornton and Cryptopia Facebook and Twitter accounts.

Also appears under...

- [Receiverships](#)
- [Report](#)

## COMPANIES IN RECEIVERSHIP AND LIQUIDATION

# Update for Cryptopia Claimants & Common Portal Errors 16 December 2020

16 Dec 2020

Over the past week, the Cryptopia claims portal has been launched with a large amount of accounts being registered. This launch marks the beginning of step 1 in the claims process that has been previously reported:

**Process**

1. Claims registration
2. Identity verification
3. Asset transfer

**Details**

- Allows the registration of account holders' details and to make claims for their account balances
- Verifies account holders' identities to the necessary verification standard
- Instigates asset transfers to account holders

## Registration email update

There are a small number of registration emails to be sent which we hope to send before the end of the week. If you have not received a registration email, please check your "Spam" folder before contacting customer support.

Currently, only the claims registration process is open and will remain open for the foreseeable future. The current process is ensuring that your account is claimed and will give you a reference number to use in the next part of the claims process. You will not be able to view your Cryptopia account details in this phase of the process.

To clarify, this step is only for users to verify ownership of their claim, account holders will still need to verify identity before any distribution of assets can take place. We expect to launch the identity verification process in Q1 2021.

Due to the number of claimants, we encourage that if you are having issues with the registration email or have specific issues to first read the below and the specific portal FAQs that can be found on the [customer service portal](#) before submitting a ticket through this portal.

## Verification questions common errors

We understand that some account holders have raised concerns around the difficulty of the verification questions in the claim's portal. Due to the data breach [reported here](#) as a security precaution, we have had to make the verification questions more robust.

### **Please try to answer these questions before you contact customer support**

If you cannot answer these questions and have locked your account, please raise a ticket. We assure you we will process all tickets and account holders who have incorrectly answered these questions will be given the opportunity to verify their registration with a human support member.

To assist in this process, we have collated a few common errors and observations on common mistakes made in account holders' answers to date:

- The date format must be in DD/MM/YYYY. Please use the calendar pop-up to select the correct date rather than typing in the date
- Account holders who cannot locate their Cryptopia username should review all historic emails from Cryptopia as this was often included in correspondence between the exchange and account holders
- All dates allow for a tolerance to accommodate time zones worldwide
- Balances have a tolerance to allow for rounding. The Balance question must be positive and greater than 0. Do not enter balances that have nil balances such as ETH
- The questions that relate to Withdrawals/Deposits ask for the transaction ID(TXid) and not the Address or Amount of this transaction. If you have issues recovering the specific TXid of this transaction, please retrace your steps using the specific blockchain explorer that relates to your Withdrawal/Deposit
- To answer the last question, you do not have to know the balances of these coins - only their names

### **Customer service portal tips**

We have also collated a few common queries we have received from account holders in relation to the [customer service portal](#). These are as follows:

- To view the customer services help center, you must sign up. This portal is separate from the claims portal and can be accessed by any account holder, provided they register
- Please use the same email as you registered your Cryptopia email. This will allow customer support to verify they are speaking with the correct account holder
- If you are getting an error saying that the link has expired, you will need to request a new registration email from customer support
- Due to the number of claimants, we encourage that if you are having issues with the registration email, or have specific issues relating to the registration, to read the specific portal FAQs that can be found on this portal before submitting a ticket. Please note that due to the volume of requests, there is currently a noticeable wait for receiving a response to tickets

- Any other questions please contact [liquidation@cryptopia.co.nz](mailto:liquidation@cryptopia.co.nz)

Also appears under...

- [Liquidations](#)



## COMPANIES IN RECEIVERSHIP AND LIQUIDATION

# Update for Cryptopia Claimants and Stakeholders 17 March 2021

17 Mar 2021

## Claims process

Since the Claims portal was launched in early December 2020, we have sent an email to all 960,000 account holders who had positive account balances according to Cryptopia's Records. Over 57% by value of account holders have interacted with us in some way. The claims process is still at stage 1 of the below process:

### Process

1. Claims registration
2. Identity verification
3. Asset transfer

### Details

- Allows the registration of account holders' details and to make claims for their account balances
- Verifies account holders' identities to the necessary verification standard
- Instigates asset transfers to account holders

- While we have a significant number of claimants registering successfully, we appreciate that there are also a number who require support to complete the registration process. This is reflected by the number of tickets being raised through our customer support portal. We have taken on additional support staff to assist account holders to complete the registration process. We assure you that we will action all outstanding tickets prior to moving to stage 3 of the process.
- If you are having issues with the registration please refer to the ['Update for Cryptopia Claimants & Common Portal Errors 16 December 2020'](#).
- We intend to carry out a further promotion of the portal to accountholders to encourage increased participation and will send a further email inviting account holders to register their details on the portal. We have received a number of emails and calls from account holders claiming that they had not received an email. In the majority of cases we were able to confirm to the account holders that they had received an email. Please double check your email spam folder to check whether you have been contacted.
- The next stage of the claim process 2 'Identity verification' will be launched in the next couple of months, with the asset transfer stage to follow on from this. However, the

transfer stage will require the input and approval of the Court particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders' property
- Confirming what is to be done with unclaimed Crypto-assets
- Setting a cut-off date for claims to be received and assessed

#### Sealed orders

- In this update we provide service of orders in respect of realisation of digital assets. We have received orders allowing us to convert 80 BTC into fiat currency to meet the reasonable cost and expenses of and incidental to the protection, preservation, recovery, management, and administration of any Cryptocurrency.
- **[A copy of the sealed orders can be found here \[ 614 kb \]](#).**

#### Where to go for updates

We appreciate that you want to be advised of our progress on the Cryptopia liquidation with our next statutory report due in June 2021. We will continue to update you as further information comes to hand. Updates and be found on the **[Grant Thornton New Zealand](#)** website, as well as the social media channels for Grant Thornton and Cryptopia.

Also appears under...

- **[Liquidations](#)**

## COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia claimants and stakeholders 10 June 2021

10 Jun 2021

Today, Grant Thornton New Zealand released the fifth statutory report in the liquidation of Cryptopia Limited, [a copy of the report can be found here \[ 304 kb \]](#).

### Claims process

Since the Claims portal was launched in early December 2020, we have sent emails to all 960,000 account holders who had positive account balances according to Cryptopia's Records. At the date of this update, we have had 71% of users by value that have interacted with us in some way up from 57% in March 2021. The claims process is still at stage 1 of the below process:

	Process	Details
1	Claims registration	Allows the registration of account holders' details and to make claims for their account balances
2	Identity verification	Verifies account holders' identities to the necessary verification standard
3	Claim acceptance	Provides Account holders' opportunity to agree that Cryptopia records represents amount due
4	Asset transfer	Instigates asset transfers to account holders

While we have a significant number of claimants registering successfully, we appreciate that there are also a number who require support to complete the registration process. Our customer support team via the customer support portal has to date supported over 55,000 users through the registration process.

We continue to build the team to assist account holders to complete the claims and asset transfer process. We assure you that we will action all outstanding tickets prior to moving to stage 4 of the process.

If you are having issues with the registration, please refer to the '[Update for Cryptopia Claimants & Common Portal Errors 16 December 2020](#)' page.

We continue to promote the portal to accountholders to encourage increased participation and will continue to send further emails inviting account holders to register their details on the portal.

The next stage of the claim process 2 'Identity verification' will be piloted this month to test functionality with all 183 countries that we understand Cryptopia users are domiciled. Following this pilot this process will be rolled out to all users who have completed claim process 1 'claims registration'.

Following this the Claims acceptance stage will be launched, where account holders will be given the opportunity to agree or dispute the balances that were recorded by Cryptopia at the date of Liquidation.

The asset transfer stage will follow on from this. However, the transfer stage will require the input and approval of the Court particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders' property
- Confirming what is to be done with unclaimed Crypto-assets
- Setting a cut-off date for claims to be received and assessed

We anticipate to file applications on these matters in the next couple of months.

With the number of Cryptocurrency projects that have significant holdings frozen in Cryptopia wallets we will seek to further engage with coin development teams where possible to consider the impact that the 4th stage could have on the viability of the project and seek their input on the most efficient process to assist in this transfer.

#### Where to go for updates

We appreciate that you want to be advised of our progress on the Cryptopia liquidation with our next statutory report due in December 2021. We will continue to update you as further information comes to hand and provide updates on the claims process. Updates can be found on the Grant Thornton New Zealand website, as well as the social media channels for Grant Thornton and Cryptopia.

COMPANIES IN RECEIVERSHIP AND LIQUIDATION

## Update for Cryptopia claimants and stakeholders 10 December 2021

10 Dec 2021

Today, Grant Thornton New Zealand released the sixth statutory report in the liquidation of Cryptopia Limited, [a copy of the report can be found here.](#)

### Claims process

In October 2021 stage 2 of the claims process was launched to qualifying users. This has been a staged process due to the fact that Cryptopia users are domiciled in 183 different countries. The Liquidators are seeing good progress to date with many account holders registering and verifying their identity. This is step 2 in the previously reported claims process.

	Process	Details
1	Claims registration	Allows the registration of account holders' details and to make claims for their account balances
2	Identity verification	Verifies account holders' identities to the necessary verification standard
3	Claim acceptance	Provides Account holders' opportunity to agree that Cryptopia records represents amount due
4	Asset transfer	Instigates asset transfers to account holders

We continue to encourage claims registration and continue to send reminder emails to those who are yet to engage. At the date of this report, 78% of users by value have interacted in the claims process in some way.

To support the claims process a dedicated customer support portal has been deployed. To date, the customer support team, via this portal, has supported over 76,000 users through the registration process. We continue to build this team to assist account holders to complete the claims and asset transfer process.

If you are having issues with the registration, please refer to the ['Update for Cryptopia Claimants & Common Portal Errors 16 December 2020'](#) page or contact the dedicated team via the customer support portal at the [Cryptopia customer support portal](#). This support portal is separate from the claims portal and can be accessed by any account holder, provided they register and click the "Sign Up" button on the page.

For the next stage '3. Claim acceptance', we will need to see sufficient progress in account holders participating in stage 2. This stage will then give an opportunity to account holders to agree the balances of their Cryptopia account as recorded in the

customer database at the date of Liquidation.

As previously reported the asset transfer stage will follow on from this. However, the transfer stage will require the input and approval of the Court particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders' property
- Confirming what is to be done with unclaimed Crypto assets
- Setting a cut-off date for claims to be received and assessed

We expect to file applications on these matters in the first half of the 2022.

#### Where to go for updates

We appreciate that you want to be advised of our progress on the Cryptopia liquidation with our next statutory report due in June 2022 however, we expect to provide an update on legal applications before this date. We will continue to update you as further information comes to hand and provide updates on the claims process. Updates can be found on the Grant Thornton New Zealand website, as well as the social media channels for Grant Thornton and Cryptopia.



COMPANIES IN RECEIVERSHIP AND LIQUIDATION

# Update for Cryptopia Claimants and Stakeholders 28 March 2022

28 Mar 2022

## Update on Claims process

We continue to follow the claims process previously reported. In October 2021 stage 2 of the claims process was launched to qualifying users. This has been a staged process due to the fact that Cryptopia users are domiciled in 183 different countries. The Liquidators are still seeing good progress to date with many account holders registering and verifying their identity. This is step 2 in the previously reported.

	Process	Details
1	Claims registration	Allows the registration of account holders' details and to make claims for their account balances
2	Identity verification	Verifies account holders' identities to the necessary verification standard
3	Claim acceptance	Provides Account holders' opportunity to agree that Cryptopia records represents amount due
4	Asset transfer	Instigates asset transfers to account holders

To support the claims process a dedicated customer support portal has been deployed. To date, the customer support team, via this portal, has supported over 82,000 users through the registration process. We continue to build this team to assist account holders to complete the claims and asset transfer process. We continue to encourage claims registration and continue to send reminder emails to those who are yet to engage. At the date of this report, 82.3% of users by value have interacted in the claims process in some way. However, a number of these account holders may have opened the email or clicked on the link to the portal but are yet to actively engage in registering their claim.

If you are having issues with the registration, please refer to the ['Update for Cryptopia Claimants & Common Portal Errors 16 December 2020'](#) page or contact the dedicated team via the customer support portal at the [Cryptopia customer support portal](#). This support portal is separate from the claims portal and can be accessed by any account holder, provided they register and click the "Sign Up" button on the page.

Before progressing to the next stage ‘3. Claim acceptance’, we need further progress in account holders participating in stages 1 and 2. This is because it is important that as many account holders as possible participate in stage 4 of the process “Asset transfer”. We realise that this may be frustrating to some account holders who have already registered their claim. However, we are dealing with over 900,000 account holders from 183 different countries and contacting and interacting with these account holders is taking time.

Stage 3 will then give an opportunity to account holders to agree the balances of their Cryptopia account as recorded in the customer database at the date of Liquidation.

As previously reported the asset transfer stage will follow on from this. However, the transfer stage will require the input and approval of the Court particularly in relation to the following:

- Approving a distribution model that reflects the nature of stakeholders’ property
- Confirming what is to be done with unclaimed Crypto assets
- Setting a cut-off date for claims to be received and assessed

We expect to file applications on these matters in the coming months.

#### Ex-employee theft

In August 2020 an ex-employee admitted stealing historic private keys (and subsequently funds) from the Company. All funds taken were subsequently recovered by the liquidators. No connection between this theft and the January 2019 hack has been identified.

We now report that Michael Glaser (a Cryptopia employee pre-liquidation) was sentenced in the Christchurch district court on 18 March 2022 and ordered to pay the Liquidators approx. \$21,255 in reparations.

#### Sealed orders

- In this update we provide service of orders in respect of realisation of digital assets. We have received orders permitting us to convert the equivalent of NZD\$5 million Dogecoin (DOGE) into fiat currency to meet the reasonable cost and expenses of and incidental to the protection, preservation, recovery, management, and administration of any Cryptocurrency.
- [Link to Court Order.](#)

#### Where to go for updates

We appreciate that you want to be advised of our progress on the Cryptopia liquidation with our next statutory report due in June 2022. However, we expect to provide an update on legal applications before this date. We will continue to update you as further information comes to hand and to provide updates on the claims process. Updates can be found on the Grant Thornton New Zealand website, as well as the social media channels for Grant Thornton and Cryptopia.

COMPANIES IN RECEIVERSHIP AND LIQUIDATION

# Update for Cryptopia Claimants and Stakeholders 11 November 2022

11 Nov 2022

## Update on Claims Process

We continue to follow the claim process previously reported.

	Process	Details
1	Claims registration	Allows the registration of account holders' details
2	Identity verification	Verifies account holders' identities to the necessary verification standard
3	Balance acceptance	Provides Account holders the opportunity to agree that Cryptopia records represent amounts due
4	Asset transfer	Instigates asset transfer to account holders

We are pleased to announce that today we have launched stage 3 of the claims

process 'balance acceptance'.

#### Balance Acceptance Launch

With the launch of stage 3 "Balance Acceptance" of the claims process. Qualifying Account holders' should expect to receive an email invitation asking them to login into the claims portal to start the balance acceptance process. Only those users who have completed stages 1 and 2 above will be invited to this stage.

Due to the number of account holders involved in this process, it will take some time for all invitation emails to be sent. If users are having issues with the claims portal we encourage them to contact the dedicated team via the customer support portal at the [Cryptopia customer support portal](#). This support portal is separate from the claims portal and can be accessed by any account holder, provided they register and click the "Sign Up" button on the page.

#### Where to go for updates

We appreciate that you want to be advised of our progress on the Cryptopia liquidation with our next statutory report due in December 2022. We expect to provide an update on legal applications and the next steps in this report. We will continue to update you as further information comes to hand and to provide updates on the claims process. Updates can be found on the Grant Thornton New Zealand website, as well as the social media channels for Grant Thornton and Cryptopia.

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## INDUSTRY NEWS

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## Ethereum holders suspect Cryptopia exchange faked breach in exit scam



Filip TRUȚĂ

January 16, 2019

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A cryptocurrency exchange in New Zealand is suspected of having performed an exit scam after bluntly announcing an immediate halt due to an alleged hack.

The first signs of trouble emerged on the afternoon of January 14, when Cryptopia announced on its Twitter page that the exchange was going through unscheduled maintenance.



“We are currently experiencing an unscheduled maintenance, we are working to resume services as soon as possible. We will keep you updated,” the exchange said.

The exchange later announced it was hacked, generating an immediate wave of speculation (mostly from its own customers) that it was, in fact, an exit scam. The fears wouldn’t be entirely unfounded, given the numerous precedents involving other exchanges and the lack of details about the situation. The full notice is here:

As reported by [blockt.com](https://blockt.com), some users claim their Ethereum wallets were drained right before the shutdown.

Cryptopia has not disclosed the amount of digital currency stolen, nor if it will use its own funds (if any remain) to reimburse customers affected by the hack. We’ll update this story with any new developments.

## TAGS

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## AUTHOR

**Filip TRUȚĂ**

Filip has 15 years of experience in technology journalism. In recent years, he has turned his focus to cybersecurity in his role as Information Security Analyst at Bitdefender.

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## Cryptopia Begins Liquidation Amid Accusations of Exit Scamming

🕒 2 mins

By [Tanya Chepkova](#) Updated by [Adam James](#)  
16 May 2019, 01:30 GMT+0000 16 May 2019, 08:48 GMT+0000

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On May 14, after a dubious eight-hour downtime, Cryptopia Limited, a New Zealand-based

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Some suspect that a possible exit scam may now be underway.



## Failed Attempts To Resume Business at Cryptopia

Cryptopia is infamously known as the first cryptocurrency exchange hacked in 2019. Its losses, according to some estimates, amounted to around \$23 million— or about nine percent of its total assets. The event had a severe impact on the company. It forced the exchange to go offline for an extended period. It reopened deposits and withdrawals earlier this in spring. Yet, it appears as if Cryptopia was unable to overcome. On Tuesday, Cryptopia's website suddenly went down. Users were notified of 'maintenance' work, which made many community members suspect another hacking attack was occurring. Some reports even state that the company's premises were also locked down. On Wednesday morning, Cryptopia posted official announcements on its website and Twitter account. They stated that the company is going out of business. Trading was immediately disabled. The company explained that after the hack, efforts of management 'to reduce cost and return the business to profitability' failed. Thus, it decided to appoint David Ruscoe and Russell More from Grant Thornton as liquidators to secure the assets 'in the best interests of customers, staff and other stakeholders.'

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## Is Cryptopia Exit Scamming?

The statement claims all the steps were taken 'for the benefit of all stakeholders.' However, some of Cryptopia's clients strongly disagree with this and do not believe trading needs to be disabled as it prevents investors from withdrawing their funds back from the exchange. What appears more worrisome is that the liquidators have already warned that 'given the complexities involved' the investigation might take 'months rather than weeks.' This means that investors and traders may be unable to secure their funds for a considerable period.



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many comments, people are urging the exchange to open up deposits as soon as possible and give users a timeline to withdraw their funds. Apart from fears of scam, it remains unclear whether the rest of investors' funds are held securely. Some users still hope for the better and believe that liquidators and Cryptopia team will refund customers. According to the Grant Thornton's release, an initial report on the case will be available next week. Until then, all appears like speculation. **Do you believe that Cryptopia's case is an exit scam? Let us know your thoughts in the comments below!**

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xios  
@therealxios

When are you going to investigate [@GrantThorntonNZ](#) for scamming holders in the Cryptopia case?

3:36 pm · 29 May 2023 · 8 Views



Tweet your reply!

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**228**



**CS Naresh Kumar Sharma**

@nareshcs1



Proceeding in the matter has been completed or GT has grabbed all funds? As more than 4 months passed for new updation.

2:59 pm · 1 Jun 2023 · 67 Views



Tweet your reply!

11/11/23



**Cryptopia Exchange** @Cryptopia\_NZ · 12 Dec 2022



The Liquidators' eighth report on the State of Affairs of Cryptopia Limited (In Liquidation) is now available: [bit.ly/3YedVox](https://bit.ly/3YedVox)



315



81



219



**faizan**



@faizan\_izh

Any update? Scammer please stay away from me. Do not add me to your scam scheme. Thanks

3:20 pm · 4 Jun 2023 · 19 Views



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Cryptopia Exchange @Cryptopia\_NZ · 12 Dec 2022

The Liquidators' eighth report on the State of Affairs of Cryptopia Limited (In Liquidation) is now available: [bit.ly/3YedVox](https://bit.ly/3YedVox)

396 replies 144 retweets 268 likes

Nil @nilbenzdiaz91

Big scam, missing lots of my coins. What even is the ANON coin??

1:20 pm · 12 Dec 2022

2 Quotes 8 Likes

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keith ngetich @Reina\_Rhoda3344 · 25 Dec 2022

Go file a complaint at Internet crime complaint center [ic3.gov](https://ic3.gov) and get your money back from cryptopia platform scam. It is free of charge and you are not paying for this service

2 replies 1 retweet 1 like 158 views

Nil @nilbenzdiaz91 · 26 Dec 2022

Will do, thank you

1 reply 1 retweet 1 like 73 views

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Nil @nilbenzdiaz91 I regret making

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Cryptopia Exchange @Cryptopia\_NZ · 11 Nov 2022

An update for Cryptopia Claimants and Stakeholders is now available:



269 replies, 137 retweets, 323 likes

21 million Bitcoin @21\_millionbtc

This is another way to steal costumes money if they don't verify it

4:48 pm · 11 Nov 2022

14 Likes

Reply, Retweet, Like, Bookmark, Share icons

Tweet your reply! Reply

More Replies

Jessa Lineker. @yesica\_pt · 3 Jan

Go report to Internet crime complaint center ic3.gov and get your money back from cryptopia. It is free of charge and you don't need to pay for it.

5 replies, 1 retweet, 1 like

Cie scooter @cie\_scooter · 13 Dec 2022

The only way you can be able to recover your account back is to send a direct message to instagram.com/cyberspace\_wor... on instagram for help and thank me later

1 like, 1 retweet

Aresskrewodtz @Aresskrewodtz · 13 Dec 2022

I got the same issue luckily for me a friend of mine introduced me to a cyber hacker on instagram and he really helped me through, you can also reach out to him for help too instagram.com/cyberspace\_wor...

1 like, 1 retweet

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**Cryptopia Exchange** @Cryptopia\_NZ · May 16, 2019



PLEASE DO NOT SEND ANY DEPOSITS TO CRYPTOPIA.



928



680



1,065



**NodeYards**

@Nodeyards



Well played

[#exitscam](#)

6:48 PM · May 16, 2019

63 Likes



## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
14 May 2019	LIQUIDATION COMMENCES				
15 May 2019	Press Release	Message advising of the appointment of David Ruscoe and Russell Moore as Liquidators of Cryptopia	<b>Grant Thornton NZ website</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Exchange Facebook</b>	All account holders	
17 May 2019	FAQs	A compilation of some of the most frequently asked questions by Cryptopia account holders and their respective answers  These have been updated throughout the course of the Liquidation	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
27 May 2019	Account holder update	Update for account holders on progress of the Liquidation	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
31 May 2019	Liquidators' First Report	Initial report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
03 July 2019	Account holder update	Update for account holders on progress of the Liquidation	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
21 August 2019	Account holder update	Update for account holders on progress of the Liquidation	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	

## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
25 October 2019	Account holder update	Update for account holders on progress of the Liquidation	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
1-7? November 2019	Directions hearing update	Advising users of the impending Directions hearing	<b>AWS email</b>	All account holders	
11 December 2019	Liquidators' Second Report	Second report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b>	All account holders	
17 January 2020	Directions hearing update	Advising of the rescheduling of the directions hearing to 11-14 February 2020. Link to all information on the Liquidation	<b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
10 February 2020	Account holder update	Update to account holders in preparation for the directions hearing. Upload of affidavits	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
10 March 2020	Directions hearing update	Advising that no judgement was delivered with Justice Gendall reserving his judgement. Subsequent affidavits added to 10 February 2020 update page	<b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b>	All account holders	
8 April 2020	Directions hearing update	Advising of Justice Gendall's decision, including link to full judgement document	<b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
9 April 2020	Account holder update	Update for account holders on Justice Gendall's decision	<b>GTNZ NZ website</b>	All account holders	

## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
12 June 2020	Liquidators' Third Report	Third report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
18 September 2020	Account holder update	Update for account holders on progress of the Liquidation Update of the FAQs	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
13 November 2020	Account holder update	Update for account holders on progress of the Liquidation	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
7-8 December 2020?	Registration email	Invitation to account holders to register their claim	<b>Email</b>	All account holders with a 'positive balance' at date of liquidation	
9 December 2020	Claims Portal message	Update for account holders regarding registration emails sent	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
11 December 2020	Liquidators' Fourth Report	Fourth report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	

## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
16 December 2020	Account holder update	Claimants and Portal update regarding the portal launch and responses to common errors amongst users	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders with a positive account balance	960,143
4 February 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	150
5 February 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	10
12 February 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	87
2 March 2021	Cryptopia website redirect	Redirect of Cryptopia website <a href="http://www.cryptopia.co.nz">www.cryptopia.co.nz</a> to <a href="http://www.grantthornton.co.nz/cryptopia-limited/">www.grantthornton.co.nz/cryptopia-limited/</a> goes live	<b>Cryptopia website / GTNZ NZ website</b>	All account holders	
17 March 2021	Account holder update	Update for account holders on progress of the Liquidation and claims process	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
18 March 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	41
9 April 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	26
20 April 2021	Registration email resend	Resend of registration email to account holders with an account balance over NZ\$1,000 who had not yet interacted with the Liquidators in any way	<b>Email</b>	Balance > NZ\$1,000, no interaction	20,586
30 April 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	35
13 May 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	24
18 May 2021	Registration email resend	Resend of registration email to account holders with an account balance between NZ\$500 - NZ\$1,000 who had not yet interacted with the Liquidators in any way	<b>Email</b>	Balance between NZ\$500 - NZ\$1,000, no interaction	18,819
10 June 2021	Liquidators' Fifth Report	Fifth report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	

## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
10 June 2021	Account holder update	Update for account holders on progress of the Liquidation and claims process	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
23 July 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	9
26 July 2021	Registration email resend	Resend of registration email to account holders with an account balance between NZ\$100 - NZ\$500 who had not yet interacted with the Liquidators in any way	<b>Email</b>	Balance between NZ\$100 - NZ\$500, no interaction	86,539
2 August 2021	Registration email resend	Resend of registration email to account holders 'DOGE-ADA-TRON-BTC-XMR Valuation movers 02-08-2021'	<b>Email</b>	Account holders whose value had moved above the minimum threshold for registration invitation	43,271
6 August 2021	Locked registration reminder	Locked registration reminder	<b>Email</b>	Account holders who had locked themselves out of their account	8,685
6 August 2021	Registration reminder email	Setup Started/Locked Setup/Account registered Reminder Email	<b>Email</b>	Account holders who had started but not completed the registration process	44,411
8 August 2021	Account ownership reminder	Account Ownership Verified Users	<b>Email</b>	Account holders who had not completed/submitted name details in the registration process	4,803
9 August 2021	Invitation To Verify Identity	Invitation to select amount (pilot group 1) of account holders to verify their identity	<b>Email</b>	Identity Verification- Pilot group 1	922
10 September 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	13
15 September 2021	Registration email resend	Resend of registration email to account holders with an account balance greater than NZ\$50 who had not yet interacted with the Liquidators in any way	<b>Email</b>	Balance > NZ\$50, no interaction	169,201
30 September 2021	Invitation To Verify Identity	Invitation to select amount (pilot group 2) of account holders to verify their identity	<b>Email</b>	Identity Verification- Pilot group 2	955
30 September 2021	Reminder to Verify Identity	Reminder email to non-respondents from Pilot group 1 for identity verification	<b>Email</b>	Identity Verification- Pilot group 1	371
05 October 2021	Invitation To Verify Identity	Invitation to select amount (pilot group 3) of account holders to verify their identity	<b>Email</b>	Identity Verification- Pilot group 3	250
07 October 2021	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. Place of residence UK/USA/NZ/AUS	<b>Email</b>	Fully registered account holders from specified countries (UK/USA/NZ/AUS)	15,232

## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
15 October 2021	Invitation To Verify Identity	Invitation to select amount (tranche 2) of account holders to verify their identity	<b>Email</b>	Fully registered account holders who had not yet been invited to verify identity	24,217
04 November 2021	Reminder to Verify Identity	Reminder email to certain users to complete identity verification	<b>Email</b>	Specified account holders	22,383
18 November 2021	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity	<b>Email</b>	Account holders that had since become eligible for identity verification	960
24 November 2021	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. Users with residence recorded in countries that had previously encountered issues with ID3 Global (ID verification software)  'Mini Pilot ID3 Fix'	<b>Email</b>	Specified account holders	100
25 November 2021	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. Users with residence in India and Germany	<b>Email</b>	Eligible account holders with residence in India & Germany	5,724
25 November 2021	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. 'All outstanding ID verifications'	<b>Email</b>	Remaining eligible account holders	5,489
30 November 2021	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. NDL/ITA/ESP & Others	<b>Email</b>	Eligible account holders with residence in NDL, ITA, ESP	6,060
03 December 2021	Reminder to Verify Identity	Reminder email to certain users to complete identity verification	<b>Email</b>	Account holders that have been invited to, but not yet completed, identity verification	15,675
09 December 2021	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	8
10 December 2021	Liquidators' Sixth Report	Sixth report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
10 December 2021	Account holder update	Update for account holders on progress of the Liquidation and claims process	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
20 December 2021	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. 'Pre Christmas ID Campaign'	<b>Email</b>	Further accounts that have since become eligible for identity verification	502



## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
11 February 2022	Registration email resend	Resend of registration email to account holders who had communicated that they had not received the initial email	<b>Email</b>	Specified account holders	6
15 February 2022	Registration email resend	Resend of registration email to account holders with an account balance greater than NZ\$120 who had not yet interacted with the portal in any way	<b>Email</b>	Balance > NZ\$120, no interaction	93,878
15 February 2022	Registration email resend	Resend of registration email to account holders with an account balance greater than NZ\$120 who had not yet interacted with the portal in any way	<b>Email</b>	Balance > NZ\$120, no interaction	93,878
22 March 2022	Reminder to Verify Identity	Reminder email to certain users to complete identity verification	<b>Email</b>	Account holders that have been invited to, but not yet completed, identity verification	20,407
23 March 2022	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity	<b>Email</b>	Further accounts that have since become eligible for identity verification	1,527
28 March 2022	Account holder update	Update for account holders on progress of the Liquidation and claims process	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
16 May 2022	Reminder to Verify Identity	Reminder email to certain users to complete identity verification	<b>Email</b>	Account holders that have been invited to, but not yet completed, identity verification	19,244
13/14 June 2022	Liquidators' Seventh Report	Seventh report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
13 July 2022	Reminder to Verify Identity	Reminder email to certain users to complete identity verification	<b>Email</b>	Account holders that have been invited to, but not yet completed, identity verification	18,090
13 July 2022	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. New invites	<b>Email</b>	Further accounts that have since become eligible for identity verification	781
13 July 2022	Locked registration reminder	Locked registration reminder	<b>Email</b>	Account holders who had locked themselves out of their account	9009

## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
08 September 2022	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. New invites	<b>Email</b>	Further accounts that have since become eligible for identity verification	314
25 October 2022	Account ownership reminder	Complete name details in registration process	<b>Email</b>	Account holders who had not completed/submitted name details in the registration process	4,348
25 October 2022	Registration email resend	Resend of registration email to account holders with an account balance greater than NZ\$120 who had not yet interacted with the portal in any way	<b>Email</b>	Balance > NZ\$120, no interaction	38,723
27 October 2022	Notification to Accept Balance	Notification to account holders (pilot group 1) to accept or dispute their account balance	<b>Email</b>	Balance Acceptance-Pilot group 1	194
01 November 2022	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. New invites	<b>Email</b>	Further accounts that have since become eligible for identity verification	658
07 November 2022	Reminder to Verify Identity	Reminder email to certain users to complete identity verification	<b>Email</b>	Account holders that have been invited to, but not yet completed, identity verification	18,257
11 November 2022	Account holder update	Update for account holders on progress of the Liquidation and claims process	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	
11 November 2022	Notification to Accept Balance	Notification to account holders to accept or dispute their account balance	<b>Email</b>	Account holders eligible for the Balance Acceptance stage	38,034
28 November 2022	Balance Acceptance Reminder	Reminder email to certain users to complete balance acceptance	<b>Email</b>	Account holders that have been invited to, but not yet completed, balance acceptance	14,545
02 December 2022	Notification to Accept Balance	Notification to account holders to accept or dispute their account balance	<b>Email</b>	Further accounts that have since become eligible for balance acceptance	601
12 December 2022	Liquidators' Eighth Report	Eighth report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Exchange Twitter</b> <b>Cryptopia Facebook</b>	All account holders	

## Cryptopia Limited (in liquidation)

## Communications with Coin Holders- Chronology

Date	Communication	Contents of message	Method(s) of Communication (Platforms)	Target / Recipients	Estimated Recipients (attempted)
21 December 2022	Notification to Accept Balance	Notification to account holders to accept or dispute their account balance	<b>Email</b>	Further accounts that have since become eligible for balance acceptance	212
18 January 2023	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. New invites	<b>Email</b>	Further accounts that have since become eligible for identity verification	1,913
20 April 2023	Notification to Accept Balance	Notification to account holders to accept or dispute their account balance	<b>Email</b>	Further accounts that have since become eligible for balance acceptance	1,226
19 May 2023	Notification to Accept Balance	Notification to account holders to accept or dispute their account balance	<b>Email</b>	Further accounts that have since become eligible for balance acceptance	144
12 June 2023	Liquidators' Ninth Report	Ninth report on the State of Affairs of Cryptopia	<b>GTNZ NZ website</b> <b>GTNZ Twitter</b> <b>GTNZ Facebook</b> <b>Cryptopia Facebook</b>	All account holders	
30 June 2023	Notification to Accept Balance	Notification to account holders to accept or dispute their account balance	<b>Email</b>	Further accounts that have since become eligible for balance acceptance	673
12 July 2023	Invitation To Verify Identity	Invitation to select amount of account holders to verify their identity. New invites	<b>Email</b>	Further accounts that have since become eligible for identity verification	809
28 July 2023	Notification to Accept Balance	Notification to account holders to accept or dispute their account balance	<b>Email</b>	Further accounts that have since become eligible for balance acceptance	239



# SUPPORTED ASSETS

We provide native support and true ownership for more than 125 blockchains (the biggest number in the industry for non-custodial wallets) and thousands of tokens.

Pro tip: If you can't find the token you want in the list below you can always add it to your Coinomi Wallet manually!

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[Omni Layer](#) [NEM](#) [Zerocash](#) [Zero coin](#)

**Aion**

AION

**Algorand**

ALGO

**Aryacoin**

AYA

**Auroracoin**

AUR

**Bitcoin**

BTC

**Bitcoin Cash**

BCH

**Bitcoin Gold**

BTG

**Bitcoin Plus**

XBC

**BitcoinZ****Blackcoin****BNB****Callisto**

**Decred**

DCR

**Defcoin**

DEFC

**DigiByte**

DGB

**Dogecoin**

DOGE

**Einsteinium**

EMC2

**Ethereum**

ETH

**Ethereum  
Classic**

ETC

**EuropeCoin**

ERC

**Firo**

FIRO

**GoByte**

GBX

**Groestlcoin**

GRS

**Hedera  
Hashgraph**

HBAR

**Hydra Token**

HYD

**Komodo**

KMD

**LBRY Credits**

LBC

**Litecoin**

LTC

**Monacoin**

MONA

**Monkey Project**

MONK

**Monero**

XMR

**Monero Stage**

XMRs

**NEM**

NEM

**Newyorkcoin**

NYC

**OmniLayer**

BTC

**Peercoin**

PPC

**Poa**

POA

**ReddCoin**

RDD

**Ripple**

XRP

**Smartcash**

SMART

**Stratis**

STRAT

**Syscoin**

SYS

**Tron**

TRX

**Unobtanium**

UNO

**Vertcoin**

VTC

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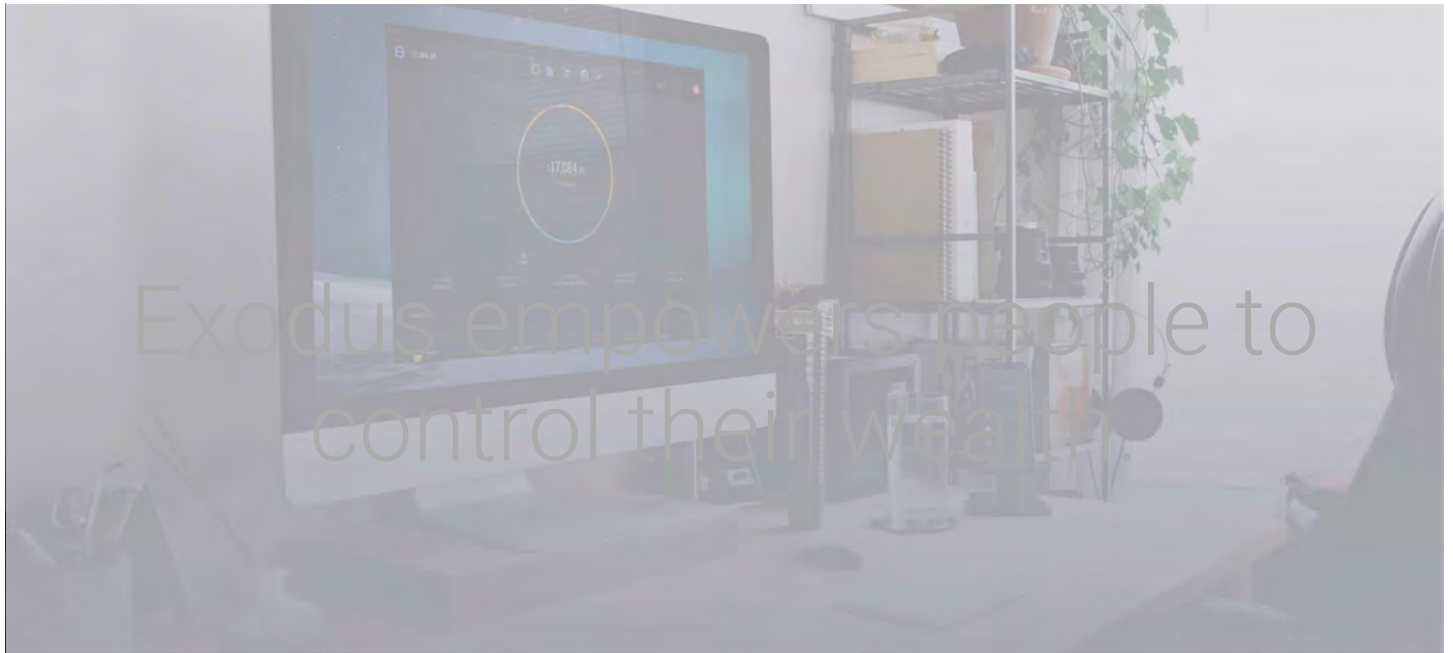
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01

Safe

02

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03

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2015

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## Leadership

Exodus was founded in 2015 by JP Richardson and Daniel Castagnoli. JP brings the technical magic behind the scenes to Exodus. JP has published [over 200 open source libraries](#) and has written code in use by most Bitcoin and cryptocurrency software on the web today. On the creative side, from subtle sounds to smooth animations, Daniel oversees each detail of the Exodus creative process. Daniel is a master of emotional design and has designed experiences for Apple, BMW, Disney, Louis Vuitton and Nike.





## JP Richardson

### Co-Founder & CEO

Coding the technical magic behind the scenes, JP has published over 200 open source libraries and has written code in use by most Bitcoin and cryptocurrency software on the web.



## Daniel Castagnoli

### Co-Founder & President

From subtle sounds to smooth animations Daniel takes care of each detail. He is a master of emotional design and has designed experiences for Apple, BMW, Disney, Louis Vuitton and Nike.



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Help

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Customer key

Only  
Secure by





## Security Features and Program

Exodus has a team of world-class security experts, including top 10 HackerOne researchers on staff. Dedicated teams focus on attacker simulation, cloud security, and application security. These teams drive secure architecture and development via our secure software development lifecycle (SSDLC), lead cloud security best practices, and work to adopt and improve leading security frameworks.



## Self-Custody, Always

Exodus doesn't have access to your private keys; therefore we can't gain access to your crypto. This is a fundamental philosophy throughout our development process and core to our company culture.

Customer key autonomy is a fundamental right for a secure self-custodial wallet.



## Secure By Design

Exodus develops all of our products using the latest secure design principles, and provides security training and guidance via our SSDLC, as well as via direct consultation and product design review. Our dedicated manual audit process and secure tooling and automation ensure customers' assets are safe.





## Only Trusted Code

Exodus leverages open-source software, allowing us to collaborate with the community, accelerate innovation, and adopt new technologies. Before shipping Exodus products to customers, our team conducts manual audits of all open-source dependencies to find potential risks and vulnerabilities.

How to keep your crypto safe

[MORE INFO](#)

## Reporting Security Findings and Bug Bounty

Exodus' coordinated vulnerability disclosure program is operated via our bug bounty with HackerOne. Find our program here: [Exodus HackerOne Bounty](#). Program details and bounty award ranges are

detailed there. Please be sure to review our policies and scope before submitting your findings.

You can also share your report via email to: [bugbounty@exodus.com](mailto:bugbounty@exodus.com). If you feel there's sensitive data that needs to be encrypted, feel free to use our OpenPGP key found below.

```
-----BEGIN PGP SIGNED MESSAGE-----
```

```
Hash: SHA256
```

```
Verify:
```

```
- - - https://keybase.io/exodusmovement/pgp\_keys.asc?
```

```
fingerprint=ef2ccd36c16a8b90da1932e0926dc59fbb75b328
```

```
- - - https://keybase.io/exodusmovement
```

```
NOTE:
```

```
Future releases may also be signed with the following key instead:
```

```
- - - https://keybase.io/jprichardson/pgp\_keys.asc?
```

```
fingerprint=12408650e2192febe4e7024c9d959455325b781a
```

```
- - - https://keybase.io/jprichardson
```

Great

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Support

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Company

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Past performance is not indicative of future results. Any investment in blockchain assets involves the risk of loss of part or all of your investment. The value of the blockchain assets you swap is subject to market and other investment risks.

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Supported Assets  
(364)






























Crypto Status






























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Digital Asset	Support				Swap Status	
	Mobile	Desktop	Trezor	Web3	Swap	Details
 <b>BTC</b>						Available
 LNBTC						
 ETH All (5) ▾						Available
 ETH AURORA						
 fUSDT FTM						
 USDT All (9) ▾						Available
 USDT.e AVAXC						Unavailable
 DLLR RSK						
 <b>XRP</b>						Available
 BNB All (2) ▾						Available






























 USDC	All (10)	∨		Available
 stETH	ETH			Available
 <u>DOGE</u>				Available
 ADA	All (2)	∨	3.30% APY	Available
 <u>SQL</u>			7.00% APY	Available
 <u>TRX</u>				Available
 LTC	All (2)	∨		Available
 MATIC	All (2)	∨		Available
 <u>DOT</u>				Available
 TONCOIN	BSC			Unavailable
 WBTC	All (2)	∨		Available
 SHIB	All (2)	∨		Available
 <u>BCH</u>				Available
 DAI	All (1)	∨	1.63% APY	Available
 SAI	ETH			
 AVAX	All (2)	∨		Available
 LINK	All (3)	∨		Available
 <u>XLM</u>				Available
 BUSD	All (3)	∨		Available
 LEO	ETH			Available
 UNI	All (2)	∨		Available
 <u>ATOM</u>			18.97% APY	Available
 <u>XMR</u>				Available
 TUSD	ETH			Available
 <u>ETC</u>				Available
 FIL				Available
 LDO	ETH			Available
 <u>HBAR</u>				Available
 CRO	ETH			Available






























 <b>ARB</b> ARB1		Available
 <b>VET</b>	0.99% APY	Available
 <b>NEAR</b> BSC		Available
 <b>QNT</b> ETH		Available
 <b>MKR</b> ETH		Available
 <b>AAVE</b> All (2)	∨	Available
 <b>GRT</b> All (2)	∨	Available
 <b>OP</b> NEW		Available
 <b>FRAX</b> ETH		Available
 <b>ALGO</b>	7.96% APY	Available
 <b>AXS</b> All (2)	∨	Available
 <b>THETA</b>		Available
 <b>EGLD</b>		Available
 <b>SAND</b> All (2)	∨	Available
 <b>EOS</b>		Available
 <b>XTZ</b>	5.66% APY	Available
 <b>IMX</b> ETH		Available
 <b>APE</b> ETH		Available
 <b>USDD</b> TRX		Available
 <b>MANA</b> ETH		Available
 <b>SNX</b> ETH		Available
 <b>BSV</b>		Available
 <b>FTM</b> All (1)	∨	Available
 <b>RNDR</b> ETH		Available
 <b>INJ</b> BSC		Available
 <b>CRV</b> ETH		Available
 <b>NEO</b>	0.00% APY	Available
 <b>RPL</b> ETH		Available
 <b>KAVA</b> NEW		Available





























































 USDP	ETH		Available
 CHZ	ETH		Available
 GALA	All (1)	▼	Available
 COMP	ETH		Available
 PEPE	ETH		Available
 PAXG	ETH		Available
 ZEC			Available
 GMX	ARB1		Available
 GMX	AVAXC		Available
 MIOTA	BSC		Available
 LUNC			Available
 FTT	All (2)	▼	Available
 BTT	All (1)	▼	Available
 HT	ETH		Available
 FXS	ETH		Available
 GUSD	ETH		Available
 DASH			Available
 NEXO	ETH		Available
 WOO	ETH		Available
 ZIL			Available
 DYDX	ETH		Available
 RUNE	BNB		Available
 CAKE	BSC		Available
 1INCH	All (1)	▼	Available
 ENJ	ETH		Available
 MASK	ETH		Available
 GNO	ETH		Available
 BAT	ETH		Available
 FLR	NEW		Available





























































 BONE	ETH	Available
 LRC	ETH	Available
 CVX	ETH	Available
 TFUEL	THEW	Available
 QTUM		Available
 AGIX	ETH	Available
 ENS	ETH	Available
 XEM		Available
 ANKR	ETH	Available
 OSMO		Available
 BLUR	ETH	Available
 BTG		Available
 GMT	All (2)	Available
 BAL	ETH	Available
 RVN		Available
 DCR		Available
 YFI	ETH	Available
 WAVES		Available
 HOT	ETH	Available
 OCEAN	ETH	Available
 FLOKI	BSC	Available
 JST	TRX	Available
 ICX		Available
 GNT	ETH	
 GLM	ETH	Available
 AUDIO	All (2)	Available
 BABYDOGE	BSC	Available
 JASMY	ETH	Available
 WAX	ETH	

 IOTX	BSC	Available
 ZRX	ETH	Available
 FET	ETH	Available
 ONT		17.03% APY Available
 ANTv1	ETH	
 ANT	ETH	Available
 MAGIC	ARB1	Available
 USTC	LUNC	Available
 SUSHI	ETH	Available
 BAND	ETH	Available
 LUKSO	ETH	Available
 ILV	ETH	Available
 EURS	ETH	Available
 GNS	POLYGON	Available
 FLUX	BSC	Available
 DGB		Available
 POLY	ETH	
 STG	ETH	
 STG	ETH	Available
 KNC	ETH	Available
 ACH	ETH	Available
 BRISE	BSC	Unavailable
 JOE	AVAXC	Available
 LPT	ETH	Available
 UMA	ETH	Available
 STORJ	ETH	Available
 LSK		Available
 CELR	BSC	Available
 AMP	ETH	Available

 RBTC	RSK		
 LQTY	ETH		Available
 RSR	ETH		Available
 TEL	ETH		Available
 SNT	ETH		Available
 XNO			Available
 GAL	BSC		Available
 SYN	ETH		Available
 WNXM	ETH		Available
 CVC	ETH		Available
 MTL	ETH		
 RDNT	ARB1		Available
 NMR	ETH		Available
 API3	ETH		Available
 RLC	ETH		Available
 OMG	ETH		Available
 POWR	ETH		Available
 REQ	ETH		Available
 VTHO	VET		Available
 Metis	ETH		Available
 DENT	ETH		Available
 SLP	All (2)	∨	Available
 LINA	BSC		Available
 ALI	ETH		Unavailable
 XVS	BSC		Available
 STORM	ETH		
 STMX	ETH		Unavailable
 BNX	BSC		Available
 MDX	BSC		Available






























 CHR	BSC	Available
 REN	ETH	Available
 COTI	ETH	Available
 BNT	ETH	Available
 LOOMv1	ETH	
 LOOM	ETH	Available
 SUN	TRX	Available
 MBOX	BSC	Available
 FUN	ETH	Available
 WMT	ADA	
 GHST	POLYGON	Available
 OGN	ETH	Available
 ALICE	BSC	Available
 LOOKS	ETH	
 ARK		Available
 RAY	SOL	Available
 LEASH	ETH	Unavailable
 VRA	ETH	Available
 FORTH	ETH	Available
 SUPER	ETH	Available
 CEEK	ETH	Available
 YGG	ETH	Available
 MLN	ETH	
 TLM	BSC	Available
 DODO	BSC	Available
 VGXv1	ETH	
 VGX	ETH	Available
 TRU	ETH	Available
 REEF	BSC	Available

 KIN	SOL	
 SDAO	ETH	Unavailable
 BSW	BSC	Available
 MDT	ETH	Available
 PERP	ETH	Available
 DNT	ETH	
 BLOK	POLYGON	Available
 VERI	ETH	
 GAS	NEO	Unavailable
 ALCX	ETH	Available
 AURORA	NEW	
 SRM	SOL	Available
 MXC	ETH	Available
 QI	AVAXC	Available
 OUSD	ETH	Available
 ALPACA	BSC	Available
 REPV1	ETH	
 REP	ETH	Available
 AST	ETH	Available
 OPUL	ALGO	Unavailable
 MNGO	SOL	Unavailable
 REV	ETH	
 POLIS	SOL	
 ATLAS	SOL	Available
 mSOL	SOL	Unavailable
 AURY	SOL	Unavailable
 AMB	ETH	
 FIDA	SOL	Available
 VIB	ETH	Available

	QSP	ETH	Unavailable
	FOX	ETH	Available
	VTC		
	PNG	AVAXC	Available
	BDP	ETH	Unavailable
	ANC	LUNC	Unavailable
	SALT	ETH	
	PPT	ETH	
	DRGN	ETH	
	PAY	ETH	
	GST	BSC	
	MITH	ETH	
	PLR	ETH	
	GENE	SOL	
	DFL	SOL	
	DCN	ETH	
	TNB	ETH	
	COPE	SOL	
	TULIP	SOL	Unavailable
	GVT	ETH	
	ADT	ETH	
	STBL	ALGO	
	POE	ETH	
	GUP	ETH	
	ARN	ETH	
	WETH	All (3)	Available
	EXIT	ALGO	
	GEMS	ALGO	
	SMILE	ALGO	





 VEST	ALGO		
 XET	ALGO		
 YLDY	ALGO		
 SAVAX	AVAXC		Unavailable
 BNX	BSC		
 HIGH	BSC		Available
 AION	ETH		
 APPC	ETH		
 BIT	ETH		Available
 BFT	ETH		
 BRD	ETH		Unavailable
 CBETH	ETH		
 CDAI	ETH	1.63% APY	Available
 CND	ETH		
 DGD	ETH		
 EDG	ETH		
 1ST	ETH		
 KNCL	ETH		
 LUN	ETH		
 MDS	ETH		
 MCO	ETH		
 OHM	ETH		
 QASH	ETH		
 QTUM	ETH		
 RADAR	ETH		Available
 RDN	ETH		
 rETH	ETH		Unavailable
 REV	ETH		
 RCN	ETH		



 RVT	ETH	
 SAN	ETH	Available
 SNGLS	ETH	
 SX	ETH	
 TAAS	ETH	
 TRST	ETH	
 WINGS	ETH	
 MVX	POLYGON	Unavailable
 stMATIC	POLYGON	
 ONG	DNT	Available
 stSOL	SOL	
 soBTC	SOL	
 MEAN	SOL	
 ORCA	SOL	
 soETH	SOL	Unavailable
 bLuna	LUNC	

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