



OECD International Academy for Tax Crime Investigation

*Anti-Money Laundering: Current Trends, Prosecutions,
and the Challenges around Cryptocurrencies*



QuadrigaCX

Was Quadriga a Ponzi Scheme?
Were the funds siphoned off?

Summary

- Quadriga was the largest Canadian cryptocurrency exchange with over \$250 Million in holdings (on the books).
- Founded by Omar Dhanani (Michael Patryn)
- CEO / Co-founder Gerald Cotton
- Bankruptcy in 2018
- Virtually no money was recovered

Omar Dhanani

- October, 2004
 - 20-year-old Omar Dhanani is one of 28 people arrested in connection with **Shadowcrew**, an online bazaar for **stolen credit and bank card numbers and identity information**.



Department of Justice

FOR IMMEDIATE RELEASE
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WWW.USDOJ.GOV

CRM
(202) 514-2007
TDD (202) 514-1888

NINETEEN INDIVIDUALS INDICTED IN INTERNET 'CARDING' CONSPIRACY

Shadowcrew Organization Called 'One-Stop Online Marketplace For Identity Theft'

Omar Dhanani

- **2005** - Dhanani pleads guilty
- **2006** – Sentenced to 18 months in federal prison and three years supervised release.
- **2007** - Dhanani is released from prison and deported to Canada. Dhanani changes his name to Michael Patryn.
- **2013** — QuadrigaCX is incorporated in Vancouver, B.C. (“Michael Patryn” is a co-founder along with 25-year-old Gerald Cotten.)
- **2015** – Quadriga becomes the largest Exchange in Canada

The growth of Quadriga

- **2016** - Michael Patryn leaves Quadriga and splits ways with Gerald Cotten.
- **2017**
 - Quadriga customers begin reporting delays in getting cash off the exchange.
 - Quadriga announces that it has *lost control* over 67,000 ETH.
- **November, 2018** - Cotten and wife Jennifer Robertson arrive in New Delhi to celebrate their honeymoon
- **December, 2018** - Cotten falls ill and passes away

Control over the assets

Gerald Cotton's laptop is encrypted.

**All the private keys for Quadriga's
Bitcoin Addresses are on his laptop.**

**No one else has access to his passwords
or backups to his wallets**

ASSETS EXERCISE

Quadriga's Lost Ethereum

<https://etherscan.io>

0x1e143b2588705DfEA63A17f2032CA123dF995CE0

1. What is the current ETH Balance for the address?
2. What is the ETH's current Value?
3. Is the address a “Contract Address” or an “Externally Owned Address”? (Contract addresses will say “Contract” in front of them.)
4. **Click on the Analytics tab.** Does it look like someone at Quadriga:
 - Stole the ETH at the address?
 - Lost control over the ETH at the address?



Eth: \$1,323.68 (-0.10%) | 26 Gwei



Contract 0x1e143b2588705DfEA63A17f2032CA123dF995CE0

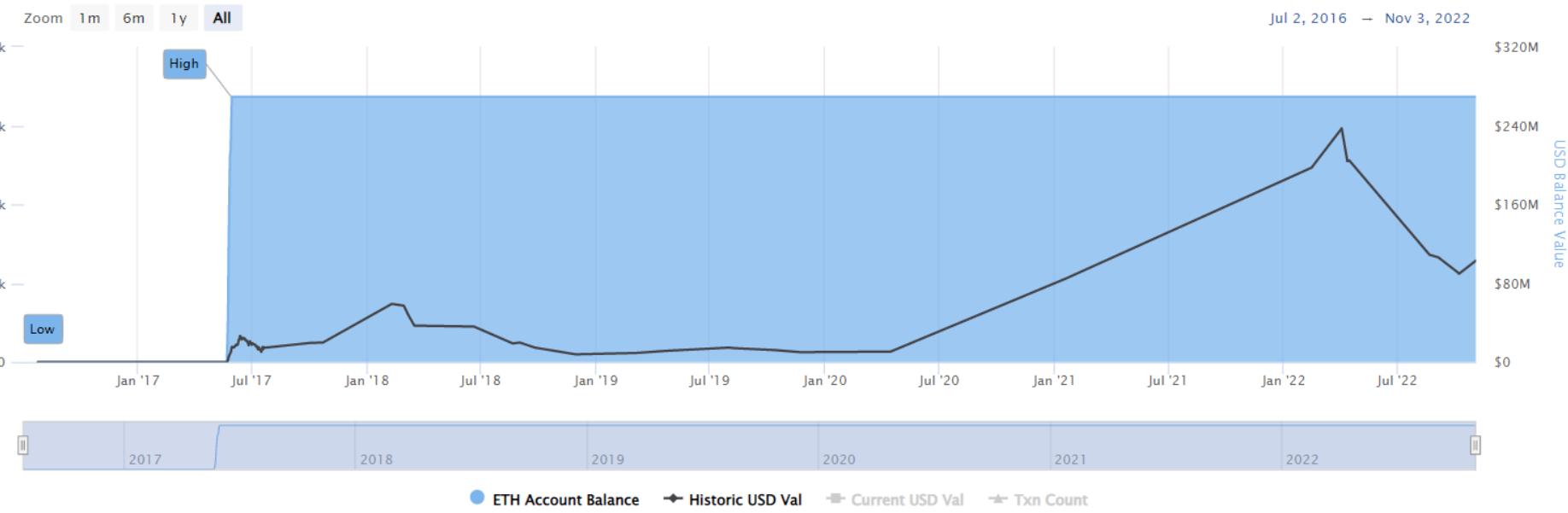


Sponsored:  - [Winz.io](#) - Best Mobile Crypto Casino With Zero Wagering Bonuses.

Contract Overview

Balance: 67,317.257581981046981599 Ether

Ether Value: \$89,106,507.52 (@ \$1,323.68/ETH)



Quadriga's Bitcoins Exercise

<https://bitinfocharts.com/bitcoin/>

1JPtxSGoekZfLQeYAWkbhBhkr2VEDADHZB

1ECUQLuioJbFZAQchcZq9pggd4EwcpuANe

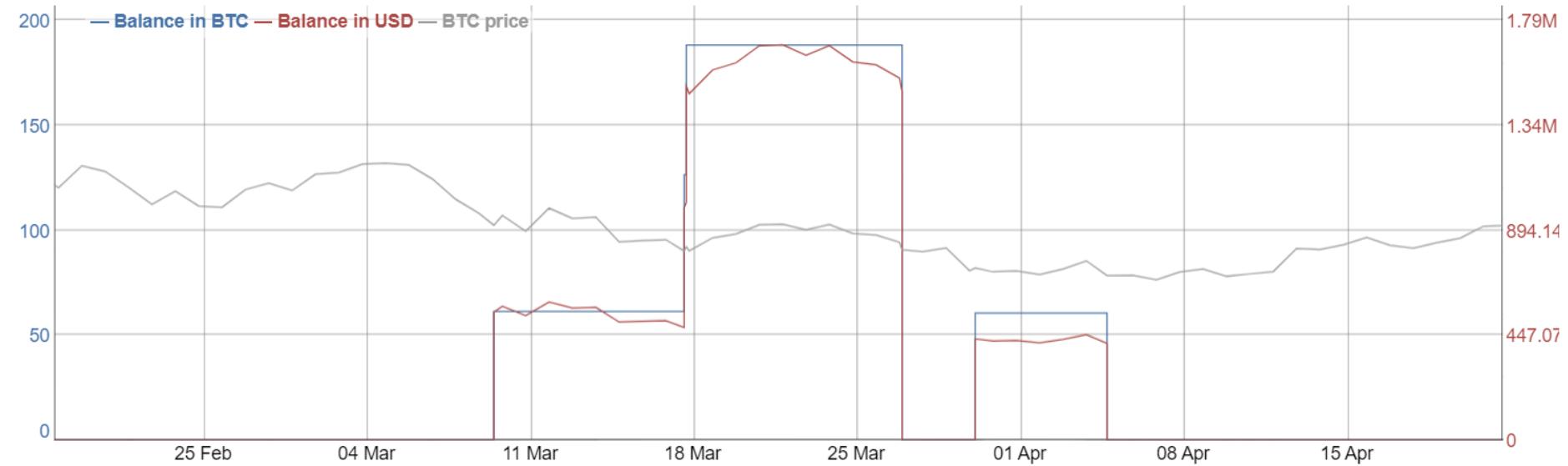
1J9Fqc3TicNoy1Y7tgmhQznWrP5AVLXj9R

1HyYMMCdCcHnfjwMW2jE4cv9qVkJDFUzVa

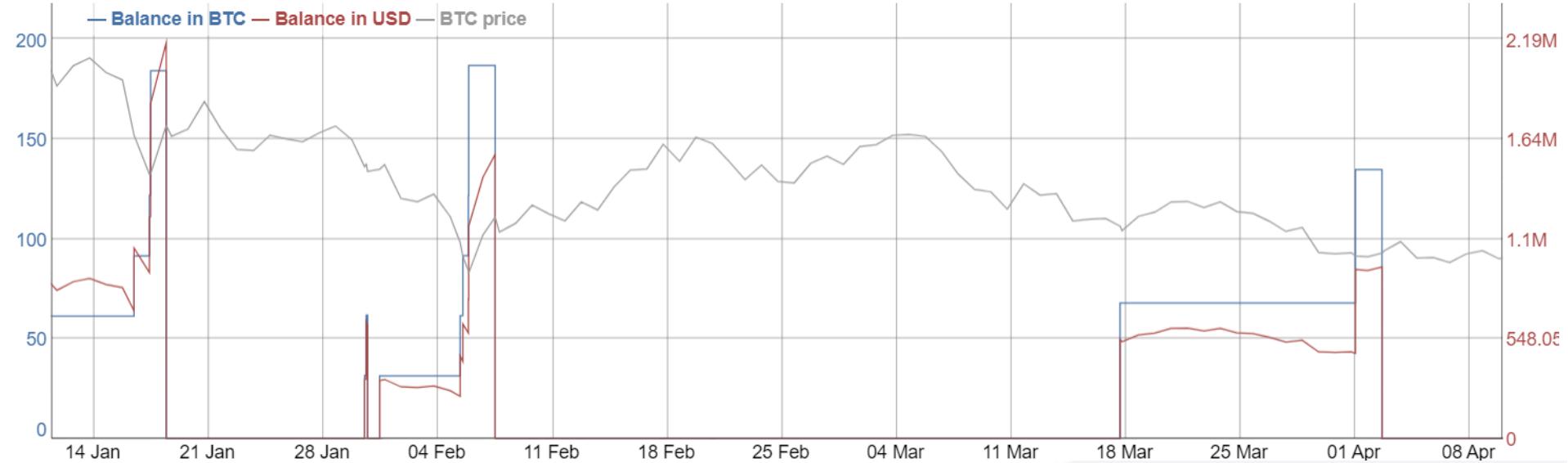
1JZJaDDC44DCKLnezDsbW43Zf8LspCKBYP

1. Open the addresses in different tabs.
2. What was the maximum BTC held at each address at any one time?
3. What was the maximum USD value at each address at any one time?
4. Did anything significant happen to the address holdings in 2018?
5. When was the last time the addresses sent any BTC to another address?

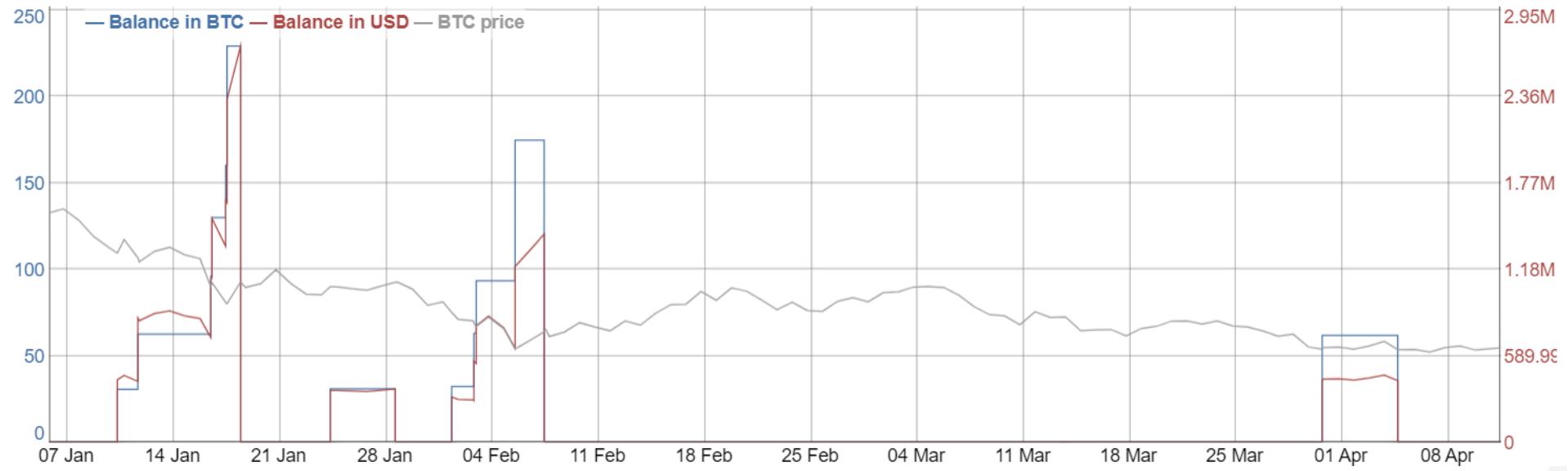
1JPtxSGoekZfLQeYAWkbhBhkr2VEDADHZB balance chart



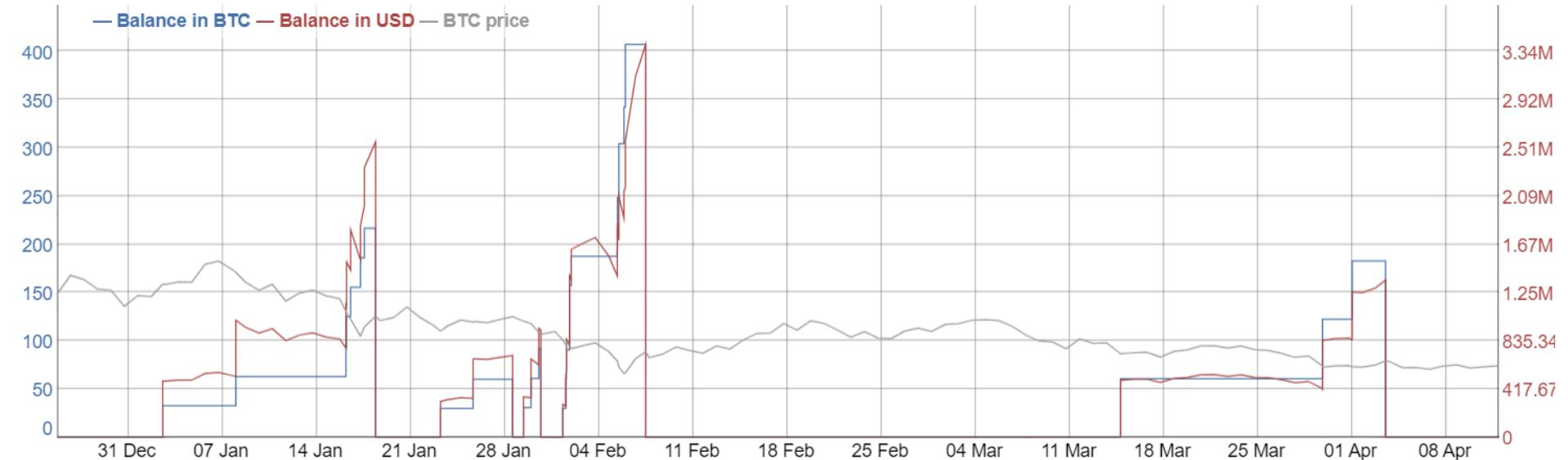
1ECUQLui0JbFZAQchcZq9pggd4EwcpuANe balance chart



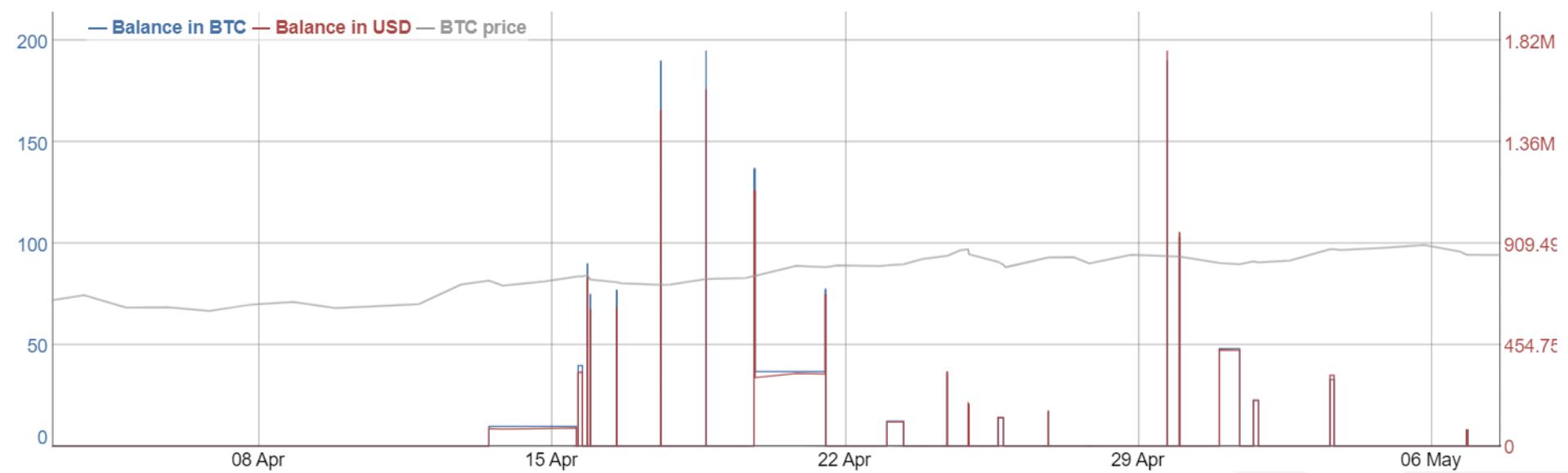
1J9Fqc3TicNoy1Y7tgmhQznWrP5AVLXj9R balance chart



1HyYMMCdCcHnfjwMW2jE4cv9qVkvVDFUzVa balance chart



1JZJaDDC44DCKLnezDsbW43Zf8LspCKBYP balance chart



Quadriga was supposed to be holding over \$200 Million dollars in Bitcoins.

1. If you add together the maximum value held in each of the addresses, how many dollars worth of Bitcoins does it amount to?
2. Is it anything close to \$200 Million?