



COURT FILE NUMBER 2401-00457  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANTS CATALX CTS LTD. and HYUK JAE PARK  
RESPONDENTS CATALX CTS LTD. and CATALX MANAGEMENT LTD.

DOCUMENT **PROPOSED RECEIVER'S REPORT**  
**DATED JANUARY 17, 2024**

**PREPARED BY DELOITTE RESTRUCTURING INC.**

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File No.: 75083-3

Proposed Receiver

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## Introduction and Background

1. CatalX CTS Ltd. (formerly Catalx Exchange Inc.) ("**Catalx**") is a private company, originally incorporated in the Province of British Columbia on February 5, 2018 which, continued into Alberta on September 10, 2019. Based on an Alberta corporate registry search, Catalx is owned by five (5) voting shareholders as follows:

Shareholder	Shareholdings (%)
Bittrex Global (Bermuda) Ltd	16.60%
Bittrex Global GMBH	13.59%
Jae Ho Lee	27.34%
Mobilum Technologies Inc.	13.12%
Hyuk Jae Park	27.34%
<b>Total Shareholdings</b>	<b>97.99%</b>

2. Catalx operated an internet-based platform for the trading of crypto assets, which enables customers to buy, sell, hold, deposit, and withdraw crypto assets such as Bitcoin, Ether, and anything commonly considered to be a crypto asset, digital or virtual currency, or digital or virtual token (collectively, "**Crypto**").
3. Catalx Management Ltd. ("**CML**") is a private company incorporated in British Columbia on August 28, 2018 and is owned 50% by Mr. Hyuk Jae Park ("**Mr. Park**") and 50% by Mr. Jae Ho Lee. CML is also extra-provincially registered in Alberta. CML provided business administration and management services exclusively to Catalx, including but not limited to administrative, management, regulatory, finance, information technologies support and corporate communication functions.
4. Additional background information with respect to Catalx and CML (collectively, the "**Companies**") can be found in the affidavit sworn by Mr. Park in these proceedings dated January 10, 2024 (the "**Park Affidavit**").
5. Deloitte Restructuring Inc. has consented to act as a receiver-manager of Catalx pursuant section 13(2) of the *Judicature Act*, RSA 2000, c J-2 (the "**Judicature Act**"), and section 99(a) of the *Business Corporations Act*, RSA 2000, c B-9 (the "**ABCA**"). Deloitte has also consented to act as receiver-manager of CML pursuant to section 39 of the *Law of Equity Act*, RSBC 1996, c. 253 (the "**LEA**"). The consent to act as a receiver is attached as **Appendix "A"**.

## Purpose

6. Deloitte Restructuring Inc. (the "**Proposed Receiver**") understands that application materials have been filed with the Court by Catalx and Mr. Park. The application is schedule to be heard on January 19, 2024, (the "**Application**"), and is seeking an order (the "**Receivership Order**"):
  - a) appointing the Proposed Receiver as receiver-manager of all of the assets, undertakings, and properties of Catalx pursuant to section 13(2) of the Judicature Act and section 99(a) of the ABCA;
  - b) appointing the Proposed Receiver as receiver-manager of all of the assets, undertakings, and properties of CML pursuant to section 39 of the LEA; and
  - c) such further and other relief as this Court deems just and appropriate.

Further background and information regarding the Companies and the receivership proceedings will be made available on the Proposed Receiver's website, if the Receivership Order is granted, at <https://insolvencies.deloitte.ca/en-ca/Pages/Catalx.aspx>.

## Terms of Reference

7. In preparing this Proposed Receiver's report (this "**Report**"), the Proposed Receiver has relied upon unaudited financial information prepared by the Companies' management, the Companies' books and records, and discussions with the Companies' management. The Proposed Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Proposed Receiver expresses no opinion or other form of assurance in respect of the information. The Proposed Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this Report.
8. Certain information referred to in this Report is based on management's estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and consequently no assurance can be provided regarding the forecasted or projected results. Indeed, the reader is cautioned that the actual results will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant.
9. The Proposed Receiver has prepared this Report in connection with the Application. This Report should not be relied on for any other purpose.
10. The Proposed Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this Report. Any use, which any party makes of this Report, or any reliance or decision to be made based on this Report, is the sole responsibility of such party.
11. Capitalized terms not otherwise defined herein are as defined in the Application materials, including the Park Affidavit. This Report should be read in conjunction with the Park Affidavit as certain information has not been included herein to avoid unnecessary duplication.
12. All dollar amounts in this Report are in Canadian dollars, unless otherwise indicated.

## Operations

13. Catalx operated its platform for Crypto trading in reliance on certain liquidity, custodial and technology services provided by its platform-support supplier, Bittrex Global GMBH ("**Bittrex Global**") and its affiliates. In addition to other services provided to Catalx, Bittrex Global processed trades for Catalx's clients and served as custodian for the Crypto assets held by Catalx's customers.
14. On November 20, 2023, Bittrex Global publicly announced its decision to wind-down its operations and cease the provision of all trading services effective as of December 4, 2023.
15. Catalx determined it was not feasible for it to continue to operate its platform without the support of Bittrex Global and, as a result, on December 4, 2023, in conjunction with Bittrex Global, Catalx decided to commence an orderly wind-down of its business and operations.
16. In addition to the wind down of Bittrex Global, Catalx had several other factors contribute to its operations being ceased including, but not limited to:
  - a) On or around November 24, 2023, Catalx ceased allowing withdrawals of customer deposits due to liquidity constraints;
  - b) The Companies' financial obligations were not being met as they became due, including missing payroll for what the Proposed Receiver understands to be 12 employees of CML on December 1, 2023, December 15, 2023, and December 29, 2023;

- c) Extraordinary events, including a suspected security breach and alleged misappropriation resulting in the loss of a portion of the Crypto assets held by Catalx on behalf of its customers; and
- d) Customer complaints filed with the Alberta Security Commission ("**ASC**") which led to the ASC opening an investigation and issuing a Cease Trade Order on December 21, 2023, which was subsequently extended on January 5, 2024.

## Engagement of Deloitte

- 17. On December 21, 2023, Miller Thomson LLP, legal counsel for the Companies, engaged Deloitte LLP to provide independent and impartial forensic and investigative services in connection with the tracing of Crypto transactions and the location(s) of the Crypto assets that were to be held by Catalx on behalf of its customers.
- 18. On December 21, 2023, the Companies also retained Deloitte Restructuring Inc. to assist the Companies with an orderly wind-down of the business.
- 19. In the event Deloitte Restructuring Inc. is appointed receiver-manager of the Companies, the existing engagement of Deloitte Restructuring Inc. will be concluded, and Deloitte LLP's forensic investigation contract will be taken on and continued by the receiver-manager.
- 20. Deloitte LLP and Deloitte Restructuring Inc. (collectively "**Deloitte**") have been working with former employees and Mr. Park to gather the Companies' books and records and secure web-based accounts. As at the date of this Report, Deloitte has undertaken and performed the following activities:
  - a) Corresponded with Mr. Park and the Companies' legal counsel to discuss options available to the Companies, and to plan for an orderly wind-up process;
  - b) Prepared a forensic investigation plan in response to the allegations of misappropriation of customer Crypto assets;
  - c) Prepared and circulated preliminary information requests, attached hereto as **Appendix "B"**, to Mr. Jae Ho Lee, a former Director and the Companies' former Chief Financial Officer (the "**CFO**"), and former key employees and service providers;
  - d) Initiated discussions with certain former key employees regarding various matters, including wind-down activities;
  - e) Correspondence with legal counsel for Bittrex Global;
  - f) Assisted with securing access to various web-based accounts that hold transaction and other data;
  - g) Corresponded with the former CFO to obtain custody of the Companies' login credentials for Bittrex Global;
  - h) Conducted a preliminary review of blockchain transactions;
  - i) Engaged Burnett, Duckworth Palmer LLP as Deloitte's legal counsel; and
  - j) Prepared this Report.

## Primary Assets and Liabilities

21. Due to outstanding information requests, the early stage of the forensic investigation, and the limited books and records available to Deloitte at the date of this Report, Deloitte is unable to verify the quantum of all the assets and liabilities held by the Companies at this time.
22. Based on Deloitte's preliminary review of the current financial state of the Companies, it is evident that the Companies had insufficient working capital to maintain the day-to-day operations and were unable to meet their financial obligations as they became due such that employees and service providers were not being paid and customer withdrawals had been ceased.

## Conclusions and Recommendations

23. Based on the foregoing, the Proposed Receiver is of the view that the relief being sought by Catalx and Mr. Park is reasonable.

\* \* \*

All of which is respectfully submitted at Calgary, Alberta this 17<sup>th</sup> day of January 2024.

**DELOITTE RESTRUCTURING INC.,**  
solely in its capacity as Proposed Receiver-Manager  
of the Companies (as defined herein)  
and not in its personal or corporate capacity

Per:



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Cassie Poon, CIRP, LIT  
Senior Vice President

# APPENDIX "A"



COURT FILE NUMBER 2301 -  
COURT COURT OF KING'S BENCH  
OF ALBERTA  
JUDICIAL CENTRE CALGARY  
IN THE MATTER OF THE RECEIVERSHIP OF  
CATALX CTS LTD. and CATALX MANAGEMENT LTD.  
APPLICANT CATALYX CTS LTD. and HYUK JAE PARK  
RESPONDENTS CATALYX CTS LTD. and CATALYX MANAGEMENT  
LTD.

DOCUMENT: **CONSENT TO ACT AS RECEIVER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT MILLER THOMSON LLP  
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**TAKE NOTICE THAT** Deloitte Restructuring Inc., if so appointed by the Court of King's Bench, hereby consents to act as Court-appointed receiver pursuant to section 13(2) of the *Judicature Act*, RSA 2000, c. J-2, and section 99(a) of the *Business Corporations Act*, RSA 2000, c. B-9 (the "**ABCA**") and section 39 of the *Law and Equity Act*, RSBC 1996, c. 253, over the current and future assets, undertakings and properties of every nature and kind whatsoever, including all proceeds thereof for Catalx CTS Ltd. and Catalx Management Ltd.

**DATED** at Calgary, Alberta and effective this 9 day of January, 2024.

**DELOITTE RESTRUCTURING INC., LIT**

Per: 

Cassie Poon, Partner

# **APPENDIX "B"**

# Catalx CTS Ltd. - Preliminary Information Request List

17-Jan-24

Pursuant to the engagement of Deloitte Restructuring Inc. by Catalx CTS Ltd. to assist the Catalx CTS Ltd. and its subsidiaries (collectively "Catalx") in preparing for an orderly wind-down, we require the following information. This list is not intended to be exhaustive and other information may be requested during our review.

Item #	Description	Catalx CTS Ltd.	Catalx Management Ltd.
1	Annual Financial Statements for 2021, 2022, and 2023		
2	Corporate Tax Returns for 2021 and 2022		
3	Soft copy in excel format of monthly financial results (income statement, balance sheet and cash flow if available) for 2021, 2022, and 2023		
4	Investor listing including name, address, email, account numbers and account balances.	In progress	
5	Creditor listing including contact information, account numbers, and balances owing.	In progress	
6	Detailed fixed asset listing/register as well as details of any assets that have been disposed of within the past year		
7	A list summarizing all lease agreements held including a copy of each lease <ul style="list-style-type: none"> <li>•Operating leases</li> <li>•Capital leases</li> <li>•Premise leases</li> </ul>		
8	A copy of all management agreements and organizational charts.		
9	A list of all insurance policies held including: <ul style="list-style-type: none"> <li>•Policy number</li> <li>•Broker contact information</li> <li>•Balance of outstanding premiums</li> <li>•List of outstanding claims or litigations</li> <li>•Copy of each policy</li> </ul>	In progress	
10	Information on any outstanding insurance claims, pending litigation or liens filed		
11	A list of all Canada Revenue Agency ("CRA") accounts: <ul style="list-style-type: none"> <li>•Corporate tax account numbers</li> <li>•GST account numbers</li> <li>•Payroll account numbers</li> </ul>	Business number 771114675	
12	Confirm the status of each CRA account including: <ul style="list-style-type: none"> <li>•Are filings up-to-date</li> <li>•A copy of the most recently filed return</li> <li>•Balance of amounts owing or refunds being held</li> <li>•Copies of the most recent Notice of Assessments</li> </ul>		
13	List of all employees, including their position, length of employment, salary and other compensation and contact information.	N/A	
14	List of any outstanding amounts due to employees for payroll/ vacation pay.	N/A	
15	Copies of T4s for 2023 and records of employment for all employees	N/A	
16	List of all software used, including login and password information, crypto keys, etc.	In progress	

# Catalx CTS Ltd. - Preliminary Blockchain Forensics Request List

29-Dec-23

Pursuant to the engagement of Deloitte Restructuring Inc. by Catalx CTS Ltd. to assist the Catalx CTS Ltd. and its subsidiaries (collectively "Catalx") in preparing for an orderly wind-down, we require the following information. This list is not intended to be exhaustive and other information may be requested during our review.

<b>Item #</b>	<b>Description</b>	<b>Catalx CTS Ltd.</b>	<b>Catalx Management Ltd.</b>
1	Trade Activity- Processed both through API and their Direct User Interface, separated, with Transaction IDs and/or wallet addresses. If recorded, the IP address of each transaction (this may be different to the Login activity)		
2	Crypto Deposit and Withdrawal Activity- Processed both through API & their Direct User Interface, separated if possible, with Transaction IDs and/or wallet addresses. If recorded, the IP address of each transaction (this may be different to the Login activity)		
3	Fiat and Representative Money Deposit and Withdrawal Activity- Processed through their Direct User Interface.		
4	All correspondence relating to account creation requests, regardless of success, relating to Crypto Currency from the CFO or persons representing CatalX from the date of corporation		
5	Personal Transaction IDs and/or Wallet Addresses of all transactions depositing or receiving payment related to Catalx or business related matters. (example could be a seed fund or temporary hold of personal funds)		
6	Access with Keys, to any physical device (such as Trezor) which either held or could have held funds related to Catalx or funds held relating to business matters related to Catalx		
7	Information relating to any ICO or NFTs which Catalx was directly involved, either through promotion or direct offering.		