



**BLOCKCHAIN  
INTELLIGENCE  
GROUP**

# **Platform Due Diligence Report**

**November 14, 2022**



Blockchain Intelligence Group  
[www.blockchaingroup.io](http://www.blockchaingroup.io)

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## Introduction to Blockchain Intelligence Group

BIG - Blockchain Intelligence Group is a search and analytics company providing risk and compliance solutions to the blockchain and virtual asset ecosphere. Blockchain Intelligence Group, a public company trading on the Canadian Stock Exchange as BIGG has been providing data, analytics and investigation tools since 2015.

CSE: BIGG

OTC: BBKCF

WKN: A2JSKC

## Purpose Scope Methods

This review provides a third party, unbiased and objective review of the counterparty risk associated with using the **Coinberry**. This analysis includes historical research as well as current research and analytics to provide a comprehensive and chronological review of the entity. Key metrics in the review include but are not limited to the following:

- High-Risk Business Activities
- KYC/AML Policy and Implementation
- Company Registration Status
- Virtual Asset Service Provider Licensing Status
- Jurisdictional Risk
- Adverse Media
- Sanctions
- Regulatory or Law Enforcement Actions
- Offering Goods or Services on Darknet Markets
- Associated with Criminal Activities
- Associated with Terrorism or Extremist Groups
- Requires Encrypted Communication to Obtain Service

### **Proof of Reserve Audit:**

- Assessment of Coinberry's Client Funds in Cold Storage

## Confidentiality

This Enhanced Due Diligence report is private and confidential and may not be disseminated to any third party. The information supplied is for the sole purpose of providing a third-party assessment of the Coinberry Platform, and to provide assurance to its clients that their funds are stored securely and backed up 1:1.

## Entity Review

**Entity:** Coinberry  
**Type of Service:** Virtual Asset Service Provider  
**Primary Location:** Toronto, Ontario, Canada  
**Company Type:** Privately Held

**AML/TF Score:** 100 – Low Risk

Coinberry, founded in 2017, is one of Canada’s largest virtual asset service providers, with over 220,000 registered users and \$1 billion in trading volume.<sup>1</sup> The platform offers trading in over 29 cryptocurrencies. Coinberry operates out of Toronto.

Coinberry is registered with FINTRAC as a Money Service Business (“MSB”), registered as a “restricted dealer” with the Ontario Securities Commission and is an insured platform that adheres to “The Personal Information Protection and Electronic Documents Act (PIPEDA)”.<sup>2</sup>

During our review of Coinberry, the platform expressed that it holds over 80% of its client’s funds in a secure cold-wallet storage provided by Gemini. Coinberry released its primary cold wallet addresses for Blockchain Intelligence Group to review and validate. The results of the reviewed addresses for this cold wallet proof of reserve are below.

Crypto Device	Total Coinberry Customer Funds <sup>3</sup>	Crypto Funds in Cold Wallet Storage <sup>4</sup>	Fiat Value of Cold Wallet Storage	Percentage of Funds in Cold Storage	Audit Timestamp
AAVE	██████	██████	██████	94.67%	11-11-2022 16:55
BAT	██████	██████	██████	100%	11-11-2022 16:55
BCH	██████	██████	██████	100%	11-11-2022 17:06
CRV	██████	██████	██████	100%	11-11-2022 16:55
DOGE	██████	██████	██████	94.28%	11-11-2022 17:07
ETH	██████	██████	██████	96.74%	11-11-2022 16:55
BTC	██████	██████	██████	95.26%	11-11-2022 17:08

<sup>1</sup> <https://www.coinberry.com/about>

<sup>2</sup> <https://www.coinberry.com>

<sup>3</sup> Coinberry Limited has transparently and proactively furnished all relevant compliance and company information to Blockchain Intelligence Group to facilitate an easier review process.

<sup>4</sup> Information gathered using Blockchain Intelligence Group Compliance Suite

LTC				93.05%	11-11-2022 17:08
SAND				92.27%	11-11-2022 16:55
UNI				90.74%	11-11-2022 16:55
USDC				93.37%	11-11-2022 16:55
COMP				95.89%	11-11-2022 16:55
FTM				90.25%	11-11-2022 16:55
GRT				91.02%	11-11-2022 16:55
SHIB				93.67%	11-11-2022 16:55
LINK				90.59%	11-11-2022 16:55
BAL				90.80%	11-11-2022 16:55
YFI				91.31%	11-11-2022 16:55
MANA				91.64%	11-11-2022 16:55
MATIC				90.85%	11-11-2022 16:55
ENJ				90.53%	11-11-2022 16:55
SNX				90.92%	11-11-2022 16:55
GALA				90.88%	11-11-2022 16:55
AXS				91.13%	11-11-2022 16:55
LRC				91.04%	11-11-2022 16:55
MKR				92.74	11-11-2022 18:26
NEAR				90.80%	11-11-2022 19:23
TRX				92.06%	11-11-2022 17:14
ADA				90.78%	11-11-2022 18:28
ATOM				97.57%	11-11-2022 17:19
DOT				92.21%	11-11-2022 17:20
XLM				90.65%	11-11-2022 17:21
ALGO				98.77%	11-11-2022 17:24

ZEC				90.60%	11-11-2022 17:26
AVAX				91.90%	11-11-2022 17:26
RUNE				91.35%	11-11-2022 17:29

As shown in the table above, Coinberry meets and exceeds its mandate requiring 80% of customer funds to be held in cold wallet storage. The percentages of customer funds held in cold wallet storage for all currencies exceeds 90% with Bitcoin, Ethereum, Bitcoin Cash, Basic Attention Token, Curve DAO Token, Compound, Cosmos, and Algorand exceeding 95%. In total, 96.28% of Coinberry's client funds across all tokens are stored in their cold wallet storage.

Coinberry Limited is committed to preventing, detecting, and deterring money laundering and terrorist financing (ML/TF) activities. The platform administers its Anti-Money Laundering policy by requiring its customers to fulfill KYC requirements upon registration.

Coinberry requires its users to be verified before they can use the platform. Verification includes furnishing an official ID document and going through video verification. Once this is done, the platform asks eight questions to assess the investor's suitability. These include questions about the user's risk tolerance, the percentage of net liquid assets they intend to invest on the platform, their annual income and total net worth, etc.

Legally operating as "Coinberry", Coinberry Limited. is a subsidiary of WonderFi Technologies Inc. (TSX: WNDR), a publicly traded company in Canada. WonderFi is backed by strategic investors such as Canadian entrepreneur and TV personality Kevin O'Leary.

Currently, Coinberry only offers its services to Canadian users. Its products include a dollar-cost averaging trading strategy called Coinberry autopilot, and Coinberry Pay for merchants to accept payments in Cryptocurrencies. These products are delivered through Coinberry's website and app.

### Adverse Media:

While screening for adverse media identified with Coinberry only one recent negative news report surfaced while other media reports were largely positive. Notable adverse and propitious media reports identified are as follows:

**Sep 8, 2022 (Coindesk)** – Following a software glitch in 2020, Coinberry sued 50 individuals who together withdrew 120 bitcoins (BTC). A fault in Coinberry's Interfac e-transfer software upgrade allowed users to siphon off the bitcoin with Canadian dollars that were on their way but hadn't yet been received by Coinberry, according to a court

document seen by CoinDesk. Over 500 users first took advantage of the flaw, and 37 bitcoins were later returned at Coinberry's request.<sup>5</sup>

**July 4, 2022 (Coindesk)** – After being approved to trade on the Toronto Stock Exchange last week, cryptocurrency marketplace WonderFi (WNDR) concluded its \$30 million acquisition of Canadian cryptocurrency trading platform Coinberry on Monday. At the opening, the shares increased by almost 9%. According to WonderFi, the purchase has received approval from the Ontario Securities Commission, Competition Bureau Canada, and other provincial regulatory bodies.<sup>6</sup>

**August 23, 2021 (Blockworks)** – Coinberry announced today that it has become a registered securities dealer with the Ontario Securities Commission. This provincial registration means that Coinberry also get a subsequent national registration from the Canadian Securities Association.<sup>7</sup>

**March 28, 2019 (Business Wire)** – The Town of Innisfil will be the first local government in Canada to accept cryptocurrency as a means of paying real estate taxes as Coinberry Limited offers the service to locals as part of a one-year trial project, as approved by the Innisfil Council.<sup>8</sup>

### Management Team:

A search of the U.S. Treasury's Office of Foreign Assets Control sanctions database examining Coinberry as well as associated members of senior management yielded no relevant results.<sup>9</sup>

- **Adam Garetson – President**

Mr. Garetson is the President and ultimate designed person of Coinberry, as well as the General Counsel and Chief Legal Officer of WonderFi. He has over a decade of experience practicing law at top law firms and financial institutions. He holds his Law Degree from the University of Manitoba and holds a bachelor's degree from the University of Waterloo.

- **Taha Jalil –Software Development**

Mr. Jalil worked as a Software Developer at Filament Creative Inc. and QuantLayer in the past. He joined Coinberry as a Software Developer in May

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<sup>5</sup> <https://www.coindesk.com/business/2022/09/08/canadian-crypto-exchange-coinberry-files-lawsuit-against-50-users-after-losing-120-btc/>

<sup>6</sup> <https://www.coindesk.com/business/2022/07/04/wonderfi-closes-acquisition-of-crypto-trading-platform-coinberry-may-explore-more-ma/>

<sup>7</sup> <https://blockworks.co/canadas-coinberry-gets-securities-regulatory-greenlight/>

<sup>8</sup> <https://www.businesswire.com/news/home/20190328005302/en/Town-of-Innisfil-First-Municipality-in-Canada-to-Accept-Cryptocurrency-in-Partnership-with-Coinberry>

<sup>9</sup> <https://sanctionssearch.ofac.treas.gov/>

2018. He studied Bachelor of Mathematics, Double Major in Honours Actuarial Science and Honours Statistics, and Economics Minor at the University of Waterloo.<sup>10</sup>

- **Torstein Braaten – Chief Compliance Officer**

Mr. Torstein Braaten is also the Chief Compliance Officer at Bitbuy and WonderFi. He has over three decades of experience providing compliance advice to banks and investment dealers. He holds a Bachelor of Commerce Honours from Carleton University and is a Certified Securities Compliance Professional.<sup>11</sup>

## Licensing/Regulator:

### Canada:

**Financial Transactions and Reporting Analysis Centre (FinTRAC)** – “Coinberry Limited” (d.b.a Coinberry) is registered in Canada under the Ministry of Finance as a Money Service Business and Virtual Asset Service Provider with the business ID number M18502412.<sup>12</sup>

**Canadian Securities Administrators** – “Coinberry Limited” (d.b.a Coinberry) is registered with the CSA as a “restricted dealer” in Canada. This registration is under the National Registration Database number 64300.<sup>13</sup>

**Canada Business Corporations Act** – “Coinberry Limited” is registered federally in Canada under the Canada Business Corporations Act with the business number 705095891 and registry ID Number 14178921.<sup>14</sup> “WonderFi Technologies Inc.” is registered federally in Canada under the Canada Business Corporations Act with the registry ID number BC0395777.<sup>15</sup>

**Alberta Corporate Registry** – “Coinberry Limited” is also registered with Alberta Corporate Registry under the registry ID number 2123276574.<sup>16</sup>

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<sup>10</sup> <https://www.linkedin.com/in/taha-a-jalil/>

<sup>11</sup> <https://www.linkedin.com/in/torsteinbraaten/>

<sup>12</sup> <https://www10.fintrac-canafe.gc.ca/msb-esm/public/detailed-information/msb-details/7b226d73624f72674e756d626572223a3135333237352c227072696d617279536561726368223a7b226f72674e616d65223a22636f696e6265727279222c2273656172636854797065223a317d7d/>

<sup>13</sup> <https://info.securities-administrators.ca/nrsmobile/nrssearch.aspx>

<sup>14</sup> <https://beta.canadasbusinessregistries.ca/search/results?search=%7BCoinberry%20Limited%7D&status=Active>

<sup>15</sup> <https://beta.canadasbusinessregistries.ca/search/results?search=%7BWonderfi%7D&status=Active>

<sup>16</sup> <https://beta.canadasbusinessregistries.ca/search/results?search=%7BCoinberry%20Limited%7D&status=Active>



**Locations:**

- [REDACTED]
- [REDACTED]
- [REDACTED]

**Jurisdictional Risk:**

The jurisdictional risk for the entity is measured using the Basel Institute on Governance's AML Index, an independent country ranking and risk assessment tool for money laundering and terrorist financing (ML/TF). This index includes country risk scores which are calculated based on various metrics like the countries' quality of AML/CFT framework, corruption and bribery risk, political and legal risk, financial transparency and standards, and public transparency and accountability.

- Canada is rated 4.68 which makes it a medium-risk jurisdiction.

**Regulatory Issues and Illicit Activities:**

Coinberry hasn't been subject to any material regulatory or law enforcement action. The entity also hasn't been involved in any illicit activities and doesn't have any known associations with darknet markets, and terrorist or extremist groups.

**Score Determination Factors:**

- No High-Risk Business Activities
- Identified KYC Policy – Implemented and Enforced
- Company Registration Verified in Jurisdictions of Operations
- Virtual Asset Service Provider License Obtained
- Does Not Operate in High-Risk Jurisdictions
- Adverse Media Associated with Coinberry
- No Regulatory or Law Enforcement Actions Taken Against Coinberry
- No Goods or Services Offered on Darknet Markets
- No Associations with Terrorism or Extremist Groups
- Does Not Require Encrypted Communication

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[REDACTED]

**Proof of Reserve Factors:**

- Cold Wallet Storage Audit – Average 96.28% of Funds Held in Cold Wallet Storage

Coinberry's policies explicitly describe KYC/AML procedures, which were verified at the time of review. The company and its parent organization hold the appropriate licensing and registration with the Canadian federal government and the Financial Transactions and Reporting Analysis Centre. There is very little adverse media surrounding Coinberry. Furthermore, Blockchain Intelligence Group has validated Coinberry's cold wallet reserves to meet and exceed their mandate of 80%. Based on the research findings, Coinberry is at a lower risk for theft, fraud, money laundering, sanctions evasion, and terrorist financing.