



**BLOCKCHAIN  
INTELLIGENCE  
GROUP**

# **Exchange Due Diligence Report**

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**September 29, 2021**

# **Bitvo<sup>TM</sup>**

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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 **Bitvo Platform**. This analysis includes historical research as well as current research and analytics to provide a comprehensive and chronological review of the entity. The following key areas were reviewed in this report:

- Identified KYC Policy – implemented and enforced
- Operates in High-Risk Jurisdiction
- Adverse Media
- Jurisdiction registration requirements and valid registration
- Regulatory or Law Enforcement Actions
- High Risk Business other than Virtual Assets
- Offered Goods or Services on Darknet Markets
- Cybercrime
- Associated with Terrorism
- Requires encrypted communication to obtain service

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

- Assessment of Bitvo 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 Bitvo Platform, and to provide assurance to its clients that their funds are stored securely and backed up 1:1.

## Entity Review

**Entity:** Bitvo Inc.  
**Type of Service:** Virtual Asset Service Provider  
**Primary Location:** Calgary, Alberta, Canada  
**Company Type:** Privately Held

**AML/TF Score:** 100 – Low Risk

Bitvo is a Canadian virtual asset service provider aiming to be the country's premier cryptocurrency exchange. The exchange was launched in 2018 and works towards making it easy to buy, sell and trade cryptocurrency. Bitvo gives its users a same day guarantee which means instant account set up, same day processing of deposit and withdrawal requests and live customer support 24/7. Bitvo operates out of Calgary.<sup>1</sup>

Bitvo is owned by banking and security experts who emphasize on providing its users a transparent and secure service. To this end, Bitvo has authorized Blockchain Intelligence Group to conduct a forensic analysis of their platform.

Bitvo's security policy has a mandate of 95% to 100% of its client's funds and 90% of aggregate funds (including its own inventory) to be securely custodied in segregated cold-wallet storage.<sup>2</sup> Bitvo has released its primary cold wallet addresses for Blockchain Intelligence Group to review and verify. The results of the reviewed addresses for this cold wallet proof of reserve are below.

Fiat Value of Total Bitvo Funds <sup>3</sup>	Fiat Value of Cold Wallet Storage	Percentage of Funds in Cold Storage	Audit Timestamp
\$16,948,935.19	\$16,153,640.53	95.31%	9/23/21 13:19 MST

As shown in the table above, Bitvo meets and exceeds its mandate requiring 90% of overall funds to be held in cold wallet storage. BTC, ETH and XRP make up over 97% of Bitvo's overall reserve. A cold wallet reserve of over 90% is maintained in all three of these currencies with the BTC and ETH cold wallet reserves being over 96% each of the total reserve in these cryptocurrencies.

Bitvo diligently tries to protect its customers and warn its potential customers and existing clientele of the inherent risks and potential losses that can occur in the crypto space due

<sup>1</sup> <https://www.linkedin.com/company/bitvoexchange/about/>

<sup>2</sup> <https://www.bitvo.com/security/>

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

to market vulnerabilities and volatility. The site’s user agreement includes clauses that provide clarity regarding the potentially high-risk nature of virtual assets.<sup>4</sup>

Bitvo has an Anti-Money Laundering (AML) program which it mentions in its user agreement. Bitvo requires its users to furnish their personal information so that they can be verified in accordance with its AML program. This identity verification process may involve a third-party service provider. Bitvo doesn’t serve “politically exposed persons”, “politically exposed foreign persons”, “heads of an international organization” or any family member or associate of such a person as defined under AML legislation. Bitvo may, directly or through a third-party service provider, conduct screening and due diligence on the source of any Funds deposited in their client’s Bitvo Accounts and may decide to freeze funds or take any other appropriate action upon suspicion of money laundering or any other breach of the user agreement. As part of its anti-fraud, anti-money laundering and security measures, Bitvo may also conduct blockchain data analysis to collect and process information about its clients.<sup>5</sup>

Once the user signs up, Bitvo’s automated verification process verifies user identity using the credentials shared during the sign-up process. If they are unable to do so, the user will need to verify their identity in person at a Canada Post retail outlet. The user cannot transact on the Bitvo Platform without verification.<sup>6</sup> Once KYC requirements have been fulfilled, customers are given access to engage the full suite of services on the Bitvo Platform.

Bitvo’s user agreement authorizes the company to refuse any trade submitted to the Platform, impose limits on the trade amount permitted on the Platform or impose any other conditions or restrictions upon the use of the Platform. The below table shows the order limits for both fiat and crypto funding and withdrawal transactions.<sup>7</sup>

<b>Deposit Method</b>	<b>Limits</b>
Interac E-Transfer	Unlimited
Wire Transfer	\$10,000.00 minimum
Canada Post Load	\$500.00 per transaction and \$3,500.00 per week
Cryptocurrency	Unlimited

<b>Withdrawal Method</b>	<b>Limits</b>
Bitvo Cash Card	\$500.00 per day and \$3,500.00 per week
Wire Transfer	\$10,000.00 minimum

<sup>4</sup> <https://bitvo.com/legal/>

<sup>5</sup> Ibid

<sup>6</sup> <https://my.bitvo.com/>

<sup>7</sup> <https://bitvo.com/fees/>

Electronic Funds Transfer	\$10,000.00 per day and \$50,000.00 per week
Interac e-Transfer	\$10,000.00 per day
Cryptocurrency	Unlimited

In addition to obligatory identity verification and spending limits, Bitvo engages third-party tools that help mitigate the risk of fraud and promote forensic traceability. Some of the third-party tools that Bitvo uses include but are not limited to TransUnion, Canada Post, Chainalysis.

Legally operating as “Bitvo”, Bitvo Inc. is a wholly owned subsidiary of “Pateno Payments Inc.”<sup>8</sup>

Pateno Payments Inc. is a payment service provider, providing innovative payment solutions to ensure a more streamlined, secure and flexible way to transfer money. Via Pateno’s API technology, businesses can initiate payments from existing web pages, portals, and apps, allowing them to efficiently scale.<sup>9</sup>

Bitvo is registered with FINTRAC, an entity of the federal government of Canada, and currently only offers its services to Canadian persons. Because of this, Bitvo only supports trade in Canadian and US Dollars.<sup>10</sup>

### **Adverse Media:**

There is no adverse media identified with Bitvo, notably propitious press releases are as follows:

September 11, 2018, Bitvo: Bitvo announces the launch of its cryptocurrency technical analysis tools. Offered by no other cryptocurrency exchange platform, Bitvo’s Technical Analysis Score and Technical Analysis Indicators provide unique insight to assist in making buy and sell decisions. The tool evaluates the relative strength of cryptocurrencies through an artificial intelligence model that aggregates hundreds of technical trading analytical indicators in order to generate an overall quantitative score which compares the relative strength of a particular cryptocurrency with the overall strength of the market that day.<sup>11</sup>

November 8, 2019, Bitvo: Bitvo’s President and CEO Pamela Draper has been selected to participate in the Investment Industry Regulatory Organization of Canada (IIROC)

<sup>8</sup> Bitvo Inc. has transparently and proactively furnished all relevant compliance and company information to Blockchain Intelligence Group to facilitate an easier review process.

<sup>9</sup> <https://www.pateno.com/about-us/>

<sup>10</sup> <https://my.bitvo.com/>

<sup>11</sup> <https://www.bitvo.com/bitvo-launches-innovative-cryptocurrency-technical-analysis-tools/>

Crypto-Asset Working Group. According to the IIROC Press Release, “This group of individuals from various sectors will lend their wide breadth of expertise to advise on: any future proposed IIROC rules, guidance and other policy matters related to the regulation of crypto assets; and any potential impacts on investor protection and market integrity.”<sup>12</sup>

January 16, 2020: Bitvo: In this press release, Bitvo announce that it has been ranked ninth on Hackernoon’s list of 50 top cryptocurrency trading platforms globally. It is also the highest-ranking Canadian platform on the list. Bitvo credit their security, management and features like “Bitvo Same Day Guarantee” and “Bitvo Cash Card” for being ranked so high.<sup>13</sup>

### **Management Team:**

A search of the U.S. Treasury’s Office of Foreign Assets Control sanctions database examining Bitvo as well as associated members of senior management yielded no relevant results.<sup>14</sup>

An additional search concluded that members of senior staff at Bitvo are not politically exposed persons. Those investigated were Pamela L. Draper (President & Chief Executive Officer), Nolan Ritzel (General Counsel), Brenda L. Krause (Chief Financial Officer), and Beryl-Ann S. Shillingford (Product Manager), Yiannis Kanatas (Sales / Trading), Joel Johnson (Operations / OTC Trading).

- **Pamela L. Draper – President & Chief Executive Officer**

- Prior to joining Bitvo, Ms. Pamela Draper spent almost 14 years in investment and corporate banking at top-tier Canadian banks. In various roles, she focused on raising capital for North American growth-oriented companies across industry sectors. She holds an HBA from the Richard Ivey School of Business, University of Western Ontario.<sup>15</sup>

- **Nolan Ritzel – General Counsel**

- Mr. Nolan developed his own legal practice in Calgary over the course of approximately 7 years in the financial services and commercial real estate groups of Canada’s largest national law firm. During his time in private practice, Nolan acted for both borrowers and lenders on a variety of

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<sup>12</sup> <https://www.bitvo.com/bitvos-president-ceo-pamela-draper-to-participate-in-iroc-crypto-asset-working-group/>

<sup>13</sup> <https://www.bitvo.com/bitvo-named-a-top-ten-cryptocurrency-trading-platform-globally-by-hackernoon/>

<sup>14</sup> <https://sanctionssearch.ofac.treas.gov/>

<sup>15</sup> <https://bitvo.com/meet-the-team/>

complex matters including those involving multi-jurisdictional lending and syndicated loans, real estate acquisitions, and construction financings across a number of industry sectors including healthcare, retail, commercial, hotel and leisure. Nolan's experience in financial services and in helping his clients navigate through a wide variety of legal matters gives him unique insights into various aspects of the cryptocurrency market that he is eager to bring to the Bitvo team.<sup>16</sup>

- **Brenda L. Krause – Chief Financial Officer**

- Ms. Brenda Krause is a CPA, CMA with over 20 years of experience providing strategic, financial, and operational leadership to global and domestic companies. Ms. Krause brings considerable experience in scaling up organizations, streamlining business processes, internal controls, system implementations, and workforce planning. She is also adept in identifying opportunities, managing risks, and problem solving.<sup>17</sup>

- **Beryl-Ann S. Shillingford – Product Manager**

- Ms. Beryl-Ann Shillingford has 15 years' experience in Program Management in the payments field. Prior to her current role at Bitvo, she was the Operational Accounting Manager in the Prepaid Division for DirectCash Payments Inc., a publicly traded financial services company. She has been responsible for project management and client implementation of innovative solutions for business, focusing on efficiency and service.<sup>18</sup>

- **Yiannis Kanatas – Sales / Trading**

- Mr. Kanatas is core member of Bitvo's Sales, Trading and Operations team. He has obtained a Bachelor of Commerce from the University of Calgary and is currently a Level III Candidate for the CFA program. Prior to Bitvo, Yiannis spent time in the foreign currency exchange industry, which later translated into a passion for cryptocurrencies. Yiannis also

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<sup>16</sup> Ibid

<sup>17</sup> Ibid

<sup>18</sup> Ibid



serves as the National Treasurer for the Sons of Pericles, an international non-profit organization.<sup>19</sup>

- **Joel Johnson – Operations / OTC Trading**

- Prior to joining Bitvo, Mr. Joel Johnson attended Saint Francis Xavier University, graduating from the Gerald Schwartz School of Business with a Bachelor of Business Administration majoring in Finance. He is currently an integral part of Bitvo’s operations, sales, and trading team.<sup>20</sup>

### Licensing/Regulator:

#### Canada:

**Financial Transactions and Reporting Analysis Centre (FinTRAC)** – “Bitvo Inc.” (d.b.a Bitvo, Bitvo.com) is registered in Canada under the Ministry of Finance as a Money Service Business, Foreign Currency Exchange Service and Virtual Asset Service Provider with the business ID number M20580992.<sup>21</sup>

**Alberta Corporate Registry** – “Bitvo Inc.” is registered in Canada with Alberta Corporate Registry under the Business Corporations Act with the business number 771374287 and corporation number 2020757437.<sup>22</sup>

**British Columbia Registry Services** – “Bitvo Inc.” is registered with BC Registry Services under the business number A0118609.<sup>23</sup>

**Information Services Corporation (ISC)** – “Bitvo Inc.” is registered in Saskatchewan with ISC under the business number 102129994.<sup>24</sup>

**Manitoba Companies Office** – “Bitvo Inc.” is registered in Manitoba with the Companies Office under the business number 10101740.<sup>25</sup>

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<sup>19</sup> Ibid

<sup>20</sup> Ibid

<sup>21</sup> <https://www10.fintrac-canafe.gc.ca/msb-esm/public/detailed-information/msb-details/7b226d73624f72674e756d626572223a3136303732342c227072696d617279536561726368223a7b226f72674e616d65223a22426974766f222c2273656172636854797065223a317d7d/>

<sup>22</sup> <https://beta.canadasbusinessregistries.ca/search/results?search=%7BBitvo%7D&status=Active>

<sup>23</sup> Ibid

<sup>24</sup> Ibid

<sup>25</sup> Ibid

**Registraire Des Entreprises de Québec** – “Bitvo Inc” is registered in Canada with the Québec Registrar of Companies under the company number 1176683614.<sup>26</sup>

**Alberta Corporate Registry** – “Pateno Payments Inc.” Bitvo’s parent organization, is also registered in Canada with Alberta Corporate Registry under the registry ID number 2021808197.<sup>27</sup>

**British Columbia Registry Services** – “Pateno Payments Inc.” is registered with BC Registry Services under the business number A0112611.<sup>28</sup>

**Ontario Business Registry** – “Pateno Payments Inc.” is registered in Ontario with the business number 5031167.<sup>29</sup>

### Locations:

- 500 4th Avenue SW, Suite 2500, Calgary, AB, Canada T2P 2V6<sup>30</sup>
- 1 University Ave, 1605, Toronto, Ontario M5J 2P1, CA<sup>31</sup>

### Jurisdictional Risk:

According to the Basel Institute on Governance – Canada is rated 4.67, which is below average.<sup>32</sup> The report states the countries were assessed according to the new Financial Action Task Force (FATF) methodology.

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<sup>26</sup> [https://www.registreentreprises.gouv.qc.ca/RQAnonymeGR/GR/GR03/GR03A2\\_19A\\_PIU\\_RechEnt\\_P/C/PageEtatRens.aspx?T1.JetonStatic=b47c601b-8459-4def-8189-962d3726e045&T1.CodeService=S00436](https://www.registreentreprises.gouv.qc.ca/RQAnonymeGR/GR/GR03/GR03A2_19A_PIU_RechEnt_P/C/PageEtatRens.aspx?T1.JetonStatic=b47c601b-8459-4def-8189-962d3726e045&T1.CodeService=S00436)

<sup>27</sup> <https://beta.canadasbusinessregistries.ca/search/results?search=%7BPateno%7D&status=Active>

<sup>28</sup> Ibid

<sup>29</sup> Ibid

<sup>30</sup> <https://www10.fintrac-canafe.gc.ca/msb-esm/public/detailed-information/msb-branches/7b226d73624f72674e756d626572223a3136303732342c227072696d617279536561726368223a7b226f72674e616d65223a22426974766f222c2273656172636854797065223a317d7d/>

<sup>31</sup> <https://www10.fintrac-canafe.gc.ca/msb-esm/public/detailed-information/msb-branches/7b226d73624f72674e756d626572223a3136303732342c226272616e6368536561726368223a7b226f726465724279223a2261646472657373222c226f72646572446972656374696f6e223a2264657363227d2c227072696d617279536561726368223a7b226f72674e616d65223a22426974766f222c2273656172636854797065223a337d7d/>

<sup>32</sup> <https://index.baselgovernance.org/ranking>

**Score Determination Factors:**

- Identified KYC Policy – Implemented and Enforced
- Operates in Low-Risk Jurisdiction – Canada
- No Negative Media Associated with Bitvo
- Jurisdiction Registration Requirements Met and Valid Registration Verified
- No Regulatory or Law Enforcement Actions Taken Against Bitvo
- No High-Risk Business Associations
- No Goods or Services Offered on Darknet Markets
- No Associations with Cybercrime
- No Associations with Terrorism
- Does Not Require Encrypted Communication

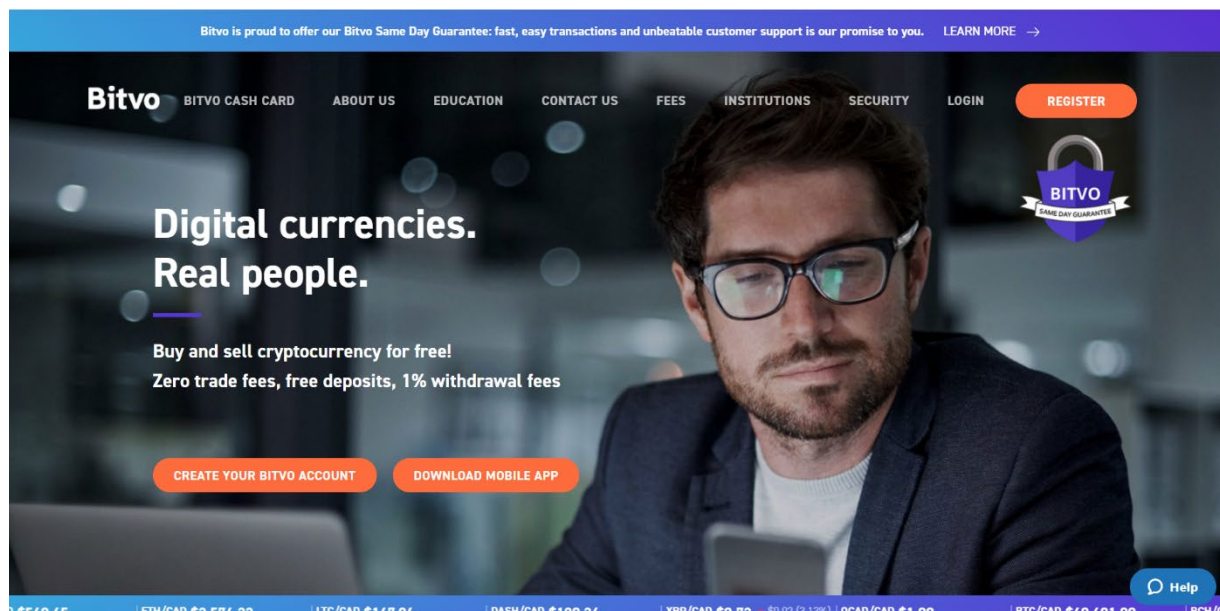
**Proof of Reserve Factors:**

- Cold Wallet Storage Audit – 95.31% of Overall Funds Held in Cold Wallet Storage.

Bitvo upholds the KYC/AML procedures outlined in its policies, which were verified at the time of review. The company and its parent organization hold the appropriate licensing and registration with the Provincial authorities in Canada and the Financial Transactions and Reporting Analysis Centre. Additionally, an audit of Bitvo's cold storage reserves was conducted, during which Bitvo provided proof of control over their cold wallet storage addresses to Blockchain Intelligence Group. The results of this audit confirmed that Bitvo maintains its policy of holding 95% of its custodial funds in cold wallet storage. Based on the research findings, Bitvo is at a lower risk for theft, fraud, money laundering, sanctions evasion, and terrorist financing.

**Website:**

<https://bitvo.com/>



### Bitvo Website URLs:

- Landing Page (<https://bitvo.com/>)
- About Bitvo (<https://bitvo.com/meet-the-team/>)
- Legal (<https://bitvo.com/legal/>)
- Support Page (<https://bitvo.com/support-and-contact-information/>)
- Security Information Page (<https://bitvo.com/security/>)
- Trading, Withdrawal, and Deposit Fees Page (<https://bitvo.com/fees/>)
- Press Page (<https://bitvo.com/press/>)