

This is the 1st Affidavit
of Sammy Wu in this case
and was made on 01/Nov/2019.

BETWEEN

BRITISH COLUMBIA SECURITIES COMMISSION

PETITIONER

Michael Ongun Gokturk, Einstein Exchange Inc.,
Einstein Capital Partners Ltd., Einstein Law Corporation
(the Subjects)

THE RESPONDENTS

Section 161 of the *Securities Act*, RSBC 1996, c. 418

AFFIDAVIT #1 OF SAMMY WU

I, **Sammy Wu**, of 701 West Georgia Street, Vancouver, British Columbia, SWEAR THAT:

1. I am a Lead Investigator with the Enforcement Division of the British Columbia Securities Commission (**Commission**) and as such have personal knowledge of the facts and matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case I believe them to be true.

Subjects

2. Michael Ongun Gokturk (Gokturk) is a British Columbia resident.
3. Einstein Exchange Inc. (Einstein Exchange) is a British Columbia company incorporated on December 19, 2017. Gokturk is its sole director. It operates a cryptocurrency exchange that facilitates buying and selling of cryptocurrencies for its clients.
4. Einstein Capital Partners Ltd. (Einstein) is a British Columbia company incorporated on May 19, 2017 under the name 1119707 British Columbia Ltd. It changed its name to Einstein on June 21, 2017. Gokturk is its sole director. It was formed as a private investment vehicle to acquire Einstein Exchange. Though not formally merged, Einstein Capital has been supporting the business and operations of Einstein Exchange.
5. Einstein Law Corporation (Einstein Law) is a British Columbia company incorporated on December 6, 2017. Gokturk is its sole director. It was formed to provide consulting services to lawyers and corporations on digital currency.

Overview

6. According to Einstein's website as of November 1, 2019, Einstein:
 - (a) operates an online trading platform to facilitate the purchase and sale of cryptocurrencies between customers.
 - (b) is one of the largest trading platforms by trading volume.
 - (c) supports the trading of 19 types of cryptocurrencies, including Bitcoin, Bitcoin Cash, Dash, Ethereum, Ethereum Classic, Litecoin, EOS.IO, Ripple, OmiseGo, Tron, ZCash, Golem, 0x, Iota, Basic Attention Token, and Monero.
 - (d) receives customers' deposits in Canadian or US fiat currency. A customer could also deposit cryptocurrency to fund an account.
 - (e) allows market orders, limit orders and stop orders on its trading platform. All cryptocurrencies are traded against the USD.

7. In the view of BCSC staff, the trading platform operated by Einstein involves trading in securities.

Investigation

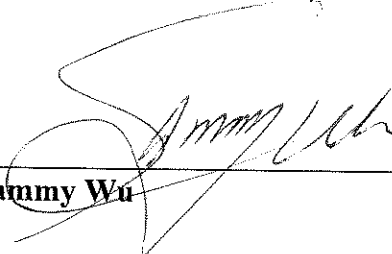
8. On May 6, 2019, the Commission issued an Investigation Order appointing Commission Enforcement Staff under section 142 of the Act to investigate the Subjects.
9. The BCSC received multiple complaints from members of the public claiming that they could not access their funds from Einstein. The BCSC also received complaints from a shareholder of Einstein and another individual associated with Einstein raising concerns about improper use of funds and potential money laundering.
10. According to the information obtained from my investigation, I believe that:
 - (a) Einstein purchased cryptocurrencies from other exchanges, mainly in the US, for their inventory. Einstein then resold the cryptocurrencies to their customers.
 - (b) Einstein pooled customers' fiat and cryptocurrencies together and funded customers' withdrawal requests from the same pool.
 - (c) Einstein's ability to meet customers' withdrawal request is dependent on their fiat and cryptocurrencies positions at the time of the withdrawal requests.
 - (d) Einstein improperly used their customers' assets.
 - (e) Einstein is deficient in both their fiat and cryptocurrencies.
11. As part of my investigation:
 - (a) on October 9, 2019, I demanded, pursuant to the Securities Act section 144, Einstein to provide information, including financial information, fiat and cryptocurrency balance by October 30, 2019. Einstein did not provide current financial information, fiat and cryptocurrency balance.
 - (b) on October 31, 2019, I demanded, pursuant to the Securities Act section 144, Einstein to provide information on the location where they store their fiat and crypto currencies by 4:30PM on November 1, 2019. Einstein did not provide the information as at 2:52PM on November 1, 2019.
12. On October 31, 2019, Einstein's counsel told me that Einstein:
 - (a) discussed selling itself to a US company in the last two weeks but it fell through
 - (b) planned to shut down between 30 and 60 days due to a lack of profit
 - (c) has not decided how to close the business down but will notify all customers between 30 and 60 days
 - (d) has sufficient crypto assets to satisfy withdrawal request from customers that have deposited at Einstein.
13. Staff investigator Clinton Wong reviewed Einstein's Customer Account Payable Balance report as of September 18, 2019 and assessed the outstanding balance using November 1,

2019 cryptocurrency and USD prices. According to his analysis of this report, Einstein owes customers approximately:

Asset	Amount
Canadian Dollars	\$899,158 CAD
US Dollars	\$4,370,355 CAD
Cryptocurrencies	\$11,053,192 CAD
Total	\$16,322,705 CAD

14. On October 31, 2019, I demanded Einstein, through their counsel, to provide information for the location of where their cryptocurrencies are stored. Two hours later, Einstein counsel notified me that they no longer represent Einstein.
15. On November 1, 2019, I visited Einstein's office located at Suite 300, 717 West Pender Street and discovered that the elevator is locked for all floors. I called Gokturk's phone number listed on their website and the recording said all their agents are not available. I called Gokturk and his voice mail said that he is unavailable and to send a text message since he does not check voice mail. I sent him a text message.
16. The investigation is ongoing and in order to protect the integrity of this investigation, I did not include in this affidavit all the evidence collected.
17. I make this affidavit in support of an order appointing a receiver to preserve and protect the cryptocurrency and other assets of or held by the Subjects.

SWORN BEFORE ME)
 at Vancouver, British Columbia,)
 on 1/Nov/2019.)
 _____)
 A Commissioner for taking Affidavits)
 for British Columbia)



 Sammy Wu

Commissioner's Name and/or Stamp:

Jeremy Gellis
 Barrister and Solicitor
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