

IN THE HIGH COURT OF SOUTH AFRICA
(WESTERN CAPE DIVISION, CAPE TOWN)

CASE NO.: 13721/2022

In the application between:

BOTHA, PHILLIPS RUDOLF

Intervening Party

and

H BESTER N.O.

First Respondent

AW VAN ROOYEN N.O.

Second Respondent

CJ ROOS N.O.

Third Respondent

JF BARNARD N.O.

Fourth Respondent

D BASSON N.O.

Fifth Respondent

CBS COOPER N.O.

Sixth Respondent

(cited in their capacities as the joint liquidators of
Mirror Trading International (Pty) Ltd [in liquidation])

In re:

H BESTER N.O.

First Applicant

AW VAN ROOYEN N.O.

Second Applicant

CJ ROOS N.O.

Third Applicant

JF BARNARD N.O.

Fourth Applicant

D BASSON N.O.

Fifth Applicant

CBS COOPER N.O.

Sixth Applicant

(cited in their capacities as the joint liquidators of
Mirror Trading International (Pty) Ltd [in liquidation])

and

THE MASTER OF THE HIGH COURT, CAPE TOWN

Respondent



INTERVENING PARTY'S AFFIDAVIT

I, the undersigned

PHILLIPS RUDOLF BOTHA

do hereby make oath and state:

1. I am an adult male businessman with full legal capacity, currently residing at 32A Ferrox Street, Dana Bay, Mossel Bay.
2. The facts deposed to in this affidavit are true and correct and save where the context indicates otherwise, within my personal knowledge.
3. Where I make allegations of a legal nature, I do so on the advice of my legal representatives, which advice I accept but without waiving any legal professional privilege thereto.

THE PURPOSE OF THIS AFFIDAVIT

4. The provisional order made on 31 August 2022 (the "provisional order") called on interested persons to show cause why the provisional order should not be made final. I am such a person. My request is that the provisional order be



discharged and the purpose of this affidavit is to state my reasons for asking this.

5. I refer to the provisional relief granted to the liquidators as the "provisional relief".
6. For the sake of good order, and for the effective prosecution of my opposition to the provisional order and relief, I also ask that I be allowed to intervene in this matter and be joined as a respondent.
7. I also seek costs on a punitive scale against the applicants, who I will refer to as the "liquidators" in this affidavit.
8. Such an order is warranted considering the factual matrix within and on which they approached this Honourable Court for the provisional relief.
9. They withheld material facts from this Honourable Court. These facts pertain to pending disputes between the liquidators and me in this Honourable Court under case number 3741/2022 (the "action"). If these facts were made known to this Honourable Court when the provisional relief was sought, it would not have been granted.
10. The actions of the liquidators in seeking the provisional relief without disclosing the disputes between us to this Honourable Court is opportunistic. It is an abuse of the processes relating to *ex parte* relief.



11. The withholding of these material facts therefore also forms one of the grounds on which I seek the discharge of the provisional order.
12. In summary, the purpose of this affidavit is therefore to show why:
 - 12.1. My intervention in the matter should be allowed and I be joined to the proceedings as a respondent.
 - 12.2. The provisional order should be discharged.
 - 12.3. The costs of my opposition of the provisional order be paid by the liquidators *de bonis propriis* and on the attorney and own client scale, jointly and severally the one paying the others to be absolved, alternatively that my costs be costs in the liquidation of MTI, on the attorney and own client scale.

THE ESSENCE OF THE MATTER

13. I am a member of the public that mandated Mirror Trading International (Pty) Limited ("MTI") to trade with my Bitcoins ("BTC") and for this purpose I invested and deposited my BTC with it. Where I make reference to the investments I made with MTI I refer to such investments, or to myself as an investor, within this context.
14. The terminology associated with the manner in which I invested my BTC with MTI is dealt with in the founding affidavit. I am not going to respond to each and

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every allegation pertaining to this process, and the legal consequences of it, in this affidavit. I will do so when the disputes between the liquidators and me are adjudicated at trial, as it should be. These issues cannot be dealt with on affidavit.

15. In essence, and for purposes of the matter at hand, I deposited my BTC with MTI in various wallets from time to time and from time to time withdrew BTC from the wallets I held with MTI.
16. On 13 April 2022 the liquidators issued the action against me. I understand, on the advice of my legal representatives, that the liquidators' claims are based on the provisions of the Insolvency Act 24 of 1936 (the "Insolvency Act"). These provisions are the very provisions the provisional order deals with and relating to what the liquidators say were dispositions of the property of MTI. I annex the summons in the action (excluding annexures) as annexure "PRB1".
17. I am defending the action and the liquidators are aware of my defences. I also made a conditional counterclaim against the liquidators. My defences, and conditional counterclaim, were known to the liquidators since 11 August 2022. This is when I delivered my special plea, plea and counterclaim (my "plea") to the address they nominated for service thereof. My plea (including annexures) is annexure "PRB2".
18. The liquidators delivered a replication to my special plea and plea, and a plea to my counterclaim on 24 August 2022 and it is "PRB3" (the "liquidators' replication").

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19. I delivered a replication to the liquidators' plea to my counterclaim on 7 September 2022 and it is "PRB4" (my "replication").
20. No party has delivered any further pleadings in the action and the pleadings are deemed to be closed. The liquidators have not taken any further steps in the action since delivery of my replication.
21. The founding affidavit on which the provisional relief was granted was deposed to on 17 August 2022 and thus after my plea was delivered. The defences and nature of my conditional counterclaim was by then known to the liquidators.
22. As I will succinctly illustrate in this affidavit, the liquidators approached this Honourable Court for provisional relief that was premised on the same disputes as existed between us when their application was launched, and continues to exist between us. They also sought relief that pre-empted and absolved them, and was aimed at preventing me, from properly ventilating these pre-existing disputes between us at trial.
23. It may be that there are other actions already instituted by the liquidators against parties in a similar position as me. Whether they know what the liquidators are attempting to achieve is not known to me. If there are such actions pending and the liquidators intend to persist with this matter, they are invited to disclose this, which they should have done when they sought the provisional relief on an *ex parte* basis.

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24. I also pause to mention that the provisional order and the premise on which it was sought (i.e. the content of the founding affidavit) came to my attention in passing. My attorneys, specifically Mr. Claassen, in passing came across media reports referencing the provisional order. One of these reports is annexure "PRB5".
25. Mr. Claassen investigated the matter through the public records available to him, mostly information on the internet. He also asked my correspondent attorneys whether they knew anything about this matter. They did not. Eventually Mr. Claassen noted the documents were uploaded on the website referenced in the provisional order and he then engaged with me on it.
26. Mr. Claassen's confirmatory affidavit will be filed with this affidavit, or as soon as reasonably possible thereafter.
27. The liquidators had an obligation to send the provisional order by email to those that may have an interest in it, and of which the liquidators had an email address available. The liquidators have my email address, and that of Mr. Claassen. It is glaringly obvious that I have an interest in the matter. I considered my records and there was no such email. Mr. Claassen also received none, nor any indication from the liquidators of their intentions, and his confirmatory affidavit also confirms this.
28. My opposition of the provisional relief is premised on:

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- 28.1. The liquidators' failure to disclose facts that were material to the relief they sought.
- 28.2. The issues the provisional relief seeks to address form the subject of pending disputes between the liquidators and I.
- 28.3. If the provisional relief is made final it will adversely affect my rights to ventilate the disputes between the liquidators and I at trial, and also the other rights I may have in terms of the Insolvency Laws.
29. I deal with each of these grounds in turn below.

FAILURE TO DISCLOSE MATERIAL FACTS

30. The provisional relief is premised on the fact that any BTC deposited by me, or any other investors of MTI, is the property of MTI, or that MTI had an interest in the BTC that could be disposed of in terms of the Insolvency Act.
31. I expressly placed this in dispute on the grounds as set out in my special plea.
32. This is a dispute that cannot be ventilated on affidavit as it involves complex factual questions pertaining to my intention and that of MTI when my BTC was deposited with MTI.
33. I can state that at no point during my engagement with MTI was my intention to transfer the rights, title and interests in and to the BTC owned by me, to MTI. I

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deposited my BTC with MTI for the purposes of MTI to trade with my BTC on my behalf in terms of the mandate I understood I gave them.

34. The extent of the mandate I had given MTI appears from the terms and conditions I accepted when registering on the trading platform MTI made available to me, and the public; and this is fully dealt with in my special plea. Those terms comprise a 50-page document and is annexure "P1" to my plea. It differs to the 29-page document attached as annexure "FA5" to the founding affidavit.
35. In the action the liquidators say they have no knowledge about the mandate agreement between MTI and I. In paragraph 4 of the liquidators' replication they plead:

4. Ad paragraph 4 thereof:

- 4.1. The plaintiffs admit that the document attached to the defendant's plea and marked Annexure "P1", is a document titled "*Terms and Conditions of Agreement between Mirror Trading International (Pty) Ltd ("MTI") and its members*".
- 4.2. The plaintiffs have no knowledge of any agreement concluded between the defendant and MTI on the terms and conditions as stipulated in Annexure "P1", and consequently deny each and every further allegation contained in this paragraph.

36. In the founding affidavit the liquidators say the following about annexure "FA5":

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45. MTI itself professed as such in an electronic document uploaded to the official MTI website, which was ostensibly intended by the MTI protagonists to regulate the contractual relationship between MTI and its Investors. A copy of this document is annexed hereto, marked as annexure **FA5** ("**the MTI Agreement**").
37. In my mind an agreement was concluded between me and MTI on the terms as stipulated in annexure "P1" to my plea. The liquidators cannot speak to the intention of MTI when this happened. They also apparently cannot speak to the intention of MTI with regards to annexure "FA5" to the founding affidavit. I maintain that annexure "P1" regulated my contractual relationship with MTI. Insofar as the liquidators rely on or refer to annexure "FA5", it raises a factual dispute which can only be resolved at trial.
38. The liquidators can therefore clearly not speak to the elements of the real agreement between MTI and I when I deposited my BTC with MTI. As stated, I never intended for the rights, title and interest in my BTC to be transferred to MTI, and from the terms of annexure "P1" it is apparent that MTI also did not have the intention to take transfer thereof.
39. If this is so, my BTC never formed the property of MTI and MTI cannot dispose of property not owned by it.
40. I also deny that the agreement between MTI and I was unlawful and for this reason void. However, as an alternative and if found that the agreement was

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unlawful, fraudulent and void, I also say that there could then not have been any real agreement between MTI and I whereby the rights, title and interest in and to my BTC was transferred to MTI, as such a transfer would then be unravelled in any event. This would then also mean that my BTC never became the property of MTI.

41. It is also reasonable to conclude that the outcome of the dispute of ownership in and to my BTC would also determine the position of any other persons that engaged with MTI, or at least some of them. If this is so, not all of the BTC deposited with MTI would have formed its property, but would remain the property of the respective investors.
42. The practical effect of this would be that the liquidators would then also have no rights to claim gains from any of the investors, as it would then be for the investors between themselves to resolve these issues.
43. In essence, I have put the liquidators to the proof that the BTC to which their claims against me relate formed the property of MTI, or that MTI had some other protectable interest in and to these BTC. The liquidators knew I placed this very specific issue in dispute, and notwithstanding this knowledge approached this Honourable Court without disclosing this material fact to it.
44. The liquidators' view on the defences I raised in the action is irrelevant. The only reasonable conclusion that can be made is that the liquidators withheld the fact that I have placed much of that which they relied on in their application in

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dispute, because they knew it would influence this Honourable Court's decision on the provisional relief they sought.

THE DISPUTES REMAIN *LIS PENDENS*

45. The provisional order deals with disputes between the liquidators and I that were pending at the time their application was filed, and the provisional order made. They remain so pending.

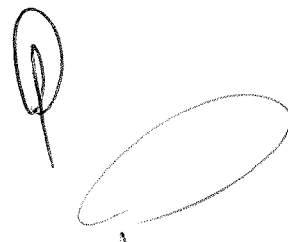
46. I refer in this regard to that which is said in paragraphs 31 to 44 above.

47. If I knew about the liquidators' intentions, I have would have raised this defence against the relief they sought. I raise it now in opposition to the final relief the liquidators seek.

THE EFFECT ON MY RIGHTS

48. Paragraph 2.1 of the provisional relief completely does away with the liquidators obligation to prove that the BTC to which their claims relate in the action was the property of MTI. This will severely prejudice my rights to properly ventilate this dispute at trial.

49. I reiterate that this is not a dispute that can be resolved on affidavit as it speaks to the subjective state of minds of those that then acted for MTI and me. This is something the liquidators cannot speak to and this is the reason it needs to be resolved at trial.

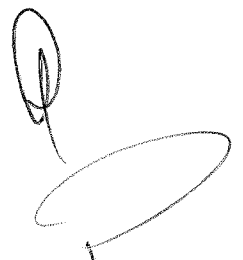
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50. Also, the voidness of the agreements is premised on one-sided and untested factual and legal conclusions made by the liquidators. I cannot and will not respond fully to these conclusions in this affidavit. There is no need for me to do so as these issues also remain the object of a pending dispute between me and the liquidators.
51. I do not dispute that I made some gains from my engagements with MTI. For this reason I am apparently classified as a "Class 3" investor in terms of the provisional order.
52. I will have a claim against MTI if my defences in the action fail. My claim will be for return of, or payment in relation to, my BTC I initially invested with MTI. The liquidators' view in the action is that my claim arose prior to liquidation. This is so as they raised my failure to notify them of my intention to institute my conditional claim against MTI as stipulated in terms of section 359 of the Companies Act, 1973. They raise this as a special plea to my conditional counterclaim.
53. The provisional order now in essence precludes me from pursuing my conditional counterclaim against the liquidators, or to lodge a conditional claim in the estate of MTI. I must apparently first concede to the liquidators' claims against me in the action, which I will not do, before I can make any claims against MTI.
54. I have the right to position any claims I may have (or that may arise in my favour in future) to protect my interests. This includes ensuring that I take the

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necessary steps to ensure I am not faced with a defence of prescription if the main defences I raised in the action are not accepted, and I only then make my claims against MTI in whatever form. I say this for illustration purposes of the adverse effect the provisional order will have against me and in so doing I do not admit any part of the claims the liquidators made against me, or what they plead in response to my conditional counterclaim.

55. I am also seriously concerned that the interpretation of the provisional relief may lean itself towards sanctioning the claims the liquidators made against me, irrespective of the other defences pertaining to the relevant sections of the Insolvency Act I have raised.
56. I noted that the relief as sought in the notice of motion in paragraph 3.4.3.2.1 and 3.4.3.2.2 was for example amended in the provisional order. Whereas the relief was sought on the premise that the jurisdictional requirements of sections 26, 29 and 30 of the Insolvency Act should be met, the relief as granted opens itself to a much wider interpretation as it only qualifies the sanctioning of these claims to be "where circumstances permit".
57. I do not know what the reasons for these amendments were, but I certainly do not feel comfortable with either construction. The provisional order appears to absolve the liquidators from proving that the requirements of the Insolvency Laws in relation to dispositions have been met. This direction was given in a factual vacuum, or at least on uncontested and untested factual and legal conclusions.

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58. If there is any uncertainty regarding the interpretation of the provisional order it will also prejudice me, as I will then need to deal with a further dispute with the liquidators regarding its interpretation. This may also affect the defences I have raised and that are available to me in terms of the Insolvency Laws.
59. In essence the provisional order on face value absolves the liquidators from properly performing their duties. They must assess each claim in favour of and against MTI on its own merits. In doing so they must deal with them in terms of the procedures available to them. They must also accept responsibility for the decisions they make on each of them. They cannot take short cuts by seeking relief that will do away with my rights, and of the other investors, especially so behind my back.
60. The liquidators say they sought this Honourable Court's directions in terms of section 387(3) of the Companies Act, 1973. I deny this. What they sought was orders dealing with the rights and liabilities of parties that concluded transactions with MTI prior to its liquidation, and this is what the provisional order deals with. This falls outside of the jurisdiction that section 387(3) confers.

MY INTEREST IN THE MATTER

61. For the reasons stated in this affidavit I am an interested person in this matter.
62. I have shown that the liquidators withheld material facts relating to pending disputes between them and me from this Honourable Court, and that the

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provisional order will have a prejudicial effect on the further prosecution of my defences in these disputes.

63. Moreover, certain other issues mentioned in the founding affidavit are additional cause for concern. I refer to some of these issues below. As already mentioned, I do not answer all allegations as they should be ventilated at trial. Insofar as I do not answer any specific allegation or insofar as any allegation in the founding affidavit is inconsistent with what is stated herein, such allegation is denied.

AD PARAGRAPHS 23 TO 27 AND 94 TO 95

64. Many investors were subpoenaed and gave evidence at an enquiry in terms of section 417 read with section 418 of the Companies Act, 1973 before Commissioner PW Engelbrecht, and not before retired Judge Fabricius. It appears that their evidence was not even considered for purposes of this application.

AD PARAGRAPH 124

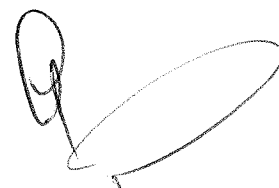
65. The liquidators raise the issue of when the claims of investors should be quantified i.e., on date of investment or date of *conkursus*. In the liquidator's own memorandum they refer to the contention that if the increase in value of investors' BTC is attributed to the nature of BTC and not the alleged Ponzi scheme, the investors should benefit from the increase and their claims calculated at the date of *conkursus*.

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66. Notwithstanding this view, the liquidators do not meaningfully deal with the fact that the increase is in truth attributed to the nature of BTC, and not something else.
67. They further argue that investors should not benefit from the increase in the value of their BTC because they should not benefit from an alleged illegal scheme. Instead, they argue that any increase should form part of the “pooled funds”. Yet in such an instance MTI and investors will benefit in the increase, but to the detriment of certain other investors. This will not amount to equal treatment of investors because investors invested at different times and their lost BTC (or lost gains therein) are in truth attributed to the nature of BTC.

FINAL REMARKS AND COSTS

68. I place the motive of the liquidators into question. There can be no acceptable explanation why they sought the relief they sought behind my back, and behind the back of others in my position.
69. They failed to disclose material facts to this Honourable Court and abused the *ex parte* process, and the provisions of the Companies Act, 1973; not to obtain directions as they say, but to absolve them from properly performing their duties.
70. In these circumstances a costs order against them personally is warranted, and on the attorney and own client scale. I seek such an order as a token of this Honourable Court’s disapproval of how they conducted themselves in this matter.

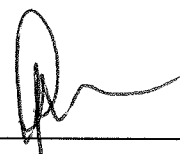
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71. I pray for the orders stated in paragraph 12 of this affidavit.



DEPONENT

I certify that the above signature is the true signature of the deponent and that the deponent acknowledged that he knows and understands the contents of this affidavit, which was signed and sworn to before me at my office at MOSSIEL BAY on this 26th day of OCTOBER 2022 in accordance with the provisions of Regulation No. 1258 dated 21 July 1972, as amended.



COMMISSIONER OF OATHS

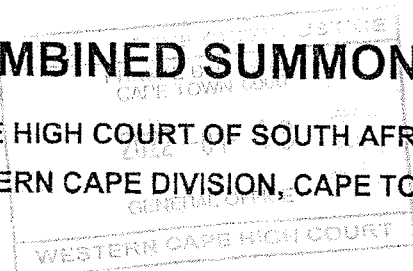
VAN NICKERK STEYN
COMMISSIONER OF OATHS
PRACTISING ATTORNEY S.A.
10 CHURCH STREET
MOSSIEL BAY

COPY

"PBR1"

COMBINED SUMMONS

IN THE HIGH COURT OF SOUTH AFRICA
WESTERN CAPE DIVISION, CAPE TOWN



Case number:

374/12

In the matter between:

ADRIAAN WILLEM VAN ROOYEN

FIRST PLAINTIFF

HERMAN BESTER N.O.

SECOND PLAINTIFF

CHRISTOPHER JAMES ROOS N.O.

THIRD PLAINTIFF

JACOLIEN FRIEDA BARNARD N.O.

FOURTH PLAINTIFF

DEIDRE BASSON N.O.

FIFTH PLAINTIFF

CHAVONNES BADENHORST ST CLAIR COOPER N.O.

SIXTH PLAINTIFF

and

PHILLIPIS RUDOLPH BOTHA

DEFENDANT

To the sheriff or his/her deputy:

INFORM:

PHILLIPIS RUDOLPH BOTHA, a major businessman, with residence address situated at at 8 Shawu Street, Outeniquasbosch Wildlife Village, Mossel Bay, Western Cape Province,

(herein after called the defendant)

THAT

ADRIAAN WILLEM VAN ROOYEN N.O., an adult male insolvency practitioner, practicing as such at Investrust, situated at 64 Stella Street, Brooklyn, Pretoria, Gauteng Province,

(hereinafter called the first plaintiff)

and

HERMAN BESTER N.O., an adult male insolvency practitioner, practising as such at Tygerberg Trustees, situated at 1st Floor, Cascade Terraces, Waterfront Road, Tyger Waterfront, Tyger Valley, Western Cape Province,

(hereinafter called the second plaintiff)

and

CHRISTOPHER JAMES ROOS N.O., an adult male insolvency practitioner, practising as such at Sebenza Trust, Unit 2A, 43 Estcourt Avenue, Wierdapark, Centurion, Gauteng Province,

(hereinafter called the third plaintiff)

and

JACOLIEN FRIEDA BARNARD N.O., an adult female insolvency practitioner, practising as such at Barn Trustees, 310 Soutpansberg Road, Rietondale, Pretoria, Gauteng,

(hereinafter called the fourth plaintiff)

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and

DEIDRE BASSON N.O., an adult female insolvency practitioner, practising as such at Tshwane Trust Company, 1207 Cobham Road, Queenswood, Pretoria, Gauteng Province,

(hereinafter called the fifth plaintiff)

and

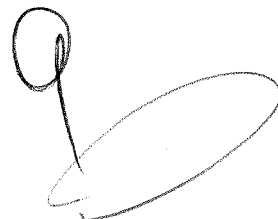
CHAVONNES BADENHORST ST CLAIR COOPER N.O., an adult male insolvency practitioner, practising as such at Cooper Trust, situated at 1st Floor, West Wing Chambers, Northridge Mall, Kenneth Kaunda Road, Bloemfontein, Free State Province,

(hereinafter called the sixth plaintiff)

hereby institute action against the **DEFENDANT** in which action the **PLAINTIFFS** claim the relief on the grounds set out in the **particulars annexed** hereto.

INFORM the defendant further that if the defendant disputes the claim and wishes to defend the action, the defendant must –

- (i) Within **30 (THIRTY) CALENDER** days of date of the service upon the defendant of this summons, file with the Registrar of this Court at **Keerom St, CBD, Cape Town, 8000**, notice of the defendant's intention to defend

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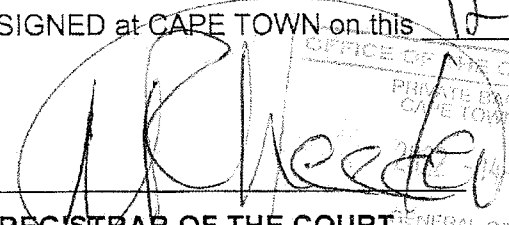
and serve a copy thereof on the attorneys of the plaintiffs, which notice shall give an address not being a post office box or *poste restante* referred to in rule 13(3) for the service upon the defendant of all notices and documents in the action;

- (ii) Thereafter and within **TWENTY (20)** days after filing and serving a notice of intention to defend as aforesaid, file with the Registrar and serve upon the plaintiffs a Plea, Exception, Notice to strike out, with or without a Counter-claim.

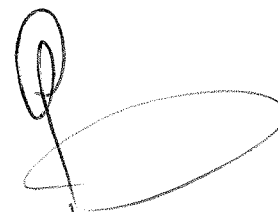
INFORM the defendant further that if the defendant fails to file and serve notice as aforesaid, Judgement as claimed, may be given against the defendant without further notice to the defendant, or if, having filed and served such notice, the defendant fails to plead, except, make application to strike out or counterclaim, Judgement may be given against the defendant.

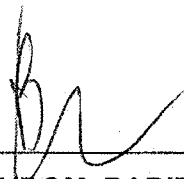
AND immediately thereafter serve on the defendant a copy of this summons and return the same to the Registrar of the above Honourable court with whatsoever you have done thereupon.

SIGNED at CAPE TOWN on this 12 day of April 2022.


REGISTRAR OF THE COURT
GENERAL OFFICE
WESTERN CAPE HIGH COURT

OFFICE OF THE CHIEF JUSTICE
PRIVATE BAG 90020
CAPE TOWN 800
13





STRYDOM, RABIE, HEIJSTEK & FAUL INC

ATTORNEYS FOR PLAINTIFFS

DELMONDO OFFICE PARK

169 GARSFONTEIN ROAD

ASHLEA GARDENS, PRETORIA

GAUTENG

TEL: (012) 786-0954

EMAIL: susan@srhfinc.co.za; karike@srhfinc.co.za

REF: MT12/0038/S STRYDOM

C/O WERKSMANS ATTORNEYS

LEVEL 1

NO. 5 SILO SQUARE

V&A WATERFRONT

CAPE TOWN


WESTERN CAPE

8001

TEL: (021) 405 5100

EMAIL: bolivier@werksmans.com

REF: STRY4 8432.1 / B Olivier



PARTICULARS OF CLAIM

PLAINTIFFS:

1.

- 1.1. The first plaintiff is **ADRIAAN WILLEM VAN ROOYEN N.O.**, an adult male insolvency practitioner, practicing as such at Investrust, situated at 64 Stella Street, Brooklyn, Pretoria, Gauteng.
- 1.2. The second plaintiff is **HERMAN BESTER N.O.**, an adult male insolvency practitioner, practicing as such at Tygerberg Trustees, situated at 1st Floor, Cascade Terraces, Waterfront Road, Tyger Waterfront, Tyger Valley, Western Cape.
- 1.3. The third plaintiff is **CHRISTOPHER JAMES ROOS N.O.**, an adult male insolvency practitioner, practicing as such at Sebenza Trust, Unit 2A, 43 Estcourt Avenue, Wierdapark, Centurion, Gauteng.
- 1.4. The fourth plaintiff is **JACOLIEN FRIEDA BARNARD, N.O.**, an adult female insolvency practitioner, practicing as such at



Barn Trustees, 310 Soutpansberg Road, Rietondale, Pretoria, Gauteng.

1.5. The fifth plaintiff is **DEIDRE BASSON N.O.**, an adult female insolvency practitioner, practicing as such at Tshwane Trust Company, 1207 Cobham Road, Queenswood, Pretoria, Gauteng.

1.6. The sixth plaintiff is **CHAVONNES BADENHORST ST CLAIR COOPER N.O.**, an adult male insolvency practitioner, practicing as such at Cooper Trust, situated at 1st Floor, West Wing Chambers, Northridge Mall, Kenneth Kaunda Road, Bloemfontein, Free State.

2.

2.1. The plaintiffs act herein in their official capacities as the duly appointed joint liquidators of Mirror Trading International (Pty) Ltd (in liquidation) ("**MTI**").

2.2. A copy of the certificate of appointment of the plaintiffs as liquidators is attached marked Annexure "**MTI-1**".

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DEFENDANT:

3. The defendant is **PHILLIPS RUDOLPH BOTHA**, an adult male businessman of 8 Shawu Street, Outeniquasbosch Wildlife Village, Mossel Bay, Western Cape.

MTI's LIQUIDATION:

4. Prior to MTI's liquidation, MTI:
 - 4.1. Commenced business on 30 April 2019;
 - 4.2. Held itself out to the public as being an internet based crypto-currency club where deposited crypto-currency bitcoin of its members or investors would grow through forex trading by registered and regulated brokers;
 - 4.3. Accepted deposits of bitcoin from members of the general public;
 - 4.4. Carried on business unlawfully and in contravention of section 7(1) of the Financial Advisory and Intermediary Services Act, 37 of 2002 ("**the FAIS Act**");
 - 4.5. Acted as a so-called Over-The-Counter derivative provider, as defined by Regulation 2 of the Financial Markets Act, 19 of 2012 ("**the FMA**"), read with section 68 of the FMA, without

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being authorised to do so and in contravention of these provisions;

- 4.6. Provided, as part of its business, a financial product, financial service or market infrastructure in contravention of the provisions of section 111 of the Financial Sector Regulation Act, 9 of 2017 ("**the FSR Act**");
- 4.7. Conducted a collective investment scheme as defined in section 1 of the Collective Investment Schemes Control Act, 45 of 2002, ("**CISCA**") without being registered as a manager or being an authorised agent or being exempted from the provisions of CISCA, as provided for in section 5 therein;
- 4.8. Directly or indirectly promoted, knowingly joined and/or entered into and participated in fraudulent financial transactions, as described in section 42(4) of the Consumer Protection Act, 68 of 2008, ("**CPA**");
- 4.9. Directly promoted and conducted a pyramid scheme as described in section 43(2)(b), read with section 43(4) of the CPA; and
- 4.10. Had an underlying business model which was designed and implemented to perpetrate theft and fraud on members of the public by enticing them to invest in an unlawful Ponzi-type

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investment scheme, with the fraudulent intent to convince members of the public to transfer their right, title and interest, alternatively their effective control over their right, title and interest in their bitcoin, to MTI and to ultimately enable the directing minds of MTI, including its directors and the management and marketing team, to misappropriate these assets for their personal gain.

5. On 23 December 2020 Anton Fred Melchior Lee presented his application to the High Court of South Africa, (Western Cape Division, Cape Town) for an order to liquidate MTI.
6. MTI was provisionally wound-up by order of the High Court of South Africa, Western Cape Division, on 29 December 2020 and the provisional winding-up order was confirmed on 30 June 2021.
7. Copies of the provisional and final liquidation orders are attached hereto marked annexures “**MTI-2**” and “**MTI-3**” respectively.
8. In terms of section 348 of the Companies Act, 61 of 1973 (“**the Companies Act, 1973**”), the deemed date of commencement of liquidation of MTI is 23 December 2020 (“**the date of liquidation**”).
9. At all relevant times referred to hereinafter and to date hereof:
 - 9.1. The liabilities of MTI exceeded its assets; and

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- 9.2. MTI was unable to pay its debts and has at all times since been unable to pay its debts as contemplated in section 339, as read with section 340 of the Companies Act, 1973.

DISPOSITIONS MADE BY MTI TO THE DEFENDANT:

10. The defendant, from time to time, deposited bitcoin with MTI in the various accounts he held with MTI. In so doing, the defendant deposited the total sum of 70.37494313 bitcoin in MTI, the total value of which was, calculated at the prevailing value of bitcoin at the time when each deposit was made by the defendant, in the amount of R9,671,896.62.
11. From the bitcoin it received from its investors, MTI, from time to time, transferred the total sum of 99.18576688 bitcoin to the defendant, the total value of which was, calculated at the prevailing rate for bitcoin at the time when the transfers were made, in the amount of R18,695,736.22.
12. The difference by which the bitcoin transferred to the defendant exceeded the amount of bitcoin deposited by the defendant, is in the amount of 28.81082375 bitcoin, with the difference in value of the bitcoin deposited and the value of bitcoin transferred being in the amount of R9,023,839.60 ("**the additional bitcoin**").
13. From the bitcoin transferred to the defendant by MTI as pleaded above, 55.18576688 bitcoin, with a value of R12,248,816.10 calculated at the

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prevailing rate for bitcoin at the time of each transfer, were transferred to the defendant within 6 (six) months from the date of liquidation of MTI.

14. User Statements in respect of each of the accounts held by the defendant with MTI reflecting the date, the inward reference number, the amount of bitcoin and the value thereof which had been deposited by the defendant and the date, transaction number, transaction description and the amount and value of bitcoin transferred by MTI to the defendant are attached hereto as Annexure "MTI-4.1" to "MTI-4.10".

15. Every transfer of bitcoin from MTI to the defendant constitutes a "disposition" of the property of MTI, as contemplated in section 2 of the Insolvency Act, 24 of 1936 ("the Insolvency Act").

16. **Claim 1 – Section 26 of the Insolvency Act:**

16.1. The transfers of the additional bitcoin to the defendant were not made for value, as contemplated in section 26 of the Insolvency Act, in that:

16.1.1. MTI was not liable to dispose of any bitcoin to the defendant in excess of the bitcoin the defendant had deposited with MTI;

16.1.2. In disposing of bitcoin in excess of the amount of bitcoin the defendant deposited with MTI, MTI

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made dispositions of the additional bitcoin without receiving value therefor;

16.1.3. Each of the dispositions of the additional bitcoin made by MTI to the defendant were made less than two years before the liquidation of MTI; and

16.1.4. At the time when MTI made such dispositions to the defendant, its liabilities already exceeded its assets, and the disposition of such additional bitcoin to the defendant increased the extent by which MTI's liabilities already exceeded its assets.

16.2. Each of the dispositions made by MTI to the defendant of the additional bitcoin, as pleaded above, is therefore liable to be set aside in terms of section 26(1), read with section 32(3) of the Insolvency Act.

16.3. Consequent upon those dispositions being set aside, the plaintiffs are entitled to an order against the defendant that the defendant be directed to return the additional bitcoin the defendant received to the plaintiffs or in default thereof, to pay to the plaintiffs the value of such bitcoin as at the date of disposition or on the date on which the dispositions are set aside, whichever value is higher.

17. **Claim 2 – Section 29 of the Insolvency Act:**

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- 17.1. Each transfer of bitcoin to the defendant, to the extent which such dispositions were made less than 6 (six) months before the liquidation of MTI, constitutes a voidable preference of the defendant by MTI, as contemplated in section 29 of the Insolvency Act, in that:
- 17.1.1. Each of the dispositions made by MTI of its bitcoin to the defendant had the effect of preferring the defendant over the remaining creditors of MTI; and
- 17.1.2. Immediately after each disposition of bitcoin was made by MTI to the defendant, the liabilities of MTI exceeded its assets.
- 17.2. Each of the dispositions made by MTI to the defendant within 6 (six) months from the date of liquidation of MTI is therefore liable to be set aside in terms of section 29, read with section 32(3) of the Insolvency Act.
- 17.3. Consequent upon those dispositions being set aside, the plaintiffs are entitled to an order against the defendant that the defendant be directed to return the bitcoin the defendant received within 6 (six) months before the liquidation of MTI to the plaintiffs or in default thereof, to pay to the plaintiffs the value of such bitcoin as at the date of disposition or on the date on which the dispositions are set aside, whichever value is higher.

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18. Alternative claim to claims 1 and 2 above – Section 30 of the Insolvency Act:

18.1. In the alternative to the plaintiffs' first and second claims, the plaintiffs plead that each of the dispositions made by MTI to the defendant as pleaded above constitutes an undue preference of the defendant as contemplated in section 30 of the Insolvency Act in that:

18.1.1. At all relevant times when the dispositions were made by MTI to the defendant, the liabilities of MTI exceeded its assets;

18.1.2. Each of the dispositions made by MTI was made with the intention to prefer the defendant as a purported creditor over the remaining creditors of MTI, since MTI was aware that:

18.1.2.1. The dispositions were made from MTI's bitcoin received by it from investors in the carrying on of the unlawful business of MTI;

18.1.2.2. Through effecting the dispositions to the defendant, MTI became unable to

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perform its obligations towards investors; and

18.1.2.3. The dispositions made to the defendant had the effect of preferring the defendant over the remaining creditors of MTI;

18.1.3. MTI intended, through such dispositions being made to the defendant, to defraud the creditors of MTI and/or to prefer the defendant over other creditors of MTI; and

18.1.4. The dispositions made by MTI to the defendant had the effect of unduly preferring the defendant over the other creditors of MTI.

18.2. Each of the dispositions made by MTI to the defendant is therefore liable to be set aside in terms of section 30, read with section 32(3) of the Insolvency Act.

18.3. Consequent upon those dispositions being set aside, the plaintiffs are entitled to an order against the defendant that the defendant be directed to return the bitcoin the defendant received from MTI to the plaintiffs or in default thereof, to pay to the plaintiffs the value of such bitcoin as at the date of

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disposition or on the date on which the dispositions are set aside, whichever value is higher.

WHEREFORE the plaintiffs claim:

1. **In respect of Claim 1:**

1.1. That each of the dispositions made by MTI to the defendant of additional bitcoin, being the amount by which bitcoin transferred by MTI to the defendant exceeds the amount of bitcoin deposited by the defendant, is hereby set aside in terms of section 26(1) of the Insolvency Act.

1.2. The defendant is ordered:

1.2.1. To return 28.81082375 bitcoin to the plaintiffs; or

1.2.2. To pay to the plaintiffs the sum of **R9,023,839.60 (NINE MILLION TWENTY THREE THOUSAND EIGHT HUNDRED THIRTY NINE RAND AND SIXTY CENT)** or the value of 28.81082375 bitcoin, calculated at the prevailing rate of exchange for bitcoin as on the date of this order, whichever is the greater.

2. **In respect of Claim 2:**

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- 2.1. That each of the dispositions of bitcoin made by MTI to the defendant within 6 (six) months from the date of liquidation of MTI is hereby set aside in terms of section 29 of the Insolvency Act.
- 2.2. The defendant is ordered:
- 2.2.1. To return 55.18576688 bitcoin to the plaintiffs; or
- 2.2.2. To pay to the plaintiffs the sum of **R12,248,816.10 (TWELVE MILLION TWO HUNDRED FORTY EIGHT THOUSAND EIGHT HUNDRED AND SIXTEEN RAND AND TEN CENT)** or the value of 55.18576688 bitcoin, calculated at the prevailing rate of exchange for bitcoin as on the date of this order, whichever is the greater.
3. In the alternative to Claims 1 and 2
- 3.1. That each of the dispositions of bitcoin made by MTI to the defendant is hereby set aside in terms of section 30 of the Insolvency Act.
- 3.2. The defendant is ordered:
- 3.2.1. To return 99.18576688 bitcoin to the plaintiffs; or
- 3.2.2. To pay to the plaintiffs the sum of **R18,695,736.22 (EIGHTEEN MILLION SIX HUNDRED NINETY FIVE**

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THOUSAND SEVEN HUNDRED THIRTY SIX RAND
AND TWENTY TWO CENT) or the Rand value of
99.18576688 bitcoin, calculated at the prevailing rate of
exchange for bitcoin as on the date of this order,
whichever is the greater.

4. The defendant be ordered to pay interest on such amount as which the defendant is ordered to pay to the plaintiffs at the prescribed rate of interest as at the date of this order, *a tempore mora*.
5. Costs of suit.
6. Further and/or alternative relief.

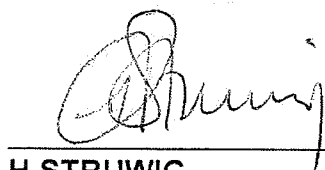
SIGNED AT PRETORIA ON THIS THE 31st DAY OF MARCH 2022



FH TERBLANCHE SC



PWT LOURENS



H STRUWIG

COUNSEL FOR THE PLAINTIFFS





STRYDOM RABIE HEIJSTEK & FAUL INC

Plaintiffs' Attorneys

Tel: 012 786 0954

E-mail: susan@srhfinc.co.za

Ref: MTI2/0038

C/O WERKSMANS ATTORNEYS

Level 1, No 5 Silo Square

V&A Waterfront

Cape Town

Tel: 021 405 5181

E-Mail: bolivier@werksmans.com

Ref: B Olivier/ STRY48632.1

**TO: THE REGISTRAR OF THE
HIGH COURT
CAPE TOWN**



IN THE HIGH COURT OF SOUTH AFRICA
(WESTERN CAPE DIVISION, CAPE TOWN)

CASE NO.: 3741/2022

In the matter between:

VAN ROOYEN, ADRIAAN WILLEM

First Plaintiff

BESTER, HERMAN N.O.

Second Plaintiff

ROOS, CHRISTOPHER JAMES N.O.

Third Plaintiff

BARNARD, JACOLIEN FRIEDA N.O.

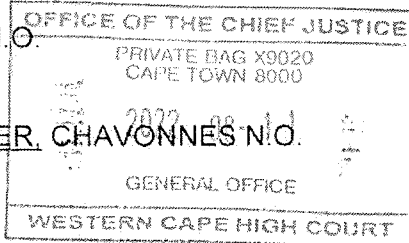
Fourth Plaintiff

BASSON, DEIDRE N.O.

Fifth Plaintiff

BADENHORST ST CLAIR COOPER, CHAVONNES N.O.

Sixth Plaintiff



and

BOTHA, PHILLIPS RUDOLPH

Defendant

DEFENDANT'S SPECIAL PLEA

The defendant raises the special plea that the plaintiffs lack the necessary *locus standi* to make any of the claims against the defendant as pleaded, in that:

1. Immediately prior to or about 12 March 2020 the defendant held all rights, title and interest in and to 26.049 intangible movable assets in the form of Bitcoin (the "defendant's Bitcoin" or "his Bitcoin" as the case may be).
2. During or about this time it came to the defendant's attention that Mirror Trading International (Pty) Limited ("MTI") invited the public at large to become

members of it on the terms and conditions attached hereto and marked "P1" (the "MTI terms and conditions").

3. During or about early March 2020 and at or around Midrand, Gauteng, the defendant registered, electronically, as a member of MTI, which registration was accepted by MTI, acting through an unknown authorised official, on 12 March 2020. The defendant acted personally when doing so.
4. Pursuant to the aforesaid, alternatively when the defendant deposited his first Bitcoins, an agreement was concluded between the defendant and MTI on the MTI terms and conditions as stipulated in P1 (the "agency and mandate agreement"). The agency and mandate agreement was so concluded in writing pursuant to the provisions of the Electronic Communications and Transactions Act 25 of 2002. The terms and conditions of the agency and mandate agreement are incorporated herein as if specifically pleaded.
5. To the best of the defendant's knowledge, the public at large from time to time concluded agreements identical to the agency and mandate agreement with MTI and thereby also became members of MTI (the "other members") on the terms and conditions of the agency and mandate agreement.
6. The relevant, salient and express terms and conditions of the agency and mandate agreement were:
 - 6.1. The defendant (and other members) accepted the MTI terms and conditions through their action of registering on the MTI online trading

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platform and/or by the use of the services provided by MTI. [Clause 6.2, page 5]

- 6.2. MTI would make its online trading platform available to the defendant (and other members) and would utilise the defendant's Bitcoin, and the other members' Bitcoin, to trade on the global crypto asset market via various crypto asset brokers and brokerage firms. [Clause 2.3, page 4, as read with clause 31.5, page 21]
- 6.3. The defendant would deposit his Bitcoin through the online platform made available to the defendant by MTI. The other members would do the same. [Clause 6.3, page 5]
- 6.4. The defendant unequivocally consented and agreed to MTI holding the defendant's Bitcoin on his behalf in a Bitcoin trading pool account, which contains all of the other members' Bitcoin. The other members similarly consented and agreed to MTI holding their Bitcoin on their behalf in a Bitcoin trading pool account, which contains all of the defendant's Bitcoin. The purposes hereof were for MTI to trade on the market where various denominations were bought and sold on behalf of the defendant and other members, in order to earn gains from such trading activities for the benefit of the defendant and other members. [Clause 6.3, page 5]
- 6.5. Via MTI's compensation plan, MTI offered the defendant a variety of different options to earn Bitcoin from the trade of the defendant's Bitcoin.

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and as more fully stipulated in the agency and mandate agreement in the form of certain stipulated bonuses (the "bonusses"). [Clause 26.1, page 19, as read with clauses 39 to 43, pages 25 to 33]

6.6. Upon verification of the defendant or other members' Bitcoin deposited, such Bitcoin will be allocated to a trading pool which contains the total amount of Bitcoin held by MTI on behalf of the defendant and other members. [Clause 40.1.2, page 26]

6.7. The defendant and other members would share in 40% (fourty percent) of the profits and losses made during the trading day in relation to the percentage share the defendant and other members held in the MTI trading pool. [Clause 40.1.4, page 26] In the premises, in this special plea and plea the following phrases have the following meanings:

6.7.1. "the collective profits" means the profits made from the trading activities of MTI in fulfilment of its mandate, in the form of Bitcoin; and

6.7.2. "the defendant's profits" means the rights, title and interest of the defendant to the collective profits in relation to his percentage share in the MTI trading pool, after the transfers contemplated in terms of paragraph 7.4 below.

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6.8. MTI would transfer the rights, title and interest to the bonuses and the defendant's profits to the defendant, with the intention that it would vest solely in the defendant and would do the same for its other members. [Clause 26.1, page 19, as read with clauses 39 to 43, pages 25 to 33]

6.9. The defendant and other members could at any time withdraw:

6.9.1. the Bitcoin deposited by them, and their share of the profits;
and

6.9.2. any bonuses transferred to them by MTI, subject to the terms of the agency and mandate agreement, which provided for a 7 (seven) day waiting period for some of the bonuses. [Clause 41.1.6, page 28, clause 42.1.14, page 31 and clause 49, pages 42 to 43]

7. In terms of the implied, alternatively tacit, terms of the agency and mandate agreement, as read with the express terms and conditions pleaded in paragraph 6 above:

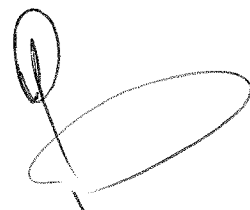
7.1. MTI would act as the defendant's (and other members') agent and in doing so would, with the purpose of making a profit for the defendant and other members:

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- 7.1.1. hold all the Bitcoin deposited on behalf of and as agent for the defendant and other members;
- 7.1.2. have authority to sell Bitcoin deposited by the defendant on his behalf, and Bitcoin deposited by the other members on their behalf; and
- 7.1.3. have authority to purchase Bitcoin on the defendant's behalf and once acquired hold such Bitcoin on the defendant's behalf, and would do the same for the other members;

(The actions of MTI as referred to in paragraphs 7.1.1 to 7.1.3 above are herein referred to as "trade" or "trading" as the case may be).

- 7.2. MTI would fulfil its mandate faithfully, honestly and with care and diligence and would account to the defendant and other members for the actions it has taken on behalf of the defendant and other members and such accounting would be done through so-called "wallets" (the "wallets") and periodic statements sent by way of email.
- 7.3. All rights, title and interest to the Bitcoin deposited, and any Bitcoin acquired by MTI on the defendant's or other members' behalf, will remain the sole property of the defendant or other members, as the case may be, and until transferred to MTI in terms of paragraph 7.4 below and to such extent only.

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- 7.4. As consideration for the services made available to the defendant and other members, and for fulfilment of its mandate, MTI would be entitled to share in 60% (sixty percent) of the profits made by it from trading (the "MTI profits"), which would be transferred to MTI by itself, on the defendant's and other members' behalf.

8. The agency and mandate agreement contained no suspensive conditions and took effect:
 - 8.1. in the case of the defendant, upon the acceptance by MTI of the defendant's registration on 12 March 2020; and
 - 8.2. in the case of the other members upon the acceptance by MTI of their registration on dates unknown to the defendant, such dates for each other member falling within the exclusive knowledge of MTI and/or the plaintiffs.

9. Pursuant to the agency and mandate agreement:
 - 9.1. the defendant performed all of his obligations in terms thereof;
 - 9.2. the defendant deposited his Bitcoin to various of his relevant wallets from time to time and during the period between 12 March 2020 and 14 July 2020; and

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- 9.3. the other members deposited their Bitcoin in their wallets from time to time and during periods unknown to the defendant, such periods for each other member falling within the exclusive knowledge of MTI and/or the plaintiffs, the records of such wallets falling within the exclusive knowledge of MTI and/or the plaintiffs.
10. At no time were any of the rights, title and interest the defendant (and other members) held in their Bitcoin transferred to MTI, and MTI never took transfer of any of such rights, title and interest in each instance that the defendant and other members deposited his and their Bitcoin in his and their wallets, it never being the defendant's or other members' intention that any such transfer(s) occur.
11. According to the defendant:
- 11.1. MTI fulfilled its obligations in terms of the agency and mandate agreement and traded with the defendant's Bitcoin, on his behalf, from time to time, and did the same for the other members.
- 11.2. MTI from time to time transferred the MTI profits to itself, on behalf of the defendant and other members.
- 11.3. MTI accounted to the defendant and other members through the records of the wallets, and periodic statements sent by MTI.

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12. The defendant further participated in the options made available to him by MTI to earn bonuses and MTI transferred such bonuses, in the form of Bitcoin, to the defendant's relevant wallets, and all rights, title and interest to such Bitcoin were transferred to the defendant, and the defendant received all rights, title and interest to such Bitcoin, as was their intention.

13. The defendant further from time to time:
 - 13.1. concluded additional agency and mandate agreements in the same manner and on the same terms and conditions pleaded above (each also the "agency and mandate agreement"), alternatively upon Bitcoin being deposited into each of the relevant wallets; and

 - 13.2. withdrew the defendant's profits and bonuses from his relevant wallets and re-deposited them in various of his relevant wallets in terms of one or more of the agency and mandate agreements. In the premises, what is pleaded above applies to such withdrawals and deposits.

14. In the context of that which is pleaded above:
 - 14.1. During the period from 12 March 2020 to 4 June 2020 being more than 6 months prior to 23 December 2020:
 - 14.1.1. The defendant deposited his Bitcoin (26.049) during the period between 12 March 2020 to 1 April 2020.

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14.1.2. From 13 April 2020 to 4 June 2020 the defendant from time to time withdrew Bitcoins from his relevant wallets, re-deposited some of them (the "re-deposited Bitcoins") and again withdrew some of his Bitcoin and/or the re-deposited Bitcoins to and from his relevant wallets. The defendant thereby terminated MTI's mandate (upon each withdrawal) and re-instated it (upon each re-deposit).

14.1.3. Pursuant to the aforesaid withdrawals, deposits and re-deposits the defendant effectively retained 16.37508763 Bitcoins in his relevant wallets (the "retained Bitcoins") at the end of the stated period.

14.2. During the period from 6 July 2020 to 9 November 2020 and being within 6 months from 23 December 2020:

14.2.1. The defendant from time to time withdrew Bitcoins from his relevant wallets, re-deposited some of them (also the "re-deposited Bitcoins") and again withdrew his Bitcoin and/or the re-deposited Bitcoins to and from his relevant wallets. The defendant thereby terminated MTI's mandate (upon each withdrawal) and re-instated it (upon each re-deposit).

14.2.2. On 9 November 2020 the defendant withdrew the last of his Bitcoins and/or the retained Bitcoins and/or the re-deposited Bitcoins from his relevant wallets.

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- 14.3. Pursuant to all of the aforesaid withdrawals, deposits, re-deposits and including the retained Bitcoins, the defendant effectively withdrew 28.81082375 more Bitcoins than what was deposited, re-deposited and retained in his relevant wallets, which constitutes the defendant's relevant profits and bonuses for the full term of his engagement with MTI (the "gains").
15. The plaintiffs claim and *locus standi* is premised on their rights and duties to recover property owned by, or in which MTI had a right or an interest, through the mechanisms made available to them in terms of the Insolvency Laws of South Africa, *inter alia* the Insolvency Act 24 of 1936 (the "Insolvency Act"), specifically to impeach dispositions of property that is alleged to be MTI's property.
16. All the rights, title and interest in and to the Bitcoins withdrawn by the defendant (i.e. the defendant's Bitcoin and the gains) at all material times vested in the defendant for the reasons pleaded hereinbefore. Conversely, MTI acquired no rights, title or interest in the defendant's Bitcoins and/or the gains and:
- 16.1. such Bitcoins at no relevant time formed the 'property' of MTI as contemplated in section 2 of the Insolvency Act 24 of 1936; and
- 16.2. MTI cannot dispose of property not owned by it, or of a right to property that it does not have (i.e. a non-existent right), or in which it has no interest; and

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16.3. the plaintiffs accordingly have no *locus standi* to make any claims of any nature whatsoever against the defendant in relation to the Bitcoins withdrawn by him from MTI.

17. In the alternative to the above and insofar as it is found that:

17.1. the agency and mandate agreement stipulated that the rights, title and interest in and to the Bitcoins deposited by the defendant and/or the other members would become the property of MTI; and

17.2. MTI:

17.2.1. carried on business unlawfully as pleaded in paragraph 4.4 of the plaintiffs' particulars of claim (the "particulars of claim"), which is denied; and/or

17.2.2. acted in contravention of the FMA as pleaded and defined in paragraph 4.5 of the particulars of claim, which is denied; and/or

17.2.3. provided, as part of its business, a financial product, financial service or market infrastructure in contravention of the FSR Act as pleaded and defined in paragraph 4.6 of the particulars of claim, which is denied; and/or

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- 17.2.4. conducted a collective investment scheme in terms of CISCA without being registered as a manager or being an authorised agent or being exempted from the provisions of CISCA as pleaded and defined in paragraph 4.7 of the particulars of claim, which is denied; and/or
- 17.2.5. directly or indirectly promoted, knowingly joined and/or entered into and participated in fraudulent financial transactions in terms of the CPA as pleaded and defined in paragraph 4.8 of the particulars of claim, which is denied; and/or
- 17.2.6. directly promoted and conducted a pyramid scheme in terms of the CPA as pleaded and defined in paragraph 4.9 of the particulars of claim, which is denied; and/or
- 17.2.7. had an underlying business model which was designed and implemented to perpetrate theft and fraud on members of the public by enticing them to invest in an unlawful Ponzi-type investment scheme, as pleaded and defined in paragraph 4.10 of the particulars of claim, which is denied; and/or
- 17.2.8. MTI did not trade with the defendant's Bitcoins and/or the other members' Bitcoins at all, or failed to do so at a profit;

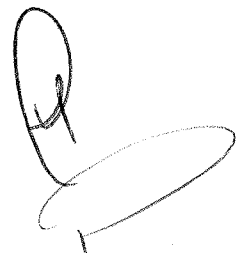
the defendant pleads as follows.

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18. Paragraphs 1 to 7 of the defendant's special plea, with subparagraphs, are incorporated herein as if specifically pleaded.
19. Unbeknown to the defendant the agency and mandate agreement is tainted by unlawfulness and/or by fraud and is therefore illegal and/or unenforceable and/or void *ab initio*.
20. Under the mistaken and *bona fide* belief that the agency and mandate agreement was lawful and enforceable, and that MTI would trade, and traded, at a profit:
 - 20.1. the defendant deposited his Bitcoin to various of his relevant wallets from time to time and during the period between 12 March 2020 and 14 July 2020; and
 - 20.2. the other members deposited their Bitcoin to their wallets from time to time and during periods unknown to the defendant, such periods for each other member falling within the exclusive knowledge of MTI and/or the plaintiffs, the records of such wallets falling within the exclusive knowledge of MTI and/or the plaintiffs; and
 - 20.3. MTI transferred what the defendant believed to be his profits to the various relevant wallets held by him (the "purported profits").
21. None of the rights, title and interest in and to the Bitcoin deposited by the defendant and/or the other members passed or could lawfully pass to MTI as:

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- 21.1. the defendant and other members at no relevant time genuinely intended that any part of the rights, title and interest they held in their Bitcoin be transferred to MTI, in each instance that the defendant and other members deposited his and their Bitcoin in their wallets; and/or
 - 21.2. no transfer of the rights, title and interest pleaded in paragraph 21.1 took place as the agency and mandate agreement was tainted by unlawfulness and/or fraud and therefore illegal and/or unenforceable and/or void *ab initio*.
22. The defendant, at all relevant times, under the mistaken and *bona fide* belief that the agency and mandate agreement was lawful and/or that MTI traded at a profit:
- 22.1. further participated in the purported options made available to him by MTI to earn bonuses and MTI deposited such purported bonuses, in the form of Bitcoin, to the defendant's various relevant wallets (the "purported bonuses");
 - 22.2. concluded additional, and what he mistakenly and *bona fide* believed to be lawful, agency and mandate agreements in the same manner and on the same terms and conditions pleaded above (each also the "agency and mandate agreement") alternatively upon Bitcoin being deposited into each of the relevant wallets; and

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- 22.3. from time to time withdrew the purported profits and purported bonuses from his relevant wallets and re-deposited them in various of his relevant wallets.
23. In the context of that which is pleaded above the defendant repeats paragraph 14 above, subject to his gains then being purported ones (the "purported gains").
24. The plaintiffs claim and *locus standi* is premised on their rights and duties to recover property owned by, or in which MTI had a right or an interest, through the mechanisms made available to them in terms of the Insolvency Laws of South Africa, *inter alia* the Insolvency Act 24 of 1936 (the "Insolvency Act"), specifically to impeach dispositions of property that is alleged to be MTI's property.
25. All the rights, title and interest in and to the Bitcoins withdrawn by the defendant (i.e. the defendant's Bitcoin and the purported gains) at all material times vested in the defendant (in respect of his Bitcoin) and/or the other members (in respect of the purported gains) for the reasons pleaded hereinbefore. Conversely, MTI acquired no rights, title or interest in the defendant's Bitcoins and/or the purported gains and:
- 25.1. such Bitcoins at no relevant time formed the 'property' of MTI as contemplated in section 2 of the Insolvency Act 24 of 1936; and

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25.2. MTI cannot dispose of property not owned by it, or of a right to property that it does not have (i.e., a non-existent right), or in which it has no interest; and

25.3. the plaintiffs accordingly have no *locus standi* to make any claims of any nature whatsoever against the defendant in relation to the Bitcoins withdrawn by him from MTI.

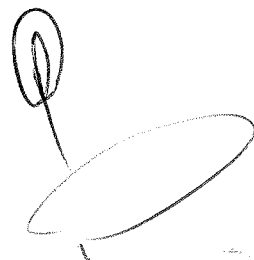
WHEREFORE THE DEFENDANT PRAYS THAT THE PLAINTIFFS' CLAIMS BE DISMISSED WITH COSTS.

DEFENDANT'S PLEA OVER

The defendant pleads as set out hereunder to the plaintiff's particulars of claim signed and dated 31 March 2022, in the event that the defendant's special plea is dismissed.

AD PARAGRAPH 1 (WITH SUB-PARAGRAPHS)

26. The defendant admits only the citations of the plaintiffs, and subject to that which is pleaded below in response to paragraphs 2.1 and 2.2 of the particulars of claim.

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AD PARAGRAPHS 2.1 AND 2.2

27. The defendant has no knowledge of the allegations herein, denies same and puts the plaintiffs to the proof thereof.

28. In amplification of the aforesaid, but without derogating from the generality thereof, the defendant pleads that:

28.1. legal proceedings were instituted to remove the plaintiffs as the appointed liquidators of MTI; and

28.2. the status and outcome of those proceedings when this action was instituted, or now, are unknown to the defendant.

AD PARAGRAPH 3

29. The allegations herein are admitted.

AD PARAGRAPH 4.1

30. The defendant has no knowledge of the allegations herein, denies same and puts the plaintiffs to the proof thereof.

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AD PARAGRAPHS 4.2 AND 4.3

31. The defendant incorporates that which is pleaded in paragraphs 1 to 14 of his special plea herein as if specifically pleaded.
32. All crypto assets (i.e. Bitcoin) withdrawn by the defendant were so withdrawn within the ordinary course of the business of MTI.
33. The defendant furthermore pleads that crypto assets are not legal tender and/or currency, foreign or otherwise, and accordingly cannot be traded as such.
34. Insofar as the allegations in these paragraph contradict that what is pleaded above, such allegations are denied and the plaintiffs are put to the proof thereof.

AD PARAGRAPH 4.4

35. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.
36. In amplification of the aforesaid, but without derogating from the generality thereof, the defendant pleads that at all relevant times:
 - 36.1. crypto assets were/are unregulated; and
 - 36.2. the FAIS Act (as defined by the plaintiffs) finds no application to the business or any other aspect of the conduct of MTI.

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AD PARAGRAPH 4.5

37. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.

38. In amplification of the aforesaid, but without derogating from the generality thereof, the defendant pleads that at all relevant times:

38.1. crypto assets were/are unregulated; and

38.2. the FMA (as defined by the plaintiffs) finds no application to the business or any other aspect of the conduct of MTI.

AD PARAGRAPH 4.6

39. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.

40. In amplification of the aforesaid, but without derogating from the generality thereof, the defendant pleads that at all relevant times:

40.1. crypto assets were/are unregulated; and

40.2. the FSR Act (as defined by the plaintiffs) finds no application to the business or any other aspect of the conduct of MTI.

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AD PARAGRAPH 4.7

41. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.

42. In amplification of the aforesaid, but without derogating from the generality thereof, the defendant pleads that at all relevant times:

42.1. crypto assets were/are unregulated; and

42.2. CISCA (as defined by the plaintiffs) finds no application to the business or any other aspect of the conduct of MTI.

AD PARAGRAPH 4.8

43. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.

44. In amplification of the aforesaid, but without derogating from the generality thereof, the defendant pleads that at all relevant times:

44.1. crypto assets were/are unregulated; and

44.2. the CPA (as defined by the plaintiffs) finds no application to the business or any other aspect of the conduct of MTI; or

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44.3. in the alternative to the above and insofar as the CPA finds application the defendant pleads as follows:

44.3.1. no order as contemplated in terms of section 52(3) of the CPA, as read with section 52(1)(b) has been made and the plaintiffs are put to the proof of the contrary; and

44.3.2. the plaintiffs cannot seek relief in terms of or otherwise rely on the provisions of the CPA, such provisions being aimed at protecting the defendant and the other members (as consumers), not MTI and/or the plaintiffs.

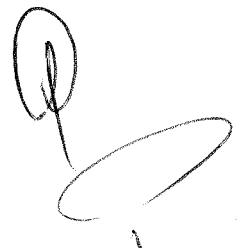
AD PARAGRAPH 4.9

45. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.

46. In amplification of the aforesaid, but without derogating from the generality thereof, the defendant pleads that at all relevant times:

46.1. crypto assets were/are unregulated; and

46.2. the CPA (as defined by the plaintiffs) finds no application to the business or any other aspect of the conduct of MTI; or

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46.3. in the alternative to the above and insofar as the CPA finds application the defendant pleads as follows:

46.3.1. no order as contemplated in terms of section 52(3) of the CPA, as read with section 52(1)(b) has been made and the plaintiffs are put to the proof of the contrary; and

46.3.2. the plaintiffs cannot seek relief in terms of or otherwise rely on the provisions of the CPA, such provisions being aimed at protecting the defendant and the other members (as consumers), not MTI and/or the plaintiffs.

AD PARAGRAPH 4.10

47. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.

48. In amplification of the aforesaid denial, but without derogating from the generality thereof:

48.1. the defendant incorporates the whole of his special plea herein as if specifically pleaded; and

48.2. insofar as it is found that MTI had effective control in the Bitcoin such effective control was not given to it with the intention that the rights, title

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and interest to the Bitcoin be transferred to MTI and none of such rights, title and interest were therefore transferred to MTI.

AD PARAGRAPH 5

49. The allegations herein are admitted.

AD PARAGRAPH 6

50. The defendant admits the orders pleaded herein (the "liquidation orders") were made, but has no knowledge as to whether any one of them remain extant and the plaintiffs are put to the proof thereof.

AD PARAGRAPH 7

51. The defendant admits MTI-2 and MTI-3 are copies of the liquidation orders.

AD PARAGRAPH 8

52. The defendant admits the allegations herein, but only insofar as the liquidation orders remain extant.

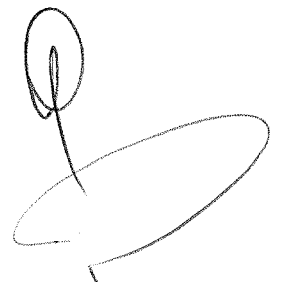
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AD PARAGRAPH 9 (WITH SUB-PARAGRAPHS)

53. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.
54. Without derogating from the generality of the aforesaid, the defendant pleads that he was at relevant times of the *bona fide* belief that MTI's assets exceeded its liabilities and that MTI was able to pay its debts in the normal course of its business and as and when they became due and payable.

AD PARAGRAPH 10

55. The defendant denies each and every allegation herein as if specifically traversed and puts the plaintiffs to the proof thereof.
56. The defendant incorporates paragraph 14, with subparagraphs, of his special plea herein as if specifically pleaded.
57. The total number of Bitcoins the plaintiffs plead the defendant deposited is overstated as the plaintiffs double counted re-deposited Bitcoins.
58. On the evidence presented by the plaintiff (MTI-4.1 to MTI-4.10), the accuracy of which is not admitted, the total rand value of the Bitcoins the defendant deposited in his relevant wallets is R10 418 772.62.

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AD PARAGRAPH 11

59. The defendant denies each and every allegation herein as if specifically traversed and puts the plaintiffs to the proof thereof.

60. Insofar as it is found that MTI transferred Bitcoins of the other members (referred to as "investors" by the plaintiffs) to the defendant:

60.1. The defendant incorporates paragraphs 1 to 7 and paragraphs 17.1 to 23, as read with paragraph 14 (with subparagraphs) of his special plea herein as if specifically pleaded;

60.2. MTI at no relevant time held the right, title and interest to such Bitcoins, or any interests in it; and

60.3. MTI did not, and could not, transfer such Bitcoins with the intention to transfer the rights, title and interest in and to such Bitcoins to the defendant and such rights, title and interest at all relevant times remained, and remains, with the relevant other members.

61. The total number of Bitcoins the plaintiffs plead the defendant withdrew is overstated as the plaintiffs double counted re-deposited Bitcoins.

AD PARAGRAPH 12

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62. The defendant's gains (as defined in the special plea) were 28.81082375 Bitcoins.
63. The defendant denies the rand value placed on the gains. In terms of MTI4.1 to MTI4.10, the accuracy of which is not admitted, the rand value of the gains were R8 277 013.68.
64. Save as pleaded above, the defendant denies each and every allegation herein as if specifically traversed and puts the plaintiffs to the proof thereof.

AD PARAGRAPH 13

65. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.
66. The defendant repeats paragraph 14 of his special plea, with subparagraphs.
67. The calculation of the plaintiffs is overstated as the plaintiffs' calculation does not provide for the re-deposited Bitcoins and the retained Bitcoins.

AD PARAGRAPH 14

68. The defendant admits that MTI-4.1 to MTI-4.10 purports to be user statements of wallets of the defendant, but does not admit the accuracy thereof.

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AD PARAGRAPH 15

69. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.
70. The defendant repeats the whole of his special plea.

AD PARAGRAPH 16 (WITH SUBPARAGRAPHS)

71. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.
72. The defendant repeats the whole of his special plea herein as if specifically pleaded.
73. In the alternative to paragraph 72 above and if found that the agency and mandate agreement is enforceable and the defendant's Bitcoin and that of the other members formed the property of MTI, the defendant pleads, without derogating from his general denial as aforesaid, that insofar as the defendant's Bitcoin and his gains are concerned, the withdrawal of it from the defendant's relevant wallets was, in each instance, for value and as performance in terms of the contractual relationship between the defendant and MTI.
74. In the further alternative and insofar as it is found that the agency and mandate agreement was tainted by unlawfulness and/or fraud and is therefore illegal and/or unenforceable and/or void *ab initio* and notwithstanding this it is found

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that the defendant's Bitcoin and that of the other members formed the property of MTI, the defendant pleads, without derogating from his general denial as aforesaid, that:

74.1. insofar as the defendant's Bitcoin is concerned, the withdrawal of it from the defendant's relevant wallets was, in each instance, for value as on any given construction MTI was obliged to give return of the defendant's Bitcoin to him, whether in terms of the laws of contract, alternatively on the premise as pleaded in the defendant's counterclaim filed herewith, which is repeated; and

74.2. insofar as the gains, or purported gains are concerned:

74.2.1. during or about November 2020 the defendant, in consultation with his peers who also invested in Bitcoin at that time, concluded that the value of Bitcoin would substantially decrease within the short term and on this premise:

74.2.1.1. withdrew his gains, from his relevant wallets; and

74.2.1.2. in good faith and for the above reasons sold and realised the Bitcoins constituting his gains immediately thereafter;

74.2.2. the defendant no longer holds any of the Bitcoin constituting his gains, or any other Bitcoin; and

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74.2.3. the value to be attributed to the alleged dispositions of the gains withdrawn by the defendant should be the lesser of:

74.2.3.1. the value as calculated with reference to the date on which each commensurate deposit was made by the defendant; and

74.2.3.2. the value of the Bitcoins as at the date such alleged dispositions are set aside;

as it would be against public policy for MTI and/or the plaintiffs to benefit from MTI's unlawful conduct, such benefit being an increase in the value of the relevant Bitcoins.

75. In the further alternative and if found that all of the withdrawals made by the defendant constitute dispositions without value of MTI's property, the defendant repeats paragraph 74.2 and its subparagraphs, to apply *mutatis mutandis* to all of the withdrawals made by the defendant.

76. In the further alternative, the defendant pleads that insofar as it is found that the withdrawal of his Bitcoin is a disposition and liable to be set aside under section 26 of the Insolvency Act, he in return for such disposition had parted with his Bitcoin by depositing same in his relevant wallets, or has lost a right against MTI or the plaintiffs, and he acted in good faith. Accordingly, the defendant is



not obliged to restore his Bitcoin or other benefit received under such disposition, as contemplated in section 33 of the Insolvency Act.

AD PARAGRAPH 17 (WITH SUBPARAGRAPHS)

77. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.

78. The defendant incorporates the whole of his special plea herein as if specifically pleaded.

79. In the alternative and if found that the defendant's Bitcoin and/or gains (or purported gains), as the case may be, formed the property of MTI and was disposed by it, the defendant, without derogating from his general denial as aforesaid, pleads:

79.1. he has no knowledge as to whether MTI's liabilities exceeded its assets after each and every relevant disposition and puts the plaintiffs to the proof thereof;

79.2. withdrawal of the defendant's Bitcoins were dispositions made in the ordinary course of MTI's business, the obligation to give return of that to which it has no lawful claim being ordinary to any business;

79.3. the withdrawal of the defendant's Bitcoin were not intended to prefer the defendant above any creditors the plaintiffs allege MTI had at all relevant

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times, and now, as such withdrawals were merely return of a performance previously performed by the defendant, whether in terms of the laws of contract, alternatively on the premise as pleaded in the defendant's counterclaim filed herewith, which is repeated.

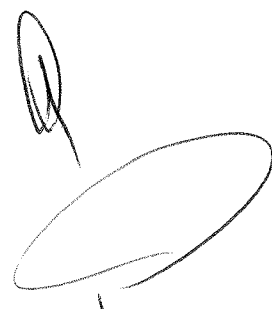
80. In the further alternative and if found that any of the withdrawals made by the defendant of his Bitcoin and/or his gains (or purported gains as the case may be) constitutes voidable preferences as stipulated in terms of section 29 of the Insolvency Act, the defendant, without derogating from his general denial as aforesaid, pleads:

80.1. during or about November 2020 the defendant, in consultation with his peers who also invested in Bitcoin at that time, concluded that the value of Bitcoin would substantially decrease within the short term and on this premise:

80.1.1. withdrew all his Bitcoins, and his gains, from his relevant wallets; and

80.1.2. in good faith and for the above reasons immediately thereafter sold and realised all the Bitcoins withdrawn by him; and

80.2. the defendant no longer holds any of the Bitcoin withdrawn from MTI by him, or any other Bitcoin; and

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80.3. the value to be attributed to the alleged dispositions of the Bitcoins withdrawn by the defendant should be the lesser of:

80.3.1. the value as calculated with reference to the date on which each commensurate deposit was made by the defendant; and

80.3.2. the value of the Bitcoins as at the date such alleged dispositions are set aside;

as it would be against public policy for MTI and/or the plaintiffs to benefit from MTI's unlawful conduct, such benefit being an increase in the value of the relevant Bitcoins, if applicable.

81. In the further alternative, the defendant pleads that insofar as it is found that the withdrawal of his Bitcoin is a disposition and liable to be set aside under section 29 of the Insolvency Act, he in return for such disposition had parted with his Bitcoin by depositing same into his relevant wallets, or has lost any right against MTI or the plaintiffs, and he acted in good faith. Accordingly, the defendant is not obliged to restore his Bitcoin or other benefit received under such disposition, as contemplated in section 33 of the Insolvency Act.

AD PARAGRAPH 18 (WITH SUBPARAGRAPHS)

82. Each and every allegation herein are denied as if specifically traversed and the plaintiffs are put to the proof thereof.

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83. The defendant incorporates the whole of his special plea herein as if specifically pleaded.
84. In the alternative and if found that the gains, or purported gains, as the case may be, formed the property of MTI and was disposed by it the defendant, without derogating from his general denial as aforesaid, pleads:
- 84.1. he has no knowledge as to whether MTI's liabilities exceeded its assets at the time each and every relevant disposition, or at any other relevant time, and puts the plaintiffs to the proof thereof;
- 84.2. the withdrawal of the defendant's Bitcoin were not intended to prefer the defendant above any creditors the plaintiffs allege MTI had at all relevant times, and now, as such withdrawals were merely return of a performance previously performed by the defendant, whether in terms of the laws of contract, alternatively on the premise as pleaded in the defendant's counterclaim filed herewith, which is repeated.
85. In the further alternative and if found that any of the withdrawals made by the defendant of his Bitcoin and/or his gains (or purported gains as the case may be) constitutes undue preferences as stipulated in terms of section 30 of the Act, the defendant repeats paragraphs 80.1 to 80.3 (with subparagraphs), without derogating from his general denial as aforesaid.
86. In the further alternative, the defendant pleads that insofar as it is found that the withdrawal of his Bitcoin is a disposition and liable to be set aside under section



30 of the Insolvency Act, he in return for such disposition had parted with his Bitcoin by depositing same in his relevant wallets, or has lost any right against MTI or the plaintiffs, and he acted in good faith. Accordingly, the defendant is not obliged to restore his Bitcoin or other benefit received under such disposition, as contemplated in section 33 of the Insolvency Act.

WHEREFORE THE DEFENDANT PRAYS THAT THE PLAINTIFFS' CLAIMS BE DISMISSED WITH COSTS.

DEFENDANT'S CONDITIONAL COUNTERCLAIM

87. The plaintiff in reconvention is the defendant in convention.
88. The defendants in reconvention are the plaintiffs in convention.
89. The parties are described in paragraphs 1 (including subparagraphs) and 3 of the particulars of claim.
90. The defendant's counterclaim is conditional on the following findings being made in the claim in convention:
- 90.1. the 26.049 Bitcoins owned by the defendant immediately before 12 March 2020 (i.e. the "defendant's Bitcoin" or "his Bitcoin") and deposited by the defendant in his relevant wallets, would become the property of MTI and/or MTI had an interest in the defendant's Bitcoin; and



90.2. the agency and mandate agreement (as defined in the special plea) is unlawful and/or unenforceable and/or *ab initio*; and/or

90.3. the defendant is ordered to return his Bitcoin to the plaintiffs, or to make payment in relation to them to the plaintiffs on any basis;

(the "claim conditions").

91. If the claim conditions are fulfilled the defendant makes the following conditional claim against the plaintiffs.

92. The defendant repeats paragraphs 1 to 7 and 13 of his special plea.

93. Unbeknown to the defendant the agency and mandate agreement was tainted by unlawfulness and/or by fraud and was therefore illegal and/or unenforceable and/or void *ab initio*.

94. Under the mistaken and *bona fide* belief that the agency and mandate agreement was legal, lawful and enforceable, and that MTI would trade, and traded, at a profit, the defendant deposited his Bitcoin in his relevant wallets from time to time and during the period between 12 March 2020 and 14 July 2020.

95. Because of the illegality and unenforceability of the agency and mandate agreement, there was no valid *causa* for the deposits of the defendant's Bitcoin in his relevant wallets.

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96. MTI, and the liquidated estate of MTI, was unjustly enriched (and continuous to be unjustly enriched) at the expense of the defendant and the defendant's estate was impoverished (and continuous to be impoverished) by:

96.1. 26.049 Bitcoins deposited by him in his relevant wallets.

96.2. In the alternative, the value of 26.049 Bitcoins deposited by him in his relevant wallets as at the date of this order.

96.3. In the further alternative, the value at which the defendant is ordered to return his Bitcoin to the plaintiffs, or to make payment in relation to his Bitcoin to the plaintiffs.

97. The defendant accordingly claims from the plaintiffs, in terms of the *condictio ob turpem vel iniustam causam*:

97.1. Return of 26.049 Bitcoins deposited by him in his relevant wallets.

97.2. In the alternative, the value of 26.049 Bitcoins deposited by him in his relevant wallets as at the date of this order.

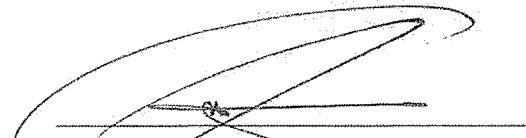
97.3. In the further alternative, the value at which the defendant is ordered to return his Bitcoin to the plaintiffs, or to make payment in relation to his Bitcoin to the plaintiffs.

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WHEREFORE THE DEFENDANT PRAYS FOR JUDGMENT AGAINST THE PLAINTIFFS, UPON THE CLAIM CONDITIONS FULFILLING, FOR:-

1. Return of 26.049 Bitcoins (the "defendant's Bitcoins"), alternatively payment of the value of the defendant's Bitcoins as at the date of this order, further alternatively payment of the value at which the defendant is ordered to return the defendant's Bitcoin to the plaintiffs, or to make payment in relation to the defendant's Bitcoin to the plaintiffs.
2. Payment of interest on either amount above at the rate of 8.25% per annum *a tempore morae*.
3. Payment of the costs of this conditional counterclaim.

DATED AT CAPE TOWN ON THIS THE 11th DAY OF AUGUST 2022.


YASEEN CARIEM
(Duly admitted and appearing in terms of
Section 25(2) of the Legal Practice Act, 2014)

CLAASSEN INC

Defendant's Attorneys


Per. Mr. Y Cariem

Ground Floor, 74 St Andrew Street



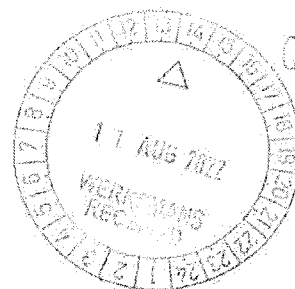
Birdhaven
Gauteng
Tel: (010) 025 3335
Email: nicoc@claassinc.co.za
sharanl@claassinc.co.za
Ref: Mr. N Claassen/M00073

C/O VANDERSPUY CAPE TOWN
1st Floor
56 Shortmarket Street
Cape Town
Tel: (021) 491 8007
Email: yaseenc@vdsilaw.co.za
Ref: Mr. Y Cariem

TO: THE REGISTRAR OF THE HIGH COURT
CAPE TOWN

AND TO: STRYDOM, RABIE, HEIJSTEK & FAUL INC
Plaintiffs' Attorneys
Delmondo Office Park
169 Garsfontein Road
Ashlea Gardens, Pretoria
Gauteng
Tel: (012) 786 0954
Email: susan@srhfinc.co.za
Ref: MT12/0038/S Strydom

C/O WERKSMANS ATTORNEYS
Level 1, No 5 Silo Square
V&A Waterfront



A large, stylized handwritten signature in black ink, consisting of a large loop and a long horizontal stroke.

Cape Town

Tel: (021) 405 5181

E-mail: bolivier@werksmans.com

Ref: STRY48432.1/B Olivier

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Mirror Trading International (Pty) Ltd
Registration Number: 2019/205570/07
Head office: 43 Plein Street, Unit 1, Ground Floor, Stellenbosch, Western Cape, South Africa, 7600

its members

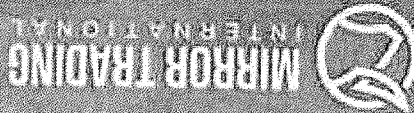
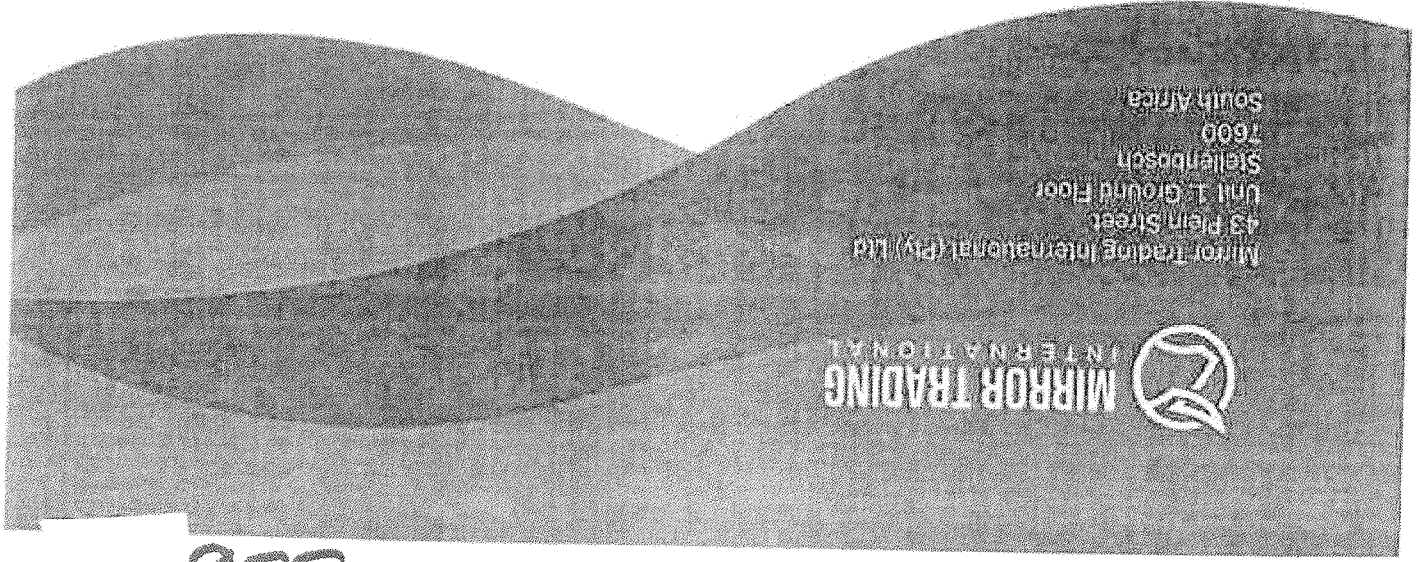
and

Mirror Trading International (Pty) Ltd ("MTI")

between

Terms and Conditions of Agreement

"P1"



Mirror Trading International (Pty) Ltd
43 Plein Street
Unit 1, Ground Floor
Stellenbosch
7600
South Africa

356

| INDEX: | | PAGE/S: |
|--------|---------------------------------------------------------------------------------------------------------------------|---------|
| 1) | Part 1: Advice Disclaimer Section | |
| | 1. Introduction | 4 |
| | 2. Nature of MTI's business operations | 4 |
| | 3. Advice Disclaimer | 4 |
| | 4. Financial Advice | 4-5 |
| | 5. Trading performance | 5 |
| 2) | Part 2: General terms and conditions | |
| | 6. Introduction to general terms and conditions | 5 |
| | 7. General terms and conditions regarding registration of prospective members | 5-6 |
| | 8. General terms and conditions regarding eligibility for membership with MTI | 6-9 |
| | 9. Disclaimer of warranties pertaining to approved members | 9-10 |
| | 10. Copyright provisions | 10 |
| | 11. MTI's exclusive rights | 10-11 |
| | 12. Indemnity | 11-12 |
| | 13. Regulatory and Policy | 12-13 |
| | 14. Limitation of liability | 13 |
| | 15. Transfer of members accounts | 13 |
| | 16. Amendments and variations to terms and conditions | 13 |
| | 17. Jurisdiction | 13-14 |
| | 18. Waiver and severance of terms and conditions of this contract | 14 |
| | 19. Consequences of Insolvency and Succession | 14-15 |
| | 20. Declaration | 15 |
| 3) | Part 3: General policies pertaining to the use of the MTI online trading platform | |
| | 21. Introduction to general policies | 15-16 |
| | 22. Ethical behavior pertaining to the use of the MTI online trading platform | 16-18 |
| | 23. Impermissible key-words, phrases, expressions and acronyms whilst engaging with the MTI online trading platform | 18 |
| | 24. Recruiting | 18-19 |
| | 25. Territorial rights/Conducting trading on the MTI online trading platform across international borders | 19 |
| | 26. Qualification requirements for earning Bitcoin from the MTI Compensation Plan | 19-20 |
| | 27. General rules for members engaging in MTI business operations | 20-21 |
| | 28. Intellectual property, including trademark and copyrights | 21 |
| | 29. Events | 21 |
| | 30. Privacy | 21 |
| | 31. Further limitations | 21-22 |
| | 32. Conclusion pertaining to general policies | 22 |
| | 33. Declaration | 22 |
| 4) | Part 4: Core/Brand values of MTI | |
| | 34. Introduction | 22 |
| | 35. Core/Brand Values | 22-23 |

| | | |
|-----|-----------------------------------------------------------------------------------------------------------------------|-------|
| 5) | Part 5: Code of Conduct | |
| | 36. Forbidden activity by members | 23-24 |
| | 37. Member activity encouraged by MTI | 24-25 |
| | 38. Penalties regarding non-compliance | 25 |
| 6) | Part 6: MTI's Compensation Plan | |
| | 39. The Compensation Plan in general | 25-26 |
| | 40. Terms and conditions pertaining to the 40% member's daily recurring Trading Bonus | 26-27 |
| | 41. Terms and conditions pertaining to the 10% direct once-off Referral Bonus | 27-30 |
| | 42. Terms and conditions pertaining to the 20% weekly profit sharing or Binary Bonus | 30-31 |
| | 43. Terms and conditions pertaining to the P1 and P2 Leadership Bonus | 32-33 |
| 7) | Part 7: General terms and conditions regarding Sponsor members | |
| | 44. Application of the general terms and conditions regarding Sponsor members | 33-34 |
| | 45. Subject and conclusion of the Referral Agreement | 34-35 |
| | 46. The general preconditions of the Sponsor agreement | 35-36 |
| | 47. Status of the Sponsor member as an entrepreneur and obligations of the Sponsor member | 36-41 |
| | 48. Protection of the Sponsor, exclusion of territorial protection, special rights | 41-42 |
| | 49. Payment conditions, methods of payment of bonuses and transfer Prohibition | 42 |
| | 50. Disabling/Suspension of a Sponsor member's account | 43 |
| | 51. Termination of the Sponsor member agreement, consequences of such termination and the death of the Sponsor member | 43-44 |
| | 52. Transfer of the Sponsored structure to third parties | 44 |
| 8) | Part 8: Know Your Customer ("KYC") | |
| | 53. Performing due diligence on customers | 44-45 |
| | 54. MTI's KYC requirements | 45-46 |
| | 55. MTI KYC data recording | 46 |
| 9) | Part 9: Peer-to-Peer ("P2P") | |
| | 56. Provisions regarding Peer-to-Peer (P2P) transactions | 46-47 |
| 10) | Part 10: Handling of written queries and dispute resolution | |
| | 57. Investigation and dispute resolution procedures regarding breaches of contract by members | 47-49 |
| | 58. Handling of written queries made by members | 49 |
| 11) | Part 11: Closing provisions | |
| | 59. Modification of agreement | 49 |

Part 1: Advice Disclaimer section

1. **Introduction**
 - 1.1 Mirror Trading International (Pty) Ltd, (hereinafter referred to as "MTI"), hereby declares that it is not a financial services provider and that it provides an online Bitcoin trading service via its online platform.
 - 1.2 All members, including proxy members, who represent parties on the MTI online trading platform, hereby agree that by accessing and registering onto the MTI online trading platform, and/or by the act of utilizing any MTI service on such platform, that they have read, understood and agree to and will abide by the terms of this agreement.
2. **Nature of MTI's business operations**
 - 2.1 MTI is an internet based cryptocurrency online trading platform which performs its business through the website known as www.mymticlub.com.
 - 2.2 MTI's official offices are located at 43 Plein Street, Unit 1, Ground Floor, Stellenbosch, Western Cape, South Africa.
 - 2.3 MTI operates as club where interested parties acquire membership to the club for the primary purpose to trade the cryptocurrency known as Bitcoin on MTI's online trading platform, whereby MTI utilizes members' Bitcoin to trade on the global cryptocurrency market via various cryptocurrency brokers and brokerage firms.
 - 2.4 MTI may from, time to time participate in trading Bitcoin on the foreign exchange currency ("Forex") market, which depends on any applicable legislative and regulatory requirements being adhered to before commencing such trading activity.
3. **Advice Disclaimer**
 - 3.1 MTI is not and does not portray, or attempt to portray itself as a registered or authorized financial services provider, or render financial services in respect of advice or intermediary services pertaining to financial products as defined in the Financial Advisory and Intermediary Services Act no. 37 of 2002 (the "FAIS act").
 - 3.2 MTI is not and does not portray, or attempt to portray itself as a registered or authorized financial securities services provider or brokerage, as defined in the Financial Markets Act, No.19 of 2012 (the "FM Act").
4. **Financial advice**
 - 4.1 Neither MTI nor its members, or its management team, purport to be financial advisors.



- 4.2 Any member who requires financial advice, are encouraged to consult their own personal financial advisor to assist them in that regard.
- 4.3 MTI does not provide any financial advice or intermediary services for any member utilizing the MTI online trading platform.
5. Trading performance
- 5.1 As per MTI's Terms and Conditions of Agreement contract, including its general policies and advice disclaimer, MTI does not guarantee or warrant any returns or specific growth, rates, percentages or outcomes regarding the trading activity on the MTI online trading platform.
- 5.2 MTI members and proxy members utilise the services provided on the MTI online trading platform entirely at their own risk, without any liability being levelled towards MTI for any actions conducted by said members and proxies whatsoever.

Part 2: General terms and conditions

6. Introduction to general terms and conditions

- 6.1 This part of this contract covers the set of terms and conditions pertaining to the access and registration of members onto the MTI online trading platform.
- 6.2 All members, prospective members and proxy members accept to the Terms and Conditions of Agreement contract as a whole, through their action of registering on the MTI online trading platform and/or by the use of any service provided by MTI.
- 6.3 All members, prospective members and proxy members, through their action of depositing Bitcoin into the MTI online trading platform, unequivocally consent and agree to MTI holding their Bitcoin on their behalf in a Bitcoin trading pool account, which contains all other members' Bitcoin funds, for the purposes of trading on the cryptocurrency market where various cryptocurrency denominations are bought and sold on behalf of members, in order to earn gains from such trading activities for the benefit of such members.

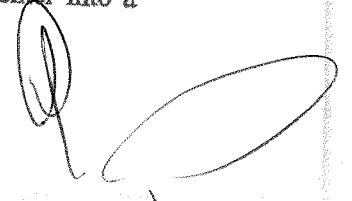
- 6.4 All members, prospective members and proxy members are required to familiarise themselves with this Terms and Conditions of Agreement contract, which covers the contractual relationship between MTI and its members as a whole, and also to these specific set of terms and conditions pertaining to the access and registration of members onto the MTI online trading platform.

7. General terms and conditions regarding registration of prospective members

- 7.1 A prospective member's access, registration and use of the MTI online trading platform (and any and all related software utilized to support the online trading platform) shall be governed by the general terms and conditions detailed hereunder.



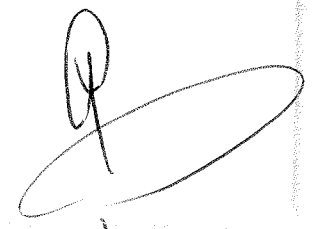
- 7.2 The registration of a prospective member to the MTI online trading platform, and the utilisation of the services provided by the online platform by said prospective member, including the activity of a valid proxy, irrevocably binds the prospective member to the general terms and conditions as stipulated in this part, and also to the further provisions contained in the overall Terms and Conditions of Agreement contract as a whole.
- 7.3 **VERY IMPORTANT:** The registration of a prospective member onto the MTI online trading platform enables such prospective member to utilize the services of the MTI online platform, and also entitles the prospective member to register 1 (ONE) trading account with MTI and the MTI online trading platform (the registration of multiple accounts by a prospective member under various different aliases with MTI and MTI's online trading platform is a strict violation of the terms and conditions of this contract and will result in the immediate suspension/disablement of a member's account and the eventual termination thereof).
- 7.4 The MTI online trading platform provides all necessary information with regards to operating the member account dashboard, as well as further details pertaining to the MTI Compensation Plan and its optional Referral Bonus plan.
- 7.5 In order for a prospective member to make use of the services provided by MTI on its online trading platform, the prospective member is required to register and open an account on the platform.
- 7.6 A prospective member is required to fund their MTI account with a minimum amount of \$100 USD (One Hundred United States Dollars) worth of Bitcoin within 7 (SEVEN) days from the date and time of the registration of the prospective member's account with MTI on MTI's online trading platform.
- 7.7 The failure of a prospective member to make a minimum deposit of \$100 USD worth of Bitcoin within a 7 (SEVEN) day period will result in the newly registered account being deleted from the MTI online trading platform.
- 7.8 A prospective member who fails to fund their account timeously, and the deletion of the newly formed account has occurred, such prospective member will have the ability to register another account on the MTI online trading platform and will result in the prospective member being placed in a different position within the MTI referral structure.
- 8. General terms and conditions regarding eligibility for membership with MTI**
- 8.1 Any prospective member who intends to register onto the MTI online trading platform must fulfil the following criteria:
- 8.1.1 if the prospective member is an individual natural person, he/she must be at least 18 (eighteen) years of age;
- 8.1.2 the prospective member must have the requisite legal capacity to enter into a legally binding contract;




- 8.1.3 if the prospective member is a minor, the following sub-criteria need to be fulfilled:
- a) a minor prospective member may not become a member of MTI, unless he/she has reached the age of permissible age to enter into contract without the assistance of their legal guardian, as per the relevant laws of contract pertaining to their country of residence (which in the case of the Republic of South Africa is 18 years of age, which may differ from country to country as the case may be);
 - b) if the prospective member is a minor, who is under the age of 18 (eighteen) years of age, and is resident within the Republic of South Africa, the legal guardian of such minor will be able to manage the MTI membership and account on behalf of such minor and will be liable and be bound to the Terms and Conditions of Agreement in their representative capacity as legal guardian of the said minor;
 - c) the legal guardian of the minor prospective member, as stipulated in clause 8.1.3.2 above, must ensure that once the minor prospective member is registered as a member of MTI, that he/she does not access her/his account on the MTI online trading platform without the presence and assistance of his/her legal guardian, who will have full access to the minor's account and membership access rights until the minor reaches the age of majority;
 - d) once the minor prospective member attains the age of majority, he/she may approach MTI to provide him/her with full exclusive access to the MTI online trading platform, by providing MTI with the requisite proof of attaining the age of majority;
 - e) the minor prospective member, who has attained the age of majority, and has been granted exclusive access to the MTI online trading platform, will be bound to the Terms and Conditions of Agreement as herein stipulated;
- 8.1.4 if a prospective member chooses to utilise a legally recognised proxy to register onto the MTI online trading platform, such intended proxy must be at least 18 (eighteen) years of age and must have the requisite legal capacity to enter into a legally binding contract (a duly signed power of attorney or proxy agreement must be submitted to MTI for evaluation before a proxy will be granted permission to act on behalf of the interested party);
- 8.1.5 if a prospective member is a registered company, trust or any other corporate legal entity with limited liability (duly registered under applicable laws and legislation of the particular country or jurisdiction in which the aforesaid legal entity conducts business from, and/or is domiciled) the following provisions apply:
- a) such legal entity must appoint a duly authorised representative by written declaration or resolution or letter of authority to act on behalf of the said legal entity in order to register the legal entity onto the MTI online trading platform and to utilize the services and products offered by MTI;
 - b) the duly authorised representative of the legal entity will contractually bind the legal entity to the terms and conditions of agreement contained herein via him/her registering the legal entity onto the MTI online trading platform on behalf of the said legal entity;



- c) if any dispute regarding the authority of the appointed representative of the legal entity arises, such dispute shall have no force and effect on the legality or existence of the contractual relationship between the legal entity represented by the said representative and MTI;
 - d) MTI reserves the right to request a certified copy of the relevant resolution/written declaration/letter of authority from the appointed representative or from the legal entity represented to confirm the appointment of the representative of the relevant legal entity;
 - e) the legal entity registering and contracting with MTI, must submit certified copies of relevant CIPC (Companies and Intellectual Property Commission) documentation, company documents, trust deeds or any other document which will confirm the existence and solvency of said legal entity;
 - f) if the legal entity fails to furnish MTI with the requisite documentation to register an account within a reasonable time period, MTI reserves the right to suspend the legal entity's account until the requisite documentation have been submitted;
- 8.1.6 a prospective member is required to be sponsored by an existing member of MTI (the "Sponsor");
- 8.1.7 a prospective member is required to have a valid identity document and/or certificate of incorporation/registration if such member is a registered legal entity, in order to be eligible to obtain membership with MTI, and to open an account on MTI's online trading platform.
- 8.2 Any prospective member intending to become a member of MTI, is responsible for their own taxes on any proceeds and the declaration thereof with the party's relevant tax authority (MTI does not deduct or withhold any taxes on any party's behalf, nor will any reporting tax related responsibilities vest with MTI).
- 8.3 Any prospective member intending to become a member of MTI, must take responsibility for maintaining and protecting the confidentiality and safekeeping of their login details granting access to MTI's online trading portal, which includes the prospective member's email address and password details, and once the prospective member becomes an approved member of MTI, MTI is indemnified as follows:
- 8.3.1 MTI takes no responsibility for any unauthorised access to any member's account;
 - 8.3.2 MTI takes no responsibility for any unauthorised usage of the member's account once the account has been accessed by an unauthorised party; and
 - 8.3.3 in the event of a security breach of the MTI online trading platform, MTI shall notify its members as soon as practically possible, in compliance with South African legislation such as the Protection of Personal Information Act No. 4 of 2013 (the "POPI Act") and international regulations such as the General Data Protection Regulation (the "GDPR").
9. **Disclaimer of warranties pertaining to approved members**



- 9.1 All members understand and acknowledge that neither MTI nor its business partners, are responsible for any losses or damages of whatever nature that a member may suffer (nor will MTI accept liability for such losses or damages) for the MTI online trading platform being temporarily being unavailable or due to any technical issue and/or due to any maintenance issue beyond the reasonable control of MTI.
- 9.2 All members understand and acknowledge that MTI does not provide any guarantees pertaining to the performance, accuracy, timelines, completeness or suitability of the information (which may contain unintended outdated information, inaccuracies or errors) and services depicted on the MTI online trading platform, for any particular purpose; and MTI accepts no liability for such incorrect depictions.
- 9.3 All members understand and acknowledge that information provided by MTI on the MTI online trading platform, including but not limited to statements, trade results and advertisements, are purely for information purposes and by no means are intended to serve as financial or investment advice, and/or financial forecasts of future performance.
- 9.4 All members understand and acknowledge that any information or services accessed and utilised by members on the MTI online trading platform, do so entirely at their own risk and MTI cannot be held liable for any damages or loss occurred by a member as result of accessing and utilising such information or service.
- 9.5 All members understand and acknowledge that any product, services and information related thereto, offered by MTI on MTI's online trading platform, meet their specific needs and requirements once they commence activities with the MTI online trading platform.
- 9.6 All members understand and acknowledge that the MTI online trading platform may include links to other third party websites, which are controlled and run by MTI staff, and are provided by MTI to its members for their benefit, convenience and to train/educate them further regarding the effective use of MTI's online trading platform.
- 9.7 All members understand and acknowledge that any and all online conversations/chats, videos, links, documents and other information obtained directly or indirectly through the use of the MTI online trading platform (including but not limited to any of its affiliates and/or their webpages or portals, social media links or other electronic communications) are purely for informative purposes, and shall by no means be construed as constituting financial or investment advice whatsoever.
- 9.8 All members understand and acknowledge that MTI and its officers cannot be held liable in any manner for any consequential losses or damages that a member may incur as a result of their access and usage of the MTI online trading platform (this includes access and usage performed by a proxy acting behalf of a member).
10. **Copyright provisions**



- 10.1 All members acknowledge and agree that the MTI online trading platform contains confidential information, which is protected by local and international copyright laws and legislation, as well as applicable local and international intellectual property laws and legislation.
- 10.2 MTI reserves all rights pertaining to copyrights and intellectual property rights it holds regarding the MTI online trading platform, the performance thereof, and any relevant activities associated thereto.
11. MTI's exclusive rights
- 11.1 Members are permitted to utilise the MTI online trading platform provided that they refrain from conducting the following actions:
- 11.1.1 copying, modifying, creating a derivative version, reverse engineering, reverse assembling or similar modification, or attempting to discover any source code, meta-data, sell, assign, sub-licence out, grant a security interest or otherwise, or transfer any right pertaining to the MTI online trading platform in any manner or form whatsoever;
- 11.1.2 utilising modified versions of the MTI online trading platform, including and without limitation, for the purpose of obtaining unauthorised access to the MTI online trading platform; or
- 11.1.3 accessing the MTI online trading platform by any other means other than through the interface as provided by MTI on its online trading platform.
- 11.2 Members are authorised to utilise their name, personal photograph, any personal testimonial and/or likeness in the creation of advertising and promotional material, and such members in producing such advertising and promotional material, waive all claims for remuneration for such productions (members will receive marketing-specific communications relating to the production of advertising and promotional material from MTI from time to time via email, and members have the option to opt-out of receiving such communications through the relevant link provided on such emails if they so wish).
- 11.3 Members agree to permit MTI to contact members via email or text message for various reasons from time to time, including and not limited to, MTI official announcements, bonus plans, promotions, technical updates, operational updates and amendments to terms and conditions relating to this contract.
- 11.4 Should any password, email address, 2FA (Second Factor Authorisation) or Bitcoin withdrawal wallet address be amended for whatever reason, MTI reserves the right, for security reasons and for the protection of the MTI online trading platform and its participating members, to block and restrict withdrawals from a member's account for a period of 7 (seven) calendar days.
- 11.5 Should a member misuse, manipulate or abuse the various Bonus Plans contained in the Compensation Plan available on the MTI online trading platform, by means of schemes or unethical behaviour, with or without the assistance or collusion of other parties, MTI



reserves the right to withhold, deduct or collect from the guilty member and his/her accomplices, any portion/amount of Bitcoin unfairly received from their relevant MTI account/s.

- 11.6 MTI reserves the right to manage the Referral Bonus of any account with a balance of less than \$100 (One Hundred USD) worth of Bitcoin in value.
- 11.7 Should the balance in a member's account fall below the minimum threshold of \$100 (One Hundred USD) worth of Bitcoin, the allocation of the 10% (ten percent) Referral Bonus earned by the member's Sponsor earned after the relevant 7 (seven) Calendar day waiting period having expired, will be as follows:
- 11.7.1 50% (fifty percent) of the allocated Referral Bonus will be allocated to the Sponsor member's income wallet;
 - 11.7.2 50% (fifty percent) of the allocated Referral Bonus will be allocated to the Sponsor member's trading pool balance;
 - 11.7.3 this automatic allocation of the Referral Bonus will persist pending the member's trading pool balance increasing to over or equal to \$100 (One Hundred USD) worth of of Bitcoin, and once the member's trading pool balance reaches the threshold of \$100 (One Hundred USD) the normal allocation rules apply.
- 11.8 Data lists containing the names of customers and members belong to MTI and are not permitted to be utilised for any commercial or business purposes without the prior written consent of MTI, its directors and its management officers.
12. Indemnity
- 12.1 All members entering into this Terms and Conditions of Agreement contract, indemnify and release MTI from and against all claims, lawsuits, arbitration proceedings, demands, actions, applications, liabilities, costs and expenses (including reasonable legal costs and expenses awarded by any competent court or tribunal) resulting from any member's acts or omissions prior or during their membership with MTI, relating to their access to and/or utilisation of the MTI online trading platform, or arising from any breach of this contract by any member, or arising from any negligent act or omission, which results in any claim, lawsuit, arbitration proceeding, demand, action, liability, cost/s or expense arising there from.
- 12.2 All members acknowledge and understand that failure to comply with the provisions provided in this Terms and Conditions of Agreement contract, may result in the termination of the contract, which also may result in MTI suspending the membership of a non-compliant member pending the outcome of an investigation into the activity of such member.
- 12.3 All members acknowledge and understand that during an investigation of their particular account for any breach of this contract, any bonus payment due to a member may be delayed until a final resolution has been decided upon with regards to the relevant investigation.



- 12.4 All members acknowledge and understand that in the event of a material breach of this contract by a member occurs, the relevant member's rights pertaining to current and future bonuses accruing to him/her, may be terminated without any further bonuses and associated payments of any kind being made by MTI to the relevant member forthwith, with such bonus payments being forfeited to MTI with immediate effect.
- 12.5 All members agree to indemnify MTI, its directors, shareholders, management officers, contractors and employees from any and all claims, damages or expenses (including legal fees) that may arise from any of their actions, omissions or conduct in violation or contravention of this contract.
- 12.6 All members acknowledge and understand that bonuses currently offered by MTI, as per its Compensation Plan, are subject to change without prior notice and is subject to fluctuating market conditions and trading activity beyond the control of MTI.
- 13. Regulatory and Policy**
- 13.1 MTI requires that all members act in a manner that complies with relevant applicable regulatory, policy, legislative and legal parameters governing the trade of cryptocurrency, in particular Bitcoin.
- 13.2 Should any member obtain information or become aware of any developments regarding any regulatory, policy, legislative and legal parameters in any communication medium of any form, such information should be forwarded directly to MTI Support, which will be forwarded to the relevant management department and personnel dealing with such developments, which will also be forwarded to the CEO (Chief Executive Officer) of MTI.
- 13.3 Should the developments occur as per clause 13.2, no member is to circulate or send such information contained in such communication medium to any other member other than to MTI Support.
- 13.4 Should a member transgress the provisions contained in clause 13.2 and 13.3 above, MTI reserves the right to cancel the relevant member's membership, resulting in the relevant member's account being terminated and completely withdrawn, with his Bitcoin returned to him/her within a reasonable time period.
- 13.5 Should a member have his/her account with MTI being cancelled as per clause 13.4, such member shall be prohibited from joining MTI again.
- 14. Limitation of liability**


Neither party to this contract are liable to one another for any consequential or indirect loss, including but not limited to, loss of profit, loss of data, lost opportunity cost and loss of enjoyment, through the use of the MTI online trading platform.



15. **Transfer of members accounts**
- 15.1 Due to the prevalence of cybercrimes, no account shall be ceded or assigned to any third party.
- 15.2 Despite any other terms and conditions contained in this contract, MTI reserves the right, in exceptional circumstances, to change the details of a member on the relevant member's profile.
16. **Amendments and variations to terms and conditions**
- 16.1 MTI, in its sole discretion, may amend the terms and conditions of this contract from time to time, if and when necessary to do so, without prior notice.
- 16.2 Updated amended terms and conditions of this contract will appear on the MTI online trading platform in the Governance section.
- 16.3 It is the responsibility of each and every member of MTI to keep abreast of amendments to the terms and conditions of this contract when they do arise.
- 16.4 After amendments of the terms and conditions of this contract occur, the continued use of the MTI online trading platform by members shall be construed as unequivocal acceptance of the said amendments.
- 16.5 If a member fails to agree to comply and be bound by the terms and conditions of this contract, as amended from time to time, such member must cease trading on the MTI online trading platform, request a full withdraw of all Bitcoin in trade and inform MTI Support and the member's Sponsor member regarding their cancellation from the MTI online trading platform.
- 16.6 If a member elects to relinquish their membership on the MTI online trading platform, such member shall be bound to the terms and conditions of this contract for a period of 36 (thirty six) months after cancellation of their membership and will refrain from participating in any conduct that could possibly cause reputational harm to MTI.
17. **Jurisdiction**
- 17.1 This contract and the contractual relationship between MTI and its members shall be governed by the laws of the Republic of South Africa.
- 17.2 The parties to this contract agree and submit to the jurisdiction of the relevant High Court of South Africa in the determination of legal proceedings launched either by MTI or an aggrieved member of MTI, as the case may be.
18. **Waiver and severance of terms and conditions to this contract**



- 18.1 Any failure on the part of MTI to exercise or enforce any rights it has in terms of any provisions this agreement to utilise against a member contravening the terms and conditions of this contract, shall not be constituted as a waiver of such rights concerning the relevant provisions not exercised or enforced.
- 18.2 MTI reserves the right to exercise or enforce such provisions against a member contravening the terms and conditions of this agreement, either when MTI comes aware of such contravention by the relevant member, or within 3 (three) years from date of the contravention, whichever is sooner.
- 18.3 If any provision of this contract is deemed by a relevant court holding jurisdiction, to be invalid or illegal, the parties to this contract will agree to an amended provision to comply with the court's findings, alternatively and should it be impossible to amend such provision, such provision shall be severed from this contract and the remaining provisions of this contract shall remain in force and effect binding all parties thereto.
- 19. Consequences of Insolvency and Succession pertaining to membership**
- 19.1 All rights in and to a member's account and the information pertaining to such account, shall terminate upon the death of a member or the winding-up of the estate of an insolvent member.
- 19.2 MTI will upon the receipt of a formal request from a member's executor/liquidator/trustee, supported by a formal letters of authority, letters of executorship or relevant court order, (supplemented by supporting documentation such as a death certificate or copy of winding-up court order or trust deed, as the case may be) will proceed to freeze the member's account and provide the member's executor/liquidator/trustee with a statement of account regarding the Bitcoin in trade on the MTI online trading platform.
- 19.3 MTI, upon formal request, will act upon the instructions of a member's executor/liquidator/trustee and shall either liquidate a member's Bitcoin by transferring same to the member's estate, or shall replace the member with his/her nominated beneficiary as per their wishes contained in their last Will and Testament as the case may be.
- 19.4 A deceased member's membership on the MTI online trading platform can only be transferred to a beneficiary of the member's estate, such beneficiary must either be a natural person or a duly registered legal entity, and such position will not be split between multiple parties in requisite portions (only one beneficiary can inherit the deceased member's membership).
- 20. Declaration**



- 20.1 By a member accepting to this contract, such member confirms that he/she has carefully read, understood and agrees to fully comply with all the terms and conditions of this contract.
- 20.2 All members acknowledge and understand that the terms and conditions contained in this contract are binding on such members, represented by proxy or not.
- 20.3 All members acknowledge and understand they must be in good standing with MTI and must not be in violation of any terms and conditions of this contract should they wish to be eligible to any bonuses or payment offered by MTI on its online trading platform.
- 20.4 The continuation of a member's membership and the member's continued participation on MTI's online trading platform, as well as the member accepting bonuses and like payments from MTI, shall constitute as the relevant member's acceptance of the terms and conditions of this contract and to any and all amendments associated thereto.
- 20.5 A member is required to understand and abide by any laws and applicable legislation within their relevant country or jurisdiction, pertaining to the trade of cryptocurrency and which may have an effect on the member's continued membership with MTI.

Part 3: General policies pertaining to the use of the MTI online trading platform

- 21. Introduction to general policies**
- 21.1 This part covers a range of MTI general policies pertaining to the use of the MTI online trading platform which all members and their relevant proxies must agree and abide to after registering on the MTI online trading platform and subsequent utilization of such trading platform and the services offered thereon.
- 21.2 All members are required to read and familiarize themselves regarding these general policies.
- 21.3 All policies and procedures pertaining the use of the MTI online trading platform, as presented herein, and as amended from time to time at the sole discretion of MTI, are incorporated into, and form an integral part of the MTI Referral Bonus terms and conditions contained in the Compensation Plan, and the remaining terms and conditions of this contract.
- 21.4 Throughout these policies and procedures, when the term "contract" is used, it collectively refers to the entire Terms and Conditions of Agreement as a whole, which includes the MTI Referral Application, the MTI policies and procedures together the rest of the terms and conditions contained in this contract.
- 21.5 Notwithstanding anything stated in the aforementioned terms and conditions, it remains the responsibility of each member to read, understand, adhere to and to ensure that he or she is aware of, and operates under the most recently updated current version of these policies and procedures.



- 21.6 It remains the sole responsibility of each member to ensure that the members of their down-line, and for whom they act as a Sponsor member for, are made aware of any subsequent amendments to these terms and conditions.
- 21.7 When a member enrolls a new member onto the MTI online trading platform, it is the responsibility of the Sponsor member to provide the most current version of these policies and procedures, terms and conditions and of the Compensation Plan, as contained in this contract to the prospective member, prior to he/she enters into the Referral Agreement by referring the prospective member to the MTI online trading platform.
22. Ethical behavior pertaining to the use of the MTI online trading platform
- 22.1 MTI conducts business in an ethical and credible manner based on MTI's core values of Integrity, which requires that every member deal ethically with their customers, with other members and with MTI.
- 22.2 MTI permits no unethical or illegal activity, nor shall it be held liable for such actions or behavior.
- 22.3 MTI will intercede if suspected unethical behavior is brought to the attention of MTI, and as such, MTI reserves the right to exercise its best judgment in deciding whether certain activities conducted by members are unethical in nature, and such decision will be final.
- 22.4 MTI may use its own discretion in determining the appropriate course of action to deal with suspected unethical behavior, unless the transgression requires legal action in the appropriate court or tribunal forum.
- 22.5 Should MTI determine that unethical behavior is being conducted by a certain member, MTI reserves the right to suspend or terminate the relevant member's membership and account on the MTI online trading platform, including but not limited to all bonuses and payments of any kind which may be due to the relevant member in question.
- 22.6 Under no circumstances is a member, whose membership is terminated due to unethical behavior or illegal activity, entitled to sell or transfer their position on the MTI online trading platform.
- 22.7 Examples of unethical behavior includes, but are not limited to the following:
- 22.7.1 making any false or misleading remarks, statements, innuendos or spreading false rumors that may disparage prospective members from trading on the MTI online trading platform, accessing MTI's services, products and Compensation Plan;
- 22.7.2 making false or misleading remarks, statements, innuendos or spreading false rumors that may defame MTI's online trading platform business, its founders, its management, its members, its business partners or employees;



- 22.7.3 making any false claim regarding MTI's products that are not found on MTI's online trading platform or official referral material;
- 22.7.4 making any unapproved income claims or revealing the amounts of income that a member has received by trading with MTI, without prior consent from the MTI management and board;
- 22.7.5 utilizing any of the information in a member's back office or a member's activity report in a manner to influence another member of MTI to alter their contractual relationship with MTI in any manner whatsoever;
- 22.7.6 utilizing the information in a member's back office or a member's activity report in order to compete with MTI in any manner whatsoever, either directly or indirectly, personally or through an agent or third party;
- 22.7.7 by providing, selling or revealing any membership data lists and/or their contact information that may appear in a member's activity report or down-line report sent to a third party;
- 22.7.8 by providing, selling or revealing any private and confidential MTI internal data belonging exclusively to MTI;
- 22.7.9 by directly or indirectly disclosing the password and/or access code, including 2FA codes, to a member's account, back office portal or activity report on the MTI online trading platform;
- 22.7.10 by any action of forgery to mimic the identity of another member in order to gain access to the member's account, back office portal or activity report on the MTI online trading platform, such actions of forgery include and are not limited to the forging of a member's signature, pretending to be a member via email/textmessage/Whatsapp/message/phone-call/telegram communications to MTI and MTI Support, utilizing software programs such as Photo-shop to pretend to be another member and sending forged manipulated documentation and photographs to MTI and MTI Support;
- 22.7.11 making any unauthorized use of MTI's name, logos, intellectual property, photos, videos, trademarks or copyrighted material in any way or form or deviating from the authorized content in any form or manner;
- 22.7.12 the violation of any law, legislation or regulation applicable;
- 22.7.13 by competing with MTI's products or trading services, directly or indirectly, via the association with another competing online trading business entity or through a member's efforts in attempting to recruit other members of MTI to their competing trading platforms;
- 22.7.14 by behaving aggressively or using abusive language, mistreatment, or any other inappropriate behavior toward any MTI employee, founder, management officer or any other member of MTI as the case may be;
- 22.7.15 by publishing any private and confidential information belonging to MTI, including data regarding other member's accounts, MTI's statements of account, profit and loss margins, membership Bitcoin holdings in MTI, Bitcoin trading values pertaining to MTI and its members, on any social media platform and/or public forum;
- 22.7.16 by engaging, promoting or encouraging any activity, behavior, participation, abuse or conduct in order to undermine the MTI online trading platform, which



could result in the perpetrator obtaining an unfair advantage and financial benefit from any of the Bonus Plans within the Compensation Plan available.

23. Impermissible key-words, phrases, expressions and acronyms whilst engaging with the MTI online trading platform
- 23.1 Members are forbidden to make use of certain words, similar words, key-words, phrases, expressions and acronyms whilst communicating and engaging with MTI, its members, support team, management team, leadership and the public in general, on any topic, via any communication medium, including and not limited to verbal communications, emails, text messages, Whatsapp messages, telegram messages, phone-calls, and include the following:
- 23.1.1 "Pint money";
 - 23.1.2 "Printing money";
 - 23.1.3 "Pyramid";
 - 23.1.4 "Pyramid-scheme";
 - 23.1.5 "Get rich quick scheme";
 - 23.1.6 "Get rich quickly";
 - 23.1.7 "Fast money";
 - 23.1.8 "Money making machine".
- 23.2 The usage of forbidden key-words, phrases, expressions and acronyms by members is considered by MTI as a serious violation of these terms and conditions and could result in the relevant member making such utterances in having their membership suspended or terminated along with their account on the MTI online trading platform.
24. Recruiting
- 24.1 Cross-line recruiting (commonly known as "poaching of members") of other members belonging to another down-line structure is not permitted.
- 24.2 A down-line structure contains the members that have been approached by a member, and the subsequent members these members have approached, to join the MTI online trading platform.
- 24.2 Cross-line recruiting or "poaching" of members, means the action of a member approaching another member, who is not the approaching member's direct referral or a member approached by one of the approaching member's down-line members, in order to unfairly lure such approached member to become part of the approaching member's down-line, thereby abandoning their own down-line structure.
- 24.3 A member may not solicit or approach an individual or entity that has been previously sponsored by another Sponsor member of MTI.
- 24.4 A member may not solicit or approach an individual or entity consider to become prospective member of MTI, who has already been approached by a Sponsor member




- to join their own down-line structure, thereby unfairly taking a referred member from the Sponsor member soliciting such a member to join the MTI online trading platform.
- 24.5 A member may not register and fund a prospective member without their consent or authorization in an attempt to lock them into the MTI online trading platform.
25. **Territorial rights / Conducting trading on the MTI online trading platform across international borders**
- 25.1 Members may refer and sponsor new members in any country or jurisdiction where MTI conducts business operations from without exclusivity.
- 25.2 Members utilizing the MTI online trading platform in countries other than the Republic of South Africa, are bound to the terms and conditions of this contract, regardless of the applicability of the prevailing laws, legislation and regulations of the country in question.
- 25.3 Members utilizing the MTI online trading platform in countries other than the Republic of South Africa, are responsible for gaining knowledge and adhering to their country's applicable laws, legislation and regulations with regards to cryptocurrency trading, which includes and is not limited to laws pertaining to customs, immigration, competition and accepted marketing practices of that particular country or jurisdiction.
26. **Qualification requirements for earning Bitcoin from the MTI Compensation Plan**
- 26.1 Via MTI's Compensation Plan, MTI offers its members a variety of different options to earn Bitcoin income from the trade of their Bitcoin.
- 26.2 Various options afforded to members by MTI's Compensation, require members to qualify first before they are awarded bonuses in the form Bitcoin from MTI, as a result of their trading activity on the MTI online trading platform.
- 26.3 Qualification requirements for further bonuses for members trading on the MTI online trading platform are expounded and defined in the Compensation Plan, which forms the subject matter of Part 6 of this contract.
- 26.4 All members are responsible to continually verify their qualification status with regards to bonuses available to them as per the Compensation Plan.
- 26.5 MTI will not be obligated to pay any bonus to a member who has been disqualified from obtaining bonuses as per the Compensation Plan.
- 26.6 Referral Bonus Bitcoin payments are paid to Sponsor members within 7 (seven) Calendar days from the date that a referred member deposits their Bitcoin into the trading pool of the MTI online trading platform.



- 26.7 Should MTI ascertain that irregularities have occurred regarding the Referral Bonus awarded to a member due to prohibited behavior as contained in this contract, such as fraud, rolling deposits or the unfair manipulation of the Referral Bonus, MTI reserves the right to void and recover a Referral Bonus awarded to a Sponsor member in full or in part thereof within an 8 (eight) week period after making such payment to a member; this measure is implemented to protect the integrity of the Compensation Plan, the various Bonus Plans contained in the Compensation Plan and the administration of MTI.
27. **General rules for members engaging in MTI business operations**
- 27.1 All members are to introduce and refer to themselves as a member of MTI, when engaging in MTI business operations.
- 27.2 Members are forbidden to pass themselves off or to give non-members the impression that they are authorized representatives or agents of MTI.
- 27.3 The use of MTI's intellectual property including logos, trademarks, trade names or service marks are strictly prohibited without prior, written approval from management as appointed by the board of directors of MTI.
- 27.4 Before members proceed to design any marketing or communication material to improve their trading activity on the MTI online trading platform, they must confirm that such material derives from the member that has produced it and not from MTI in any way, shape or form.
- 27.5 Members are permitted to use MTI's written information which is commonly found in current referral materials; members are not permitted to reproduce such material word for word ("ad verbatim"), without prior, written approval provided by MTI management (intellectual property belonging to MTI including MTI marketing material, are protected by copyright and relevant trademark laws and legislation).
- 27.6 Members are not permitted to make promises of income, or trading forecasts of set growth patterns of any nature to the public at large.
- 27.7 MTI will not and cannot be held liable for financial losses suffered by any party as a result of reckless unfulfilled promises made to prospective members or third parties made by any other existing members.
28. **Intellectual property, including trademark and copyrights**
- 28.1 MTI forbids the use of its intellectual property, including trade name, trademarks, official designs, official photos, official videos, official audio recordings and symbols by any person, including members of MTI.



- 28.2 Members may not produce for sale, distribution or for personal use, any recorded video presentations, video recordings of official MTI events, speeches and official audio recordings.
29. Events
- MTI supports the practice of regional local training events, including event known as "Personal Business Opportunity Meetings" and "Private Business Receptions", as MTI views such events as valuable educational platforms when conducted properly with both professionalism and integrity.
30. Privacy
- 30.1. MTI is committed to protect the privacy of its members personal information confirming their utilization of the MTI online trading platform.
- 30.2. Any unauthorized disclosure or access of personal information by any member or proxy of such members, including but not limited to detailed account information, the full details of the identification of such member and the statements of account pertaining to such member, is considered a violation of MTI's privacy policy and is strictly prohibited.
31. Further limitations
- 31.1 MTI reserves the right to limit or disallow any marketing activities that is defamatory in nature which casts a negative view regarding the overall reputation of MTI and its members.
- 31.2 Members are to adhere to the advertising and representative guidelines set forth by the management of MTI.
- 31.3 Members may not interfere with the trading activities or decisions MTI under any circumstances, and will direct any query relating to trading activity to the MTI Support team.
- 31.4 Any query submitted by a member relating to a financial or accounting issue, the relevant member submitting such query is entitled to communicate to the Tier 2 and Tier 3 support levels within the MTI Support team structure.
- 31.5 Members are not permitted to submit any trading requests or orders nor instruct MTI or its management in respect of MTI's trading activities and/or otherwise interfere with the MTI trading pool activities.
32. Conclusion pertaining to general policies
- 32.1 The general policies and the rules and regulations related thereto, which are outlined in this part of this contract, are intended to protect the MTI online trading platform for all



parties concerned, including all members, shareholders, directors, management officers and employees of MTI.

32.2 To ensure full compliance, members are instructed to adhere to these general policies as well as to the remaining terms and conditions of this contract.

32.3 Any breach of these general policies may result in the immediate suspension or termination of member's membership with MTI.

33. Declaration

33.1 By accepting to the general policies herein provided, members acknowledge and confirm that they have carefully read, understood and have agreed to comply to such policies.

33.2 Members further acknowledge and agree that the general policies herein provided form part of the terms and conditions of this contract as a whole, and are legally binding.

Part 4: Core/Brand values of MTI

34. Introduction

MTI takes great pride in its Core/Brand values and expects its leadership, management, staff and members to abide by these values in their professional dealings with one another and others not part of the MTI family.

35. Core/Brand values

- Family - "The love of family and the admiration of friends is much more important than wealth and privilege." - Charles Kuralt.
- Passion – we take pride in everything we do.
- Fairness – we are objective and impartial in all our dealings.
- Caring – we communicate honestly and respectfully.
- Integrity – we are honest, transparent and committed to doing what is best for our members and our company.
- Excellence – we strive to be the best in all that we do.
- Partnership and collaboration – we rely on each other to learn and grow.
- Compassion - "Compassion is the greatest form of love humans have to offer." - Rachel J. Scott.



Part 5: Code of Conduct

36. **Forbidden activity by members**
- 36.1 Members agree not to utilize the MTI online trading platform for any unlawful purpose whatsoever.
- 36.2 Members agree not to utilize any information obtained from the MTI online trading platform for the transmission of junk mail, chain letters or unsolicited emails or social media publications.
- 36.3 Members agree not to interfere or disrupt, or create an undue burden regarding the operation and administration of the MTI online trading platform in general.
- 36.4 Members agree not use any software devices that contain Artificial Intelligence ("AI") known as a robot, spider or other like devices, to retrieve, index, or in any other way reproduce, modify or circumvent the navigational structure, security systems or presentation, or attempt to cause such activity to occur, regarding the functioning of the MTI online trading platform.
- 36.5 Members agree not to make any false, misleading or defamatory statements regarding MTI, its board of directors, management officers, its employees, its Bonus Plan, or against any other registered members (active or inactive), or against any party regarding their position within the MTI online trading structure or against the Core/Brand values of MTI, including MTI's brand promise and vision.
- 36.6 Members agree not to display any trading results or bonuses awarded, without prior consent from MTI management and affected member/s whose data is being displayed therein.
- 36.7 Members agree not to make any outlandish or unreasonable income projections and testimonials to the public at large, such activity is strictly prohibited.
- 36.8 Members are prohibited from promoting, taking part or assisting in any activity which could destabilize the binary system or Compensation Plan, or to obtain undue financial gain through illicit activities such as rolling deposits schemes, unfair manipulation of the Bonus Plan, and/or any other similar type of unethical and forbidden activities within the MTI online trading platform.
- 36.9 Members agree not to publish any financial statements and any records depicting income and expenses obtained from the MTI online trading platform and documents of a similar nature, on social media, websites, search engine websites or any other online platform.



- 36.10 Members agree not to produce or cause to be produced, any form media for public distribution, knowledge and publication, relating to financial statements and any records depicting income and expenses obtained from the MTI online trading platform and documents of a similar nature.
37. Member activity encouraged by MTI
- 37.1 Members are encouraged to conduct themselves as a manner which is courteous, fair, and ethical.
- 37.2 Where a member is a recognized legal entity, such members' staff and legal representatives acting on behalf of the legal entity, must conduct themselves in a courteous, fair and ethical manner.
- 37.3 Members are responsible for supervising and supporting sponsored referred members which they have introduced to the MTI online trading platform and form part of the member's down-line, such supervision and support includes the advising/educating/training of new members regarding the terms and conditions of this contract (such advice/education/training of new members must not be construed as the provision of financial advice and is merely an overview of how the MTI online trading platform functions and performs).
- 37.4 Members agree and undertake to maintain monthly communication activity with new referred members forming part of their respective down-lines by way of the following: personal one-on-one contact, telephonic/text message communication, written communication and regular attendance at membership meetings.
- 37.5 Members undertake to keep any and every MTI financial statements, figures, calculations and data obtained from the MTI online trading platform private and confidential.
38. Penalties regarding non-compliance
- 38.1 Members understand and acknowledge that if they fail to comply with the terms and conditions of this contract, MTI may at its discretion, terminate the membership of a non-compliant member, or impose upon such member any other appropriate disciplinary measure, including but not limited to the forfeiture of bonuses awarded to such member and the cancellation of the member's position within his/her down-line structure, irrespective of the status of any pending or cleared bonuses relating to such down-line position.
- 38.2 Should a member be in breach, default, or violation of the terms and conditions of this contract upon termination executed by MTI, such member will not be entitled to any further bonuses awarded by the MTI online trading platform.



38.3 Once this contract is terminated for whatever reason, the relevant member will irrevocably lose their rights as member pertaining to his/her position in their down-line structure, and rights bonuses associated to the MTI's Compensation Plan.

Part 6: MTI's Compensation Plan



39. The Compensation Plan in general

39.1 All members are instructed to understand the Compensation Plan and the functionality thereof.

39.2 The MTI Compensation Plan consists of 5 (FIVE) income streams, which is portrayed as follows:

- 39.2.1 40% (FORTY PERCENT) member's daily recurring Trading Bonus;
- 39.2.2 10% (TEN PERCENT) direct once-off Referral Bonus;
- 39.2.3 20% (TWENTY PERCENT) weekly profit sharing or Binary Bonus;
- 39.2.4 2.5% (TWO AND A HALF PERCENT) P1 Leadership Bonus;
- 39.2.5 2.5% (TWO AND A HALF PERCENT) P2 Leadership Bonus.

39.3 Daily results pertaining to the Compensation Plan will be displayed on the official Telegram Group, an example of such is depicted as follows:

| 4 May 2020 Daily Trading Income | | 6 May 2020 Daily Trading Income | |
|-------------------------------------------------------------------------------------|---------|--------------------------------------------------------------------------------------|---------|
| Members 40% | 0.7196% | Members 40% | 0.1612% |
| Binary 20% | 0.3598% | Binary 20% | 0.0806% |
| P1/P2 LB 5% | 0.0899% | P1/P2 LB 5% | 0.0201% |
| Traders 25% | 0.4498% | Traders 25% | 0.1008% |
| MTI 10% | 0.1798% | MTI 10% | 0.0403% |
| Total 1.7989% | | Total 0.4031% | |
|  | |  | |

40. Terms and conditions pertaining to the 40% member's daily recurring Trading Bonus

40.1 The 40% member's daily recurring Trading Bonus is explained as follows:

40.1.2 A member qualifies for the daily recurring Trading Bonus once the relevant member successfully deposits Bitcoin into their account, which will be added to their trading pool balance automatically;



- 40.1.2 Upon verification of a member's Bitcoin deposited with MTI, such Bitcoin will be allocated to a trading pool which contains the total amount of Bitcoin held by MTI on behalf of its members, and such trading pool amount will be transferred to the relevant Forex/Cryptocurrency Broker and brokerage firm for the purposes of trade;
- 40.1.3 Member's Bitcoin held by MTI, will be allocated to the MTI trading pool balance and will be traded cumulatively on the following 24 (TWENTY FOUR) hour trading day;
- 40.1.4 Members will receive a **40% (FORTY PERCENT) share of the profits and losses**, whichever is applicable, made during the trading day in relation to their percentage share they hold in the MTI trading pool (e.g. if a member holds Bitcoin to the value of 2% of the trading pool balance held by MTI, such member will be entitled to 2% of the trading profits or trading losses made on that particular trading day);
- 40.1.5 Trading only occurs from Monday to Friday, and excludes weekends (this provision is subject to change and MTI reserves the right to change trading days upon favorable market conditions and in line with the best interests of its members);
- 40.1.6 After the trading day as closed and results computed, members daily trading results are posted on each member's back office within the "Trading Bonus" section, under "See detailed report" by going to the "view" tab – Tuesday to Saturday of the MTI online trading platform, an example of such trading results are depicted as follows:



- 41.1 The terms and conditions pertaining to the 10% (TEN PERCENT) direct once-off Referral Bonus are described as follows:
- 41.1.1 A member is qualified to earn a once-off 10% (TEN PERCENT) direct once-off Referral Bonus for every member that such member successfully refers to the MTI online trading platform, and also for any amounts the referred member adds to the MTI trading pool over and above the referred member's high-water mark shown on their online dashboard (for a full explanation and presentation regarding the "high-water mark" members are referred to the official video contained on the MTI Youtube channel);
 - 41.1.2 A member will require a minimum balance of \$100 USD worth of Bitcoin in their account on the MTI online trading platform in order to qualify to earn the 10% (TEN PERCENT) direct once-off Referral Bonus;
 - 41.1.3 Should a member have a balance of under \$100 USD worth of Bitcoin in their account, MTI will allocated the 10% (TEN PERCENT) direct once-off Referral Bonus as follows:
 - 41.1.1.1 50% (FIFTY PERCENT) will be automatically allocated to the referring members trading pool balance;
 - 41.1.1.1 50% (FIFTY PERCENT) will be allocated to the member's available income wallet;
 - 41.1.4 The above automatic allocation will continue until the referring member's trading pool balance is equal to or above the required minimum balance of \$100 USD worth of Bitcoin;
 - 41.1.5 The calculation of such 10% (TEN PERCENT) direct once-off Referral Bonus is 10% (TEN PERCENT) of the value of the amount of Bitcoin that the referred member deposits with the MTI to be traded on the MTI online trading platform, and also includes further 10% (TEN PERCENT) of the value of the amount of Bitcoin which the said referred member subsequently deposits with MTI after becoming a member of MTI;
 - 41.1.6 A 10% (TEN PERCENT) direct once-off Referral Bonus is subject to a 7 (SEVEN) day waiting period before it is paid and cleared in the referring Sponsor member's account on the MTI online trading platform;
 - 41.1.7 **IMPORTANT NOTICE:** Members participating in the Referral Bonus scheme and who wish to earn this bonus by referring new prospective members to MTI, are strictly prohibited from unfairly manipulating the scheme by performing **Rolling Deposit Fraud**, which is conducted by the following activity:
 - a) A member will create and/or control multiple accounts on the MTI online trading platform in contravention of the terms and conditions of this contract;
 - b) The member controlling multiple accounts on the MTI online trading platform will either do so personally or in collusion with another MTI member, or a syndicate of members;
 - c) The member controlling another account or multiple accounts is, usually the Sponsor member of the account/s and such account/s under his control will be his/her direct referral/s;



- d) The Sponsor member who is controlling the multiple accounts will obtain a Referral Bonus for every deposit made into the accounts under his control;
 - e) The Sponsor member who is controlling the multiple accounts will either make deposits into the accounts personally or with a partner member, or a syndicate of members he/she is colluding with, and he/she will be awarded Referral Bonuses from MTI for such deposits made;
 - f) Certain deposit/s made by the Sponsor member, his/her partner member, or other syndicate members, will be disguised as legitimate deposits made into the controlled accounts, but these particular deposits will be made for the intention of manipulating and defrauding the Referral Bonus scheme, and such deposits will not be made for trading purposes;
 - g) Certain deposit/s made into the controlled account for the intention of manipulating and defrauding the Referral Bonus will remain in the controlled account for over 7 (seven) Calendar days as per the mandatory waiting period contained in clause 39.7.6 above, and the MTI online trading platform system will then automatically award the Sponsor member with a 10% equivalent Referral Bonus;
 - h) Once the Referral Bonus has been awarded to the Sponsor member's account, the Sponsor member will either personally, or through his colluding member/s, withdraw the Bitcoin he/she initially caused to be deposited into his controlled account;
 - i) The withdrawal of the initial deposit will occur shortly after of the mandatory 7 (seven) day waiting period;
 - j) The initial deposit would then be recovered by the Sponsor member, colluding member or syndicate members controlling the multiple accounts, and then the member/s will then re-deposit the Bitcoin back into another account or the same account under his or their control;
 - k) The initial deposit made by the Sponsor member or his colluding member/s will then be re-deposited or rolled within the MTI online trading platform on multiple occasions for the purposes of defrauding the MTI Referral Bonus.
- 41.1.8 All Referral Bonuses awarded via rolling deposit fraud will be canceled once MTI finds evidence of such activity;
- 41.1.9 Once MTI finds evidence regarding rolling deposit activity, the members participating in such activity will have their accounts suspended immediately;
- 41.1.10 Members who stand to have their accounts being suspended due to rolling deposit fraud will be notified once such decision has been made by MTI management, and once notification has been dispatched, the relevant account will be suspended;
- 41.1.11 Once the account has been suspended, MTI will embark upon an investigation into the activity of the account and the colluding accounts associated to such account, and these associated accounts will also be suspended pending the outcome of the investigation;



- 41.1.12 Once the investigation has been completed, the investigating team will submit a report regarding the findings it has made to the MTI management;
 - 41.1.13 MTI management will consider the findings made and will either dismiss the matter for lack of evidence with the suspension being uplifted, or confirm that rolling deposit activity has taken place via the evidence provided, and proceed to terminate the account/s in question;
 - 41.1.14 Members will be notified accordingly of the decisions made after the investigation process has been finalized;
 - 41.15 Once a member's account has been terminated due to rolling deposit fraud, such member will be banned from the MTI online trading platform indefinitely.
42. Terms and conditions pertaining to the 20% weekly profit sharing or Binary Bonus
- 42.1 The terms and conditions pertaining to the 20% weekly profit sharing or Binary Bonus are explained as follows:
- 42.1.1 20% (TWENTY PERCENT) of the daily trading profit derived from the trading activities is allocated to the weekly Binary Bonus profit sharing pool;
 - 42.1.2 The Binary Bonus structure allows a Sponsor member to refer new members onto their left and right legs or binary teams respectively;
 - 42.1.3 In order for a member to qualify for weekly profit sharing or Binary Bonus, a members requires a minimum of \$200 USD worth of Bitcoin as their in trade and a member is required to have personally referred and sponsored 2 (TWO) new members (one member in the Sponsor member's left and right leg or binary team respectively), with each referred member having a minimum of \$100 USD worth of Bitcoin as their balance in trade;
 - 42.1.4 The third member which a member personally refers, will become a spill over on the binary structure for one of the members the member has introduced onto the binary structure as a member is only permitted to place a referred member on the outside of their left or right leg of their binary structure (spill over will also occur when a member's Sponsor or team members introduce and refer new members to the MTI online trading platform, spill over is not guaranteed);
 - 42.1.5 Members are not bound by their personal performance and are not limited to the number of direct referrals that they can introduce to the MTI online trading platform;
 - 42.1.6 20% of the weekly gross profit derived from MTI's trading activity through the cumulative use of all member's Bitcoin, is shared among all Binary qualified members, according to the total Bitcoin value deposited by the team members in the weakest leg of such Binary qualified members;
 - 42.1.7 If a member has between \$200 USD and \$999 USD worth of Bitcoin in trade on the MTI online trading platform, such member qualifies to earn a Binary Bonus calculated in terms of the total Bitcoin value deposited by the team members in such qualified member's weakest leg, 10 levels deep;
 - 42.1.8 A Binary qualified member's weaker leg or team Bitcoin total in trade does not fluctuate, and as the qualified member's team grow he or she has the option



to their balance of Bitcoin in trade, thereby unlocking additional binary earning levels;

- 42.1.9 If a Binary qualified member has between \$1000 USD and \$4999 USD worth of Bitcoin in trade on the MTI online trading platform, such member qualifies to earn a Binary Bonus calculated in terms of the total Bitcoin value deposited by the team members in such qualified member's weakest leg, 20 levels deep;
- 42.1.10 If a Binary qualified member has between \$5000 USD and \$9999 USD worth of Bitcoin in trade on the MTI online trading platform, such member qualifies to earn a Binary Bonus calculated in terms of the total Bitcoin value deposited by the team members in such qualified member's weakest leg, 30 levels deep;
- 42.1.11 If a Binary qualified member has the equivalent of or more than \$10 000 USD worth of Bitcoin in trade on the MTI online trading platform, such member qualifies to earn a Binary Bonus calculated in terms of the total Bitcoin value deposited by the team members in such qualified member's weakest leg, infinite levels deep;
- 42.1.12 Binary Bonuses are paid every Saturday according to the Bitcoin value of the qualified weaker leg levels that a particular member has achieved in terms of the amount of Bitcoin such member has in trade at the time of payment of such Binary Bonus;
- 42.1.13 The maximum Binary Bonus payment that a Binary qualified member can achieve is, \$7500 USD worth of Bitcoin per week;
- 42.1.14 Binary Bonus payments are subject to a 7 (SEVEN) day waiting period.

42.2 Hereunder is an extract of a Binary income report as found in a member's back-office, which is depicted as follows:

BINARY INCOME REPORT

| # | Transaction No | Weaker Leg Volume (BTC) | Binary Bonus (BTC) | Income Type | Date | Calculation |
|---|----------------|-------------------------|--------------------|---------------|------------|----------------------|
| 1 | 4403684237 | 61.54251757 | 0.19465863 | Binary Income | 2020-03-16 | View |
| 2 | 8551922315 | 55.85238698 | 0.18747109 | Binary Income | 2020-05-09 | View |
| 3 | 4560927950 | 56.50160064 | 0.22827764 | Binary Income | 2020-05-01 | View |

FORMULA:

$(\text{Weaker Leg Volume}) / (\text{Total Weaker Leg Volume of Binary Qualified Members}) \times [20\% \text{ of Weekly Trading Profit}] = \text{Binary Bonus}$

CALCULATION:

$(\$6,501,600.64 / \$11,517,109,525.92) \times [45,521,399.00] = 0.22827764 \text{ BTC}$

TOTAL BTC IN TRADING POOL AT TIME OF CALCULATION: 4,751,614,294.92 BTC

43. **Terms and conditions pertaining to the P1 and P2 Leadership Bonus**

43.1 **Terms and conditions pertaining to the P1 and P2 Leader are explained as follows:**

- 43.1.1 The Part 1 Leadership Bonus (P1LB) is a sharing bonus where qualified members earn additional Bitcoin income for a period of 8 (EIGHT) weeks;
- 43.1.2 The Part 2 Leadership Bonus (P1LB) is an additional residual bonus which is earned by qualified members for assisting their referred team members to become Binary qualified;
- 43.1.3 Qualification for the P1LB Bonuses is as follows:
 - a) There are 3 (THREE) requirements to earn a Part 1 Leadership Bonus share;
 - b) A Member must have a minimum of \$200 USD worth of Bitcoin in trade on the MTI online trading platform;
 - c) The relevant member must have personally referred 2 (TWO) members (one on their left leg and one on their right leg), who must be active members with a minimum of \$200 USD worth of Bitcoin in trade in each of their accounts on the MTI online trading platform;
 - d) For every directly referred member, who becomes Binary qualified and has a minimum amount \$200 USD worth of Bitcoin in trade on the MTI online trading platform, a member earns 1 share on the P1LB pool;
- 43.1.4 Qualification for the P2LB Bonuses us as follows:
 - a) There is 1 (ONE) requirement to earn Part 2 Leadership Bonus share;
 - b) As soon as one of a member's personally referred members earns a share in P1LB pool, then the said member automatically qualifies for a share in the P2LB pool;
 - c) For every personally referred member who qualifies for P1LB shares, a member will earn additional shares in the P2LB pool.

43.2 Hereunder is an extract of a P1 Leadership Bonus income report as found in a member's back-office, which is depicted as follows:

P1 LEADERSHIP BONUS REPORT

| K | Transaction No | Shares | P1LB (BTC) | Income Type | Date | Calculation |
|---|----------------|---------------|------------|---------------------|------------|----------------------|
| 1 | 5021283158 | 1 out of 3904 | 0.00142769 | P1 Leadership Bonus | 2020-05-16 | View |
| 2 | 6402925235 | 1 out of 3461 | 0.00157086 | P1 Leadership Bonus | 2020-05-09 | View |
| 3 | 4372022516 | 1 out of 2685 | 0.00202271 | P1 Leadership Bonus | 2020-05-07 | View |

FORMULA:

$[\text{Shares in Pool}] / [\text{Total Shares in Pool}] \times (2.5\% \text{ of Weekly Trading Profit}) = [\text{P1 Leadership Bonus}]$

CALCULATION:

$1 / (2683) \times (5.4269752) = 0.00202271 \text{ BTC}$

43.3 Hereunder is an extract of a P2 Leadership Bonus income report as found in a member's back-office, which is depicted as follows:

P2 LEADERSHIP BONUS REPORT

| # | Transaction No | Shares Bonus | Legs Bonus | Total P2LB Bonus | Income Type | Date | Calculation |
|---|----------------|--------------|------------|------------------|---------------------|------------|-------------|
| 1 | 9954128790 | 0.00578401 | 0.01778121 | 0.02356522 | P2 Leadership Bonus | 2020-05-14 | View |
| 2 | 1495844063 | 0.00542175 | 0.01725817 | 0.02268001 | P2 Leadership Bonus | 2020-05-09 | View |
| 3 | 8299812263 | 0.00780105 | 0.01981259 | 0.02761364 | P2 Leadership Bonus | 2020-05-01 | View |

SHARES FORMULA:

$(\text{Shares in P2 Pool}) / (\text{Total P2 Pool Shares}) \times (1.25\% \text{ of Weekly Trading Profit}) = (\text{P2 Shares Bonus})$

$(5) / (2067) \times (271346576) = 0.00780105 \text{ BTC}$

LEGS FORMULA:

$(\text{Weaker Leg Volume of Direct P2LB Qualified Members}) / (\text{Weaker Leg Total of All P2LB Qualified Members}) \times (1.25\% \text{ of Weekly Trading Profit}) = (\text{P2 Legs Bonus})$

$(7146886580) / (9,788,138,12832) \times (271346576) = 0.01981259 \text{ BTC}$

FORMULA:

$(\text{P2 Shares Bonus}) + (\text{P2 Legs Bonus}) = \text{TOTAL P2LB BONUS}$

CALCULATION:

$(0.00780105) + (0.01981259) = 0.02761364 \text{ BTC}$

Part 7: General terms and conditions regarding Sponsor members

44. Application of the general terms and conditions regarding Sponsor members

44.1 The following general terms and conditions pertaining to Sponsor members, form part of this contract as whole.

- 44.2 In order for a Sponsor member to qualify for the previously mentioned Referral Bonus, Binary Bonus, P1 Leadership Bonus and P2 Leadership Bonus (which form part of the Compensation Plan), he/she must adhere to these specific general terms and conditions for Sponsor members.
- 44.3 The general terms and conditions for Sponsor members contained in this part of the overall contract, works together with the other terms and conditions of this contract, as well with the Compensation Plan, which together form the unified terms and conditions which Sponsor members of MTI must adhere to in order for such member to qualify for the 10% Referral Bonus, the options Binary Bonus and P1/P2 Leadership Bonus as per MTI's Compensation Plan.
- 44.4 MTI and the Sponsor member's contractual relationship pertaining to the bonuses the Sponsor member may earn via the aforementioned bonuses available to him or her, is reliant upon the Sponsor member accepting and agreeing to the terms and conditions of this contract as whole, to the provisions of the Compensation Plan and to the specific provisions regarding the general terms and conditions for Sponsor members as contained herein.
- 44.5 The acceptance of the terms and conditions of this contract as whole, the provisions of the Compensation Plan and to the specific provisions regarding the general terms and conditions for Sponsor members by existing Sponsor members is vital for such Sponsor members to continue with their contractual relationship with MTI in order for them to earn further applicable bonuses as per the Compensation Plan.
45. **Subject and conclusion of the Referral Agreement**
- 45.1 MTI operates as a club, where new members can only invited or become part of the club structure through a referral from an existing member, who is known as the "Sponsor member".
- 45.2 Only active Sponsor members may refer a new member to the MTI club structure by means of either a referral link or personal enrollment via the procedure detailed in the MTI back-office on the MTI online trading platform.
- 45.3 Any prospective member who has applied to become a member of MTI via a Sponsor member, is provided with a 7 (SEVEN) day "cooling-off" period, in which the prospective member is given the opportunity to conduct a further due diligence into MTI and its business operations before funding their MTI account with Bitcoin.
- 45.4 It is the responsibility of the Sponsor member to assist a prospective member in understanding all the terms and conditions of this contract, in understanding how the MTI online trading platform functions including the features, account security implementation options (including 2FA), and the provisions pertaining to bonuses as per the MTI Compensation Plan.



- 45.5 A prospective member's account will be deleted should such prospective member fail to fund their MTI account within 7 (SEVEN) Calendar days after registering such account onto the MTI online trading platform.
- 45.6 As per the provisions contained in the Compensation Plan and the 10% (TEN PERCENT) direct once-off Referral Bonus, a Sponsor member is entitled to receive from MTI a Bitcoin payment which is the equivalent of 10% (TEN PERCENT) of the total amount of Bitcoin a prospective member, which the Sponsor member has referred to MTI, has deposited with MTI via MTI's online trading platform.
- 45.7 The 10% (TEN PERCENT) direct once-off Referral Bonus Bitcoin payment made by MTI to a Sponsor member, is not deducted from any prospective member and is paid directly by MTI to the Sponsor member.
- 45.8 The Sponsor member may qualify for other bonuses as per the Compensation Plan, which includes the 20% weekly profit sharing or Binary Bonus and the P1 and P2 Leadership Bonus, if such Sponsor member meets all the qualification criteria for these respective bonuses, as set out in MTI's Compensation Plan.
- 45.9 Any MTI club member is eligible to become a Sponsor member on condition that they meet certain requirements, which are described as follows:
- 45.9.1 The relevant member has accepted to the terms and conditions of this contract, the qualification criteria regarding the 10% (TEN PERCENT) direct once-off Referral Bonus, the optional Binary Bonus and the P1 and P2 Leadership Bonus;
- 45.9.2 Should a Sponsor member fail to accept to the terms and conditions of this contract by failing to click on such option as contained in the MTI back-office of the MTI online trading platform, such Sponsor member will be unable to send referral links or to invite new prospective members to the MTI online trading platform, and will be restricted to partaking in the daily trading activities of MTI and the applicable 40% member's daily recurring Trading Bonus scheme as per MTI's Compensation Plan;
- 45.9.3 The Sponsor member must be active and a compliant member of MTI in order to retain Sponsor member status and to qualify for all the bonuses applicable to Sponsor member as per MTI's Compensation Plan;
- 45.9.4 Should a Sponsor member be investigated by MTI due to any misconduct, MTI will suspend/disable the Sponsor member's access to the MTI online trading platform, including the Sponsor member's back-office section, and such Sponsor member will not be able to refer any new prospective members until the investigation has been finalized.
46. **The general preconditions of the Sponsor agreement**
- 46.1 There are certain preconditions which a Sponsor member must achieve before they can proceed to refer new members to MTI, which are as follows:



- 46.1.1 Only registered, active, contractually compliant members may become a Sponsor member;
- 46.1.2 A member (either a natural person or legal entity) can only be referred once to MTI and can only enter 1 (ONE) contract with MTI, and it is strictly forbidden for parties to hold multiple fraudulent accounts under different aliases with MTI and MTI's online trading platform;
- 46.1.3 In amplification of the above provision (clause 41.10.2), a member can only have 1 (ONE) referral position in the Binary system, and this condition will be effective from the date of acceptance of this agreement by the relevant member joining MTI and the MTI online trading platform;
- 46.1.4 It is the discretion of MTI to permit a member to act as a Sponsor member, and MTI reserves the right to reject the application of a Sponsor member without providing reasons thereto;
- 46.1.5 In case of a breach to these general terms and conditions for Sponsor members and to other provisions contained in this contract, MTI shall be entitled to terminate the Sponsor member's Sponsor status without prior notification and with immediate effect;
- 46.1.6 Should an immediate termination of a Sponsor member's Sponsor status occur, MTI expressly reserves the right to claim compensation from the defaulting Sponsor member for any damages or losses the Sponsor member has incurred upon MTI by recouping Bitcoin funds held in the Sponsor member's account via a set-off process, and if such a set-off recouping process fails to recover such losses and damages incurred, then MTI reserves the right to launch legal proceedings against the defaulting Sponsor in a relevant court of jurisdiction;
- 46.1.7 In amplification of the provisions above (42.1.6), the recouping of Bitcoin belonging to a defaulting Sponsor member for any damages or losses suffered by MTI, will be conducted by a set-off process, which will proceed as follows:
 - a) Deducting the relevant amount of Bitcoin to cover MTI's damages or losses from any bonus awarded to the defaulting Sponsor member;
 - b) Should the amount of Bitcoin collected from the bonuses awarded to the defaulting Sponsor not be sufficient to cover the damages and losses incurred by MTI, then MTI reserves the right to seize and freeze the defaulting Sponsor member's entire capital amount in trade on the MTI online trading platform pending the outcome of an internal arbitration process and any further legal action that may arise.

47. Status of the Sponsor member as an entrepreneur and obligations of the Sponsor member

- 47.1 The status of the Sponsor member as an entrepreneur and the obligations of a Sponsor member in terms of this contract, are described as follows:
 - 47.1.1 The Sponsor member acts independently from MTI;
 - 47.1.2 The Sponsor member is not to be considered as an employee, official representative or agent of MTI;



- 47.1.3 The Sponsor member bears all risks connected to their MTI business activity, including bearing all business costs in relation to their referral activities and has no claim against MTI for any costs in relation thereto whatsoever;
- 47.1.4 During the Sponsor member's business activity with MTI, such Sponsor member may not harm or infringe upon the rights of third parties and violate relevant laws, legislation or regulations applicable in the country where such Sponsor member operates from;
- 47.1.5 Sponsor members are restricted from sending unwanted and harrassing electronic marketing materials, such as electronic advertisements, marketing faxes, phone-calls (including the usage of automated call centres and the like), text messages, emails to various members of the public and must market their referral business activity via the protocols as set out in the back-office of the MTI online trading platform and as per official MTI training resources;
- 47.1.6 Sponsor members are prohibited from conducting irregular or illegal business activity in relation to the MTI online trading platform, such as making incorrect, outlandish, deceptive, false and unauthorized claims in marketing material, and Sponsor members are specially requested to refrain from engaging in such activity;
- 47.1.7 Sponsor members are not entitled to sell the products and services of other companies to other members of MTI through the usage of MTI membership data lists as a source of prospecting such members;
- 47.1.8 Sponsor members are obliged to keep the business activity, structure and operations of MTI private and confidential;
- 47.1.9 As stipulated in clause 41.11.5 above, MTI provides marketing and sale-documentation material for all aspects of the MTI business operations, for use in all countries and jurisdictions where MTI conducts business, in the back-office section of the MTI online trading platform website;
- 47.1.10 Sponsor members are prohibited to utilize, produce and market their own brochures, own product brochures and/or other individually created press and marketing materials, without the prior written consent and approval of MTI, such consent and approval may be withdrawn at anytime;
- 47.1.11 The online services of MTI provided on its online trading platform, may only be marketed via the use of the marketing devices and marketing communication material provided by MTI, and the Sponsor member may not publish data plagiarizing such data and claiming it as their own intellectual property;
- 47.1.12 Where a Sponsor member advertises the services and products of MTI on online media such as social media platform (eg. Facebook, Twitter), online blogs or online forum chat-rooms, such Sponsor member may only utilize official marketing communication material provided by MTI, and may not publish data regarding his or her earnings or possible income projections pertaining to his or her relationship with MTI;
- 47.1.13 Sponsor members may not sell or otherwise propagate/transmit their own marketing and/or written documentation or multimedia productions to other MTI members, and Sponsor members may not publish such material in any way or form;

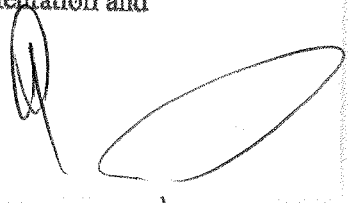


- 47.1.14 Sponsor members, whilst conducting their MTI business activity, are prohibited from making the impression to the public at large that they are dependent on MTI and are following their orders or instructions;
- 47.1.15 Sponsor members are prohibited from soliciting payment from the public at large by claiming to be an official representative of MTI, and Sponsor members are further prohibited from making any declaration or undertaking as if they were an official representative of MTI in any form whatsoever;
- 47.1.16 Sponsor members, whilst conducting their marketing activity of their MTI business, are to abstain from conducting fraudulent business practices, and Sponsor members are expressly obliged to introduce themselves as an independent and individual business member of MTI;
- 47.1.17 Sponsor members when producing online websites, letterheads, business cards, advertisements, and such like marketing material, must specify on such marketing material that they are an *"independent and individual business member of MTI"* in the text of such material when they are referring to themselves in terms of their business relationship with MTI;
- 47.1.18 Sponsor members are prohibited from soliciting loans, paying costs, undertaking obligations, opening bank accounts, concluding contracts or making a declaration containing contractual or vicarious obligations, which could possibly legally bind MTI to any sort of business activity conducted by such Sponsor member in form whatsoever;
- 47.1.19 Sponsor members during their MTI business activity, are prohibited from defaming or making illegal or false evaluations of the brand names and business operations or activities of other companies or competitors of MTI, in order recruit members from such companies or competitors;
- 47.1.20 All presentations, marketing material, educational, photographic and video material provided in the back-office of the MTI online trading platform website remains the intellectual property of MTI, and such material may not be multiplied (partially or completely), spread or published by Sponsor members without the express written consent and approval of MTI;
- 47.1.21 The usage of the name, trading name, titles and common business names of MTI (also known as "distinguishing marks") may be conducted only through the prior written consent and approval of MTI, the same procedure is applicable to the registration of domain names and email addresses that contain a distinguishing mark or characteristic common to MTI in any form;
- 47.1.22 Where a Sponsor member has registered an email address containing some kind of MTI characteristic as per clause 41.11.21 above, and the use of such email address has not been approved and consented to by MTI in writing, such email addresses should be immediately deleted;
- 47.1.23 Where a Sponsor member has registered a domain name containing some kind of MTI characteristic as per clause 41.11.21 above, and the use of such domain name has not been approved and consented to by MTI in writing, such domain name is to be transferred to MTI, and MTI undertakes to compensate the Sponsor member who has created such domain name, with the costs of transfer of such domain name to MTI;



- 47.1.24 **VERY IMPORTANT:** The manipulation of bonuses contained in the Compensation Plan are strictly forbidden, such manipulation includes, but is not limited, to rolling deposit schemes, and includes actions conducted by Sponsor members who perform the following:
- a) To refer or sponsor new prospective members to the MTI online trading platform who not exist and do not perform business activity connected to MTI (such party is referred to as a "straw-man");
 - b) To open multiple accounts on the MTI online trading platform via multiple fraudulent registrations, under various fraudulent aliases, which includes the name of spouses, relatives, business names, the names of other legal entities and third parties in order to gain an unfair financial advantage via the MTI Compensation Plan;
- 47.1.25 Any Sponsor member who wishes to continue their Sponsor member activity on another down-line structure may request the deletion of their position in such structure in writing, such request procedure is as follows:
- a) The request must clearly state the reason for the Sponsor member's request to move to another down-line structure;
 - b) The request must contain a confirmation that such Sponsor member's actual Sponsor is aware of the request and the reasons thereto;
 - c) Upon receipt of the request, which is to be made to MTI Support, MTI will consider the request and provide the member with the outcome of such consideration in writing;
 - d) MTI reserves the right to reject such transfer request without stating reasons and such decision to reject or accept such Sponsor member's request remains the sole discretion of MTI;
- 47.1.26 A Sponsor member is prohibited from communicating with the press or media in connection with his or her business relationship with MTI, the current services and products offered by MTI, MTI's Compensation Plan, and any other services and products offered by MTI from time to time;
- 47.1.27 A Sponsor member who is approached by the press or the media is obliged to refer such press or media personnel to MTI management via the MTI Support portal;
- 47.1.28 Sponsor members are obliged to support and train, without compensation due to the bonuses already obtained via the MTI Compensation Plan, his or her down-line personally referred members and spill-over members, such support and training includes, but is not limited to, appropriate support and training with regards to basic knowledge in operating the MTI online trading platform, the terms and conditions of this contract, the Compensation Plan, security options such as the implementation of 2FA protocol, security of passwords and email addresses and the basic use of the MTI back-office;
- 47.1.29 In the course of the business activities with MTI, Sponsor members are prohibited to communicate or transfer any information via any means regarding other members of MTI pertaining to gender, race, color, creed, nationality, ethnic group, tribe, language, disability, health status, religion, world view, political standpoint, philosophical standpoint, family status, sexual preferences, gender identity, trade union/association affiliation, and



- such communication or transfer of information includes and is not limited to audio and video recordings, photos, images, texts messages, computer files, coding, websites, social media sites and any other relevant medium;
- 47.1.30 A Sponsor member must conduct business in an ethical and credible manner, such requirement extends to such Sponsor member's down-line members, who are all required to deal ethically with prospective members, existing members and with MTI;
- 47.1.31 If MTI determines that unethical activities have taken place on the part of the Sponsor member, MTI reserves the right to warn, suspend or terminate the Sponsor member's membership status with MTI, including the suspension and termination of all relevant bonuses and payments associated thereto;
- 47.1.32 Under no circumstances is a Sponsor member, whose membership is terminated for any unethical or illegal activity, is entitled to sell or transfer their position on the MTI online trading platform;
- 47.1.33 Sponsor members are prohibited from taking part in the planning, executing, forming, or creating a group or group scheme or cartel, with other individual members, in a similar method of creating multiple accounts, (commonly known as "stacking") to unfairly gain additional bonuses to manipulate and defraud the Compensation Plan;
- 47.1.34 Examples of unethical behavior by Sponsor members include, but are not limited to the following:
- a) Making unapproved income claims or revealing the amount of income that he/she has earned through the business relationship with MTI without prior consent from MTI management;
 - b) The use of any information in his/her back-office or activity report in a manner to influence another MTI member to alter their relationship with MTI in manner whatsoever;
 - c) The use of any information in his/her back office or activity report to compete with MTI in any manner whatsoever, either directly or indirectly, personally or through an agent or third party;
 - d) The provision, selling or revealing any membership data list and/or their contact information that appears on any activity report or down-line report to a third party, this includes data belonging to MTI or which appears in any other member's activity report or down-line report;
 - e) Directly or indirectly disclosing the password or access code, including 2FA codes, to their own or to their referred members' back-office or activity reports;
 - f) Any action of forgery to mimic the identity of another member in order to gain access to the member's account, back office portal or activity report on the MTI online trading platform, such actions of forgery include and are not limited to the forging of a member's signature, pretending to be a member via email/text message/Whatsapp message/phone-call/telegram message communications to MTI and MTI Support, utilizing software programs such as Photo-shop to pretend to be another member and sending forged manipulated documentation and photographs to MTI and MTI Support;
- 

- g) By competing directly or indirectly with the services offered by MTI by associating with another competing business entity or through the Sponsor's own personal efforts;
- h) Using aggressive or abusive language, inappropriate behavior or treatment against MTI shareholders, management officers, employees or members;
- i) Engaging, promoting or encouraging any activity, behavior, scheme abuse or conduct in order to obtain an undue financial benefit from the Compensation Plan through its various bonuses available;
- j) Cross-line recruiting by the approaching of any current MTI member/s who is already referred and has been registered into the MTI structure;
- k) Soliciting a prospective member that has registered onto the MTI online trading platform and has been sponsored by another Sponsor member already, or prospective member who is considering to join MTI and who is being sponsored by Sponsor member and is looking to join the Sponsor member's down-line;
- l) Registering and funding a prospective new member in order to lock such prospective member into the MTI online trading platform, without obtaining their consent and authorization to do so.

48. Protection of the Sponsor, exclusion of territorial protection, special rights

- 48.1 A newly referred member will be linked to the MTI online trading platform of the Sponsor member who referred that member for the first time to MTI (this is known as "Sponsor protection").
- 48.2 The funding of new member's account by the new member with Bitcoin shall be the determining factor of the determination of the member's Sponsor member.
- 48.3 Where there are disputed pertaining to the identity of a Sponsor member, MTI will determine such identity by the identity provided when the first deposit of Bitcoin into the new member's account was made.
- 48.4 The observance of the Sponsor member's down-line is the basic principle that MTI adheres to for the protection of all Sponsor members.
- 48.5 **VERY IMPORTANT:** In cases where a member tries to register himself/herself several times through a "straw-man" scheme, different fictitious aliases, names of spouses, other relatives, trade names, fictitious legal entities with MTI in order to manipulate the Compensation Plan, change binary legs, or by giving false data to create multiple fictitious Sponsor member contractual relationships, may lead to the immediate suspension and eventual termination of the member status of such Sponsor member without notice or warning.
- 48.6 MTI is entitled to delete the names and email addresses of the Sponsor member from its database when email sent by MTI received back with the following message or



similar to it: "invalid email address", and the Sponsor member fails to correct such name and email addresses within 7 (SEVEN) working days period.

- 48.7 Members may refer and sponsor new members in any country where MTI conducts business operations, without exclusivity.
- 48.8 Members conducting business in foreign countries must adhere to the terms and conditions contained in this contract, as well as to the relevant laws, legislation and regulations of that particular country.
- 48.9 Members and their Sponsor members are responsible for knowing and adhering to all laws and accepted business practices within the countries in which such members operate their MTI business, such laws and business practices include marketing practices and relevant competition laws.
49. **Payment conditions, methods of payment of bonuses and transfer prohibition**
- 49.1 MTI, through its Compensation Plan, offers a variety of different options which allow its members to earn income from various awarded bonuses.
- 49.2 Some of the payment options regarding the bonuses of the MTI Compensation Plan require the member and their Sponsor to be qualified, such qualification requirements are stipulated in the terms and conditions of the Compensation Plan (it is the responsibility of the member and their Sponsor member to keep abreast of any new developments regarding the Compensation Plan and ensure that they are qualified to obtain bonuses, as MTI will not be obliged to compensate a member or Sponsor member should they fail to meet the various qualification criteria contained in the Compensation Plan).
- 49.3 Payments relating to the 10% (TEN PERCENT) direct once-off Referral Bonus are paid to Sponsor members within 7 (SEVEN) Calendar days after a referred member deposits his/her Bitcoin into his/her MTI account and the Bitcoin payment has been confirmed and verified (MTI reserves the right to void and recover the Referral Bonus in full or in part should any irregularities occur within an 8 (EIGHT) week period, this measure is put in place to protect the integrity of the Compensation Plan, the Referral Bonus and the administration of MTI as a whole).
- 49.4 The payment of bonuses to the Sponsor member shall take place in the back-office of the MTI online trading platform.
- 49.5 The provisions and qualifications regarding the the various bonuses available to members and Sponsor members are contained in the terms and conditions of the MTI Compensation Plan.
- 49.6 A Sponsor member may not assign or offer as security its rights resulting from any bonuses he or she is eligible for from the MTI Compensation Plan.



- 49.7 Members and Sponsor members are prohibited from attempting to encumber this contract with the rights of third parties.
- 49.8 Should a member who has been referred by the Sponsor to the MTI online trading platform elects to withdraw their Bitcoin within 7 (SEVEN) days from the date of initially depositing their Bitcoin into their MTI account, the 10% (TEN PERCENT) direct once-off Referral Bonus shall be canceled and forfeited to MTI.
- 50. Disabling/Suspension of a Sponsor member's account**
- 50.1 Irrespective of the reasons for disabling/suspension mentioned in the other provisions of the terms and conditions of this contract, MTI reserves the right to disable/suspend a Sponsor member's account due to serious reasons.
- 50.2 To investigate any case regarding a breach of the terms and conditions of this contract, or breaches of other legal provisions, or due to other serious reasons conducted by a member and/or the Sponsor member, MTI expressly reserves the right to disable/suspend the online access of member and/or the Sponsor member to the MTI online trading platform without deadline, and if such member or Sponsor member fails to remedy such a breach, MTI will proceed to terminate the account of the member and/or the Sponsor member with immediate effect.
- 51. Termination of the Sponsor member agreement, consequences of such termination and the death of the Sponsor member**
- 51.1 The Sponsor member agreement will terminate if the following events occur:
- 51.1.1 Upon the death, liquidation or sequestration of the Sponsor member;
 - 51.1.2 Upon the removal of the Sponsor member from the MTI online trading platform due to misconduct of any nature;
 - 51.1.3 If the Sponsor member's membership is terminated by either MTI or through the voluntary termination by the Member himself/herself.
- 51.2 The Sponsor member agreement may be inherited by observing the legal conditions as per clause 19 of this contract titled "Consequences of Insolvency and Succession pertaining to membership".
- 51.3 Following the termination of the Sponsor member agreement, it is forbidden for such ex-Sponsor members to utilise internet domain names or email addresses that contain any reference to MTI and to MTI's brand and trading names.
- 51.4 In the case of an internet domain run by an ex-Sponsor member, the ex-Sponsor member is required to hand this over to MTI, and MTI will pay the reasonable transfer costs, such arrangement is dependent on whether MTI had provided the Ex-Sponsor member with the requisite permission to use such domain when they were in active



member, if such permission was not granted then the ex-Sponsor member will be liable for the requisite transfer costs.

51.5 Following the termination of the Sponsor member agreement by the Sponsor member, other than for reasons related to misconduct, the Sponsor member may only re-register with MTI after a 1 (ONE) month period.

51.6 After the 1 (ONE) month period mentioned in clause 47.5 above, the Sponsor member may send a request to the email address: support@mymticlub.com requesting permission to re-register onto the MTI online trading platform with an indication of his future Sponsor, after receipt of such request MTI will inform the ex-Sponsor member via email to his/her email address regarding the acceptance or denial of such request.

51.7 The Sponsor member may conclude a new registration without special written consent 6 (SIX) months after the termination of the first Sponsor agreement.

51.8 As a result of any cancellation/termination of the Sponsor agreement, the Sponsor member shall not be entitled to receive bonuses from their down-line structure and forfeits any right thereto.

52. Transfer of the Sponsored structure to third parties

As a result of the risk of cybercrime such as hacking, no account shall be ceded or assigned to any third party, nevertheless and despite the presence of any terms and conditions of the contract to the contrary, MTI reserves the right, in exceptional circumstances to change account holders details.

Part 8: Know Your Customer ("KYC")

53. Performing due diligence on customers

53.1 MTI requires to know the customers/members with whom they are conducting business with, and MTI hereby implements a system to identify its members who have joined or are joining the MTI online trading platform.

53.2 MTI has developed and created a KYC system to ensure that the MTI online trading platform is protected from possible fraud, abuse and manipulation.

53.3 The KYC membership due diligence measure that MTI has implemented includes the following:

53.3.1 Identifying the member and verifying the member's identity using reliable, independent source documents, data or information;

53.3.2 Determining whether the member is acting on behalf of another person, and then taking reasonable steps to obtain sufficient data to verify the identity of that person;

- 53.3.3 Obtaining information for the purpose of securing the business relationship between MTI and its members;
- 53.3.4 Conducting ongoing due diligence on the trading business relationship between MTI and its members, and the scrutiny of transactions undertaken throughout the course of the aforementioned relationship to ensure that the transactions being conducted are ethical, lawful and in compliance with the terms and conditions of this contract.
- 53.4 The extent and specific form of the KYC measures put in place by MTI may be determined following a risk analysis based upon relevant factors, including the member, their trading business relationship with MTI and the transactions being performed on the MTI online trading platform (MTI reserves the right to request more comprehensive KYC details and documentation from specific customers who are higher risk clientele).
- 53.5 A risk profile will be compiled for each and every member, and the factors which will be considered in determining a member's risk category include, but are not limited, to the following:
- 53.5.1 The type and background of member;
 - 53.5.2 The member's geographical location;
 - 53.5.3 The geographical sphere of the activities of the member (e.g. country, nationality of member);
 - 53.5.4 The nature of the activities performed by a member on the MTI online trading platform;
 - 53.5.5 The source of funding of a member's account;
 - 53.5.6 The frequency and scale of activity performed by a member on the MTI online trading platform;
 - 53.5.7 How the member's account is funded, such as P2P funding or direct Bitcoin deposit to MTI;
 - 53.5.8 The rate of activity on a member's on the MTI online trading platform, including whether the member's account is dormant or active;
 - 53.5.9 The suspicion or knowledge of fraudulent activity, money laundering, y be financing of terrorism or other crime.
54. **MTI's KYC requirements**
- 54.1 The requirements for KYC and due diligence of MTI will apply to all new members as well as, on the basis of materiality and risk, to existing members (existing members will be vetted within a specific time frame and notification thereof will be published on the MTI online trading platform).
- 54.2 In order for MTI to conduct KYC and due diligence on its members, the following information will be requested from MTI members who are individual natural persons:
- 54.2.1 Full names;
 - 54.2.2 Identification number;
 - 54.2.3 Date and place of birth;
 - 54.2.4 Nationality;



- 54.2.5 Current permanent address.
- 54.3 In order to verify the identity of an individual natural person who is a member of MTI, the following documents may be requested from such members:
- 54.3.1 National identity card or document;
 - 54.3.2 Current valid passport;
 - 54.3.3 National Birth Certificate in cases where a member is a minor.
- 54.4 Original documents should be presented to MTI upon request via an acceptable form of communication permitted by MTI (e.g. email or online uploads), and if copies of documents are provided, such documents are to be certified by the relevant authorities and professionals who may certify such documentation.
- 54.5 In order for MTI to conduct KYC and due diligence on its members, the following information will be requested from members who are legal persons or entities:
- 54.5.1 Relevant resolutions, power of attorney, declaration or authorisation documentation verifying the person representing and purporting to act on behalf of the legal entity, with the appropriate identification documentation confirming the identity of such representative;
 - 54.5.2 If the legal entity is a private company relevant CIPC or like Company registry documentation confirming the incorporation and registration of such company and the documentation regarding the shareholding of such company;
 - 54.5.3 Where the legal entity is a Trust, verification of the identity of the trust's trustees are required and a certified copy of the Trust Deed is required;
 - 54.5.4 Where the member is a public listed company that is subject to regulatory disclosure requirements, it is not necessary to verify the identification of any shareholder of that company, other than the company's authorised representative who is contracting-on behalf of the company with the necessary resolution, power of attorney declaration or authorisation associated thereto.
55. **MTI KYC data recording**
- 55.6 MTI will keep data records pertaining to member's KYC and due diligence process, including the necessary documentation associated thereto for a period of 1 (ONE) year after the termination of a member's membership with MTI.
- 55.7 MTI Support will be responsible for keeping of all data captured by the KYC and due diligence process, and such data will remain securely kept and managed by relevant MTI Support personnel.

Part 9: Peer-to-Peer ("P2P") Transactions

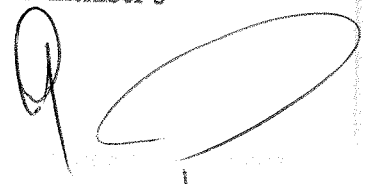
56. **Provisions regarding Peer-to-Peer (P2P) transactions**



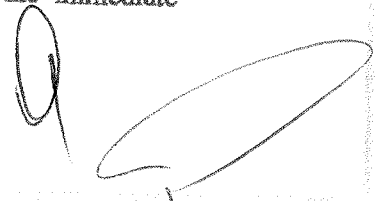
- 56.1 MTI provides a transactional service for members to internally transfer Bitcoin funds from their income wallet on the MTI account to another member on the MTI online trading platform;
- 56.2 The functioning of the P2P service is as follows:
- 56.2.1 An MTI member will obtain the username and userID of the member they wish to transfer funds to (members have the sole responsibility to accurately verify the exact username and userID of the party they wish to send the Bitcoin funds to, and MTI accepts no liability for any transactions which are sent to incorrect parties);
- 56.2.2 The MTI member will then transfer the Bitcoin funds from their income wallet to the relevant member who is a registered member on the MTI online trading platform;
- 56.2.3 The P2P transaction will be executed after the expiry of mandatory 7 (seven) Calendar day waiting period.
- 56.3 MTI accepts no liability for any P2P transactions which are made to the incorrect party and members are requested to properly verify the identity of account holders before performing any P2P transfer.
- 56.4 Should a member make a transfer to the incorrect party, MTI Support will endeavour to assist the member in retrieving the Bitcoin funds transferred by the following actions:
- 56.4.1 by engaging with the party where the funds were incorrectly transferred too requesting that the party return such funds voluntarily back to the member who made the incorrect P2P transfer;
- 56.4.2 If the party refuses to co-operate, MTI will request verification documentation from the member who made the incorrect P2P, which shows substantial proof of the transaction made and will retrieve the funds from the account of the party where the funds were incorrectly transferred and will return same to the member;
- 56.4.3 Should it be impossible for MTI to retrieve the funds incorrectly transferred, MTI reserves the right to suspend the account of the party of who received such funds until the party returns the funds back to the member who made the incorrect transfer;
- 56.4.4 Should the suspension of a party's account not produce any results with regards to the retrieval of the member's funds, MTI will proceed to terminate the party's membership with MTI.

Part 10: Handling of written queries and dispute resolution

57. **Investigation and dispute resolution procedures regarding breaches of contract by members**
- 57.1 Once MTI ascertains a breach to the terms and conditions of this agreement has been perpetrated its members, MTI will notify such members in writing of the said breach, which will be communicated via email and whatsapp/text message to the member's



- registered email address and telephone communication details provided on his/her back-office.
- 57.2 Once the relevant member is notified of the said breach, such member has 2 (TWO) days to respond to the notification and to rectify the breach in question.
- 57.3 Should the member fail to respond to the notification provided regarding the relevant breach, MTI will immediately suspend the member's account pending the outcome of a full investigation into the account activity of the member in order to obtain further detailed evidence concerning the breach in question.
- 57.4 Once a member's account has been suspended pending the outcome of a full investigation, written notification of such suspension will be forwarded to such member regarding the suspension of his/her account via email, telephone communication and via courier if such party has provided MTI with his/her physical address.
- 57.5 The above investigation will take a maximum of 7 (SEVEN) days to complete and the member's account shall remain suspended pending the outcome of the investigation.
- 57.6 Should the matter be a complicated one, with multiple accounts or multiple members involved in the breach, with Bitcoin deposits totalling a minimum of 0.5 Bitcoin, such investigation may be extended to another 7 (SEVEN) days to allow the investigating team to properly conclude their investigation into the matter.
- 57.7 Once an investigation has been conducted and all the evidence pertaining to such investigation has been collected, a report shall be compiled by the investigation personnel who will then forward same to MTI management with their relevant recommendations.
- 57.8 MTI management will review the report presented by the investigation team and will apply their minds to the matter and will either reject the findings of the investigation team and request further evidence, or dismiss the matter altogether if there is insufficient evidence to act against the relevant member.
- 57.9 Should MTI management decide that there is insufficient evidence to proceed further against the relevant member, the suspension of the member's account will be lifted within 24 hours of the suspension.
- 57.10 Should the suspension of a member's account be lifted, MTI accepts no liability for any loss of income with regards to the pause in trading activity on the member's account due to the said suspension (it must be noted that MTI will only exercise its right to suspend a member's account should there be evidence to compile a *prima facie* case or an answerable case of a serious nature requiring attention).
- 57.11 Should MTI management find reasonable proof that a member has violated the terms and conditions of this contract, MTI management will authorise the immediate

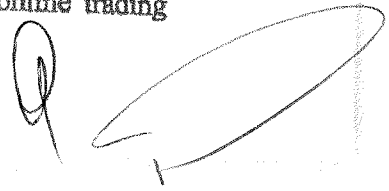


suspension of a member's account, pending the final termination of the member's account.

- 57.12 Once a decision has been made to suspend a member's account, written notification of such suspension shall be forwarded to the relevant member via email, Whatsapp and courier (should MTI have the member's physical address on record).
- 57.13 After a member's account has been suspended, the member has an opportunity to make representations to the MTI Board of Directors with comprehensive reasons as to why his/her account should not be terminated.
- 57.14 The determination of the final termination of a member's suspended account regarding a breach of the terms and conditions of this contract remains the sole discretion of the MTI Board of Directors, and there is no deadline as to when such process can be finalised.
- 58. **Handling of written queries made by members**
 - 58.1 The lead time of the investigation providing the basis for the assessment of questions, requests or occurring complaints made by MTI members and received by MTI Support is 7 (SEVEN) Calendar days.
 - 58.2 The MTI Support team is accessible from the MTI online trading platform and deals with all queries relating to the back-office and queries in general submitted to support@mymticlub.com, such email address is the only recognized forum wherein MTI will entertain queries and requests from MTI members.
 - 58.3 Social media platform queries and requests made by members to MTI management, is not permitted.

Part II: Closing provisions

- 59. **Modification of agreement**
 - 59.1 MTI shall be entitled to modify the terms and conditions of this contract from time to time, such modifications shall be published by MTI in the back-office of the MTI online trading platform accessed by web address: www.mymticlub.com and/ or www.mirrortradinginternational.com.
 - 59.2 Modifications and amendments made to the terms and conditions of this contract are valid exclusively in writing and notification of such amendment will be provided to members within 7 (SEVEN) days of such amendment on each and every member's back-office section.
 - 59.3 If any provision of this contract is intended to be amended, which may infringe upon the rights of members who have pending transactions on the MTI online trading



platform and the performance thereof, the member will have the opportunity to finalize the transaction before the aforementioned period of 7 (SEVEN) days has expired, thereafter members will be restricted to the new amended terms and conditions that have been implemented.

A handwritten signature in black ink, consisting of a stylized 'Q' or 'O' followed by a long, sweeping horizontal stroke that curves upwards at the end.

IN THE HIGH COURT OF SOUTH AFRICA
(WESTERN CAPE DIVISION, CAPE TOWN)

Case Number: 3741/2022

In the matter between:

| | |
|--------------------------------------------------|------------------|
| ADRIAAN WILLEM VAN ROOYEN N.O. | First Plaintiff |
| HERMAN BESTER N.O. | Second Plaintiff |
| CHRISTOPHER JAMES ROOS N.O. | Third Plaintiff |
| JACOLIEN FRIEDA BARNARD N.O. | Fourth Plaintiff |
| DEIDRE BASSON N.O. | Fifth Plaintiff |
| CHAVONNES BADENHORST ST CLAIR COOPER N.O. | Sixth Plaintiff |
| and | |
| PHILLIPS RUDOLPH BOTHA | Defendant |

PLAINTIFFS' REPLICATION

The plaintiffs replicate as follows to the defendant's plea:

- A. AD SPECIAL PLEA:
1. Ad introductory part thereof:

The plaintiffs deny that they lack the necessary *locus standi* to make any claims against the defendant.



2. Ad paragraph 1 thereof:

The plaintiffs have no knowledge of the allegations therein contained, cannot admit or deny same and consequently put the plaintiff to the proof thereof.

3. Ad paragraphs 2 and 3 thereof:

Save for admitting that Annexure "P1" is attached to the defendant's plea, the plaintiffs have no knowledge of the further allegations therein contained, cannot admit or deny same and put the defendant to the proof thereof.

4. Ad paragraph 4 thereof:

4.1. The plaintiffs admit that the document attached to the defendant's plea and marked Annexure "P1", is a document titled "*Terms and Conditions of Agreement between Mirror Trading International (Pty) Ltd ("MTI") and its members*".

4.2. The plaintiffs have no knowledge of any agreement concluded between the defendant and MTI on the terms and conditions as stipulated in Annexure "P1", and consequently deny each and every further allegation contained in this paragraph.

4.3. The plaintiffs repeat paragraph 4 of their particulars of claim and plead that:

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4.3.1. The business model of MTI constituted an illegal and unlawful scheme at all relevant times.

4.3.2. All agreements purportedly concluded between MTI and its investors in respect of the trading / management / investment of bitcoin for the purported benefit of investors, including the defendant, were unlawful and *void ab initio*.

4.4. The plaintiffs deny each and every further allegation therein contained as if specifically traversed.

5. Ad paragraph 5 thereof:

The plaintiffs repeat that all agreements purportedly concluded between MTI and its investors in respect of the trading / management / investment of bitcoin for the purported benefit of investors were unlawful and *void ab initio* and the plaintiffs deny each and every further allegation therein contained as if specifically traversed.

6. Ad paragraphs 6 to 8 thereof:

The plaintiffs repeat that all agreements purportedly concluded between MTI and its investors in respect of the trading / management / investment of bitcoin for the purported benefit of the investors were unlawful and *void ab initio* and the plaintiffs deny each and every further allegation contained in these paragraphs as if specifically traversed.

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7. Ad paragraph 9 thereof:

7.1. The plaintiffs repeat that the purported agreement was unlawful and *void ab initio* and of no force and/or effect.

7.2. The plaintiffs admit that the defendant deposited bitcoin with MTI as pleaded in paragraphs 10 to 15 of the particulars of claim.

7.3. The plaintiffs deny each and every further allegation therein contained as if specifically traversed.

8. Ad paragraph 10 thereof:

The plaintiffs repeat paragraphs 10 to 15 of the particulars of claim and deny each and every allegation contained in this paragraph as if specifically traversed.

9. Ad paragraphs 11 to 13 thereof:

The plaintiffs deny each and every allegation therein contained as if specifically traversed.

10. Ad paragraph 14 thereof:

Save for admitting that the defendant deposited bitcoin as pleaded in paragraphs 10 to 15 of the particulars of claim, the plaintiffs deny each and every further allegation therein contained as if specifically traversed.

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11. Ad paragraph 15 thereof:

11.1. The plaintiffs' claims are based upon the provisions of sections 26, 29 and 30 of the Insolvency Act, 24 of 1936, and the plaintiffs repeat paragraphs 16 to 18 of the particulars of claim.

11.2. The plaintiffs deny each and every further allegation therein contained as if specifically traversed.

12. Ad paragraph 16 (introductory part), 16.1 to 16.3 thereof:

The plaintiffs deny each and every allegation therein contained as if specifically traversed.

13. Ad paragraph 17.1 thereof:

The plaintiffs note the contents thereof.

14. Ad paragraph 17.2 thereof:

The plaintiffs note the contents thereof.

15. Ad paragraph 18 thereof:

The plaintiffs note the contents thereof and repeat their plea to paragraphs 1 to 7 of the defendant's special plea.

16. Ad paragraph 19 thereof:

A handwritten signature or mark consisting of a looped line that extends into a larger, oval shape.

16.1. The plaintiffs admit that the purported agreement was illegal and unenforceable and *void ab initio*.

16.2. The plaintiffs deny the further allegations therein contained.

17. Ad paragraph 20 thereof:

Save for admitting that the defendant deposited bitcoin from time to time as pleaded in paragraphs 10 to 15 of the particulars of claim and that MTI transferred bitcoin to the defendant as pleaded in paragraphs 16 to 18 of the particulars of claim, the plaintiffs deny each and every further allegation therein contained as if specifically traversed.

18. Ad paragraphs 21 to 23 thereof:

The plaintiffs deny each and every allegation therein contained as if specifically traversed.

19. Ad paragraph 24 thereof:

19.1. The plaintiffs have *locus standi* to claim against the defendant in their capacities as the duly appointed liquidators of MTI and the plaintiffs' claims are based on the provisions of section 26, 29 and 30 of the Insolvency Act.

19.2. Save for the foregoing the plaintiffs deny each and every further allegation therein contained.

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20. Ad paragraph 25 thereof:

The plaintiffs deny each and every allegation therein contained as if specifically traversed.

WHEREFORE the plaintiffs pray that the defendant's special plea be dismissed with costs.

B. AD THE DEFENDANT'S PLEA-OVER:

21. Ad paragraphs 26 to 28; 30 and 31 thereof:

Save for the admissions therein contained the plaintiffs deny each and every further allegation therein contained as if specifically traversed.

22. Ad paragraphs 32 to 34 thereof:

The plaintiffs deny each and every allegation therein contained as if specifically traversed.

23. Ad paragraphs 35 and 36 thereof:

Save for admitting that crypto assets were at the time unregulated, the plaintiffs deny each and every further allegation therein contained as if specifically traversed.

24. Ad paragraph 37 to 75 thereof:

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Save for the admissions therein contained the plaintiffs deny each and every further allegation therein contained as if specifically traversed.

25. Ad paragraph 76 thereof:

The plaintiffs deny that the defendant parted with his bitcoin in return for the dispositions or any of the dispositions and deny each and every further allegation therein contained as if specifically traversed.

26. Ad paragraphs 77 to 80 thereof:

Save for the admissions therein contained the plaintiffs deny each and every further allegation therein contained as if specifically traversed.

27. Ad paragraph 81 thereof:

The plaintiffs deny that the defendant parted with his bitcoin in return for the dispositions or any of the dispositions and deny each and every further allegation therein contained as if specifically traversed.

28. Ad paragraphs 82 to 85 thereof:

Save for the admissions therein contained the plaintiffs deny each and every further allegation therein contained as if specifically traversed.

29. Ad paragraph 86 thereof:

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The plaintiffs deny that the defendant parted with his bitcoin in return for the dispositions or any of the dispositions and deny each and every further allegation therein contained as if specifically traversed.

WHEREFORE the plaintiffs persist with their claims against the defendant.

PLAINTIFFS' PLEA TO DEFENDANT'S CONDITIONAL COUNTERCLAIM

The plaintiffs plead as follows to the defendant's conditional counterclaim:

A. SPECIAL PLEA:

1. The defendant has failed to comply with the provisions of section 359 of the Companies Act, 1973.
2. The defendant is accordingly not entitled to institute the conditional counterclaim against the plaintiffs.

WHEREFORE the plaintiffs pray that the defendant's conditional counterclaim be dismissed with costs.

B. THE PLAINTIFFS' PLEA-OVER:

The plaintiffs plead as follows to the defendant's conditional counterclaim:

3. Ad paragraphs 87 to 91 thereof:

The plaintiffs note the contents thereof.



4. Ad paragraph 92 thereof:

The plaintiffs repeat their replication to paragraphs 1 to 7 and 13 of the defendant's special plea.

5. Ad paragraph 93 thereof:

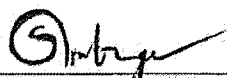
The plaintiffs admit that the scheme operated by MTI was unlawful and that the purported agreements concluded between MTI and investors, including the defendant, were illegal and unenforceable and *void ab initio*.

6. Ad paragraphs 94 to 97 thereof:

The plaintiffs deny each and every allegation therein contained as if specifically traversed.

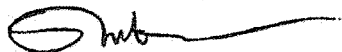
WHEREFORE the plaintiffs pray that the defendant's conditional counterclaim be dismissed with costs.

DATED AT PRETORIA ON THIS THE 26th DAY OF AUGUST 2022.



S STRYDOM

Attorney with right of appearance
in the High Court in terms of section
25(3) of the Legal Practice Act, 2014



STRYDOM, RABIE & HEIJSTEK INC

Attorneys for Plaintiffs
Delmondo Park
Sorrento Building, Block A
169 Garsfontein Road
Ashlea Gardens, PRETORIA
Ref: S Strydom/MTI2/0038



E-mail: susan@srhfinc.co.za /
karlien@srhfinc.co.za

C/O WERKSMANS ATTORNEYS

Level 1, No 5 Silo Square
V & A Waterfront, CAPE TOWN
Tel: 021-405 5181
E-mail: bolivier@werksmans.com
Ref: STRY48432.1/B Olivier

**TO: THE REGISTRAR
HIGH COURT
CAPE TOWN**

AND TO: CLAASSEN INC
Attorneys for defendant
Ground Floor,
74 St Andrew Street
Birdhaven, GAUTENG
Tel: 010-025 3335
E-mail: nicoc@claassinc.co.za
Ref: Mr N Claassen/M00037
C/O VAN DER SPUY ATTORNEYS
First Floor
56 Shortmarket Street
CAPE TOWN
E-mail: yaseenc@vdslaw.co.za
Ref: Mr Y Cariem
Tel: 021-491 8007

VANDERSPUY

CAPE TOWN

ATTORNEYS CONVEYANERS NOTARIES

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IN THE HIGH COURT OF SOUTH AFRICA
(WESTERN CAPE DIVISION, CAPE TOWN)

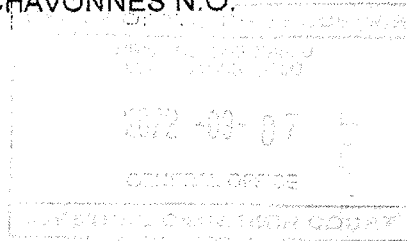
CASE NO.: 3741/2022

In the matter between:

| | |
|---------------------------------------------------|------------------|
| <u>VAN ROOYEN, ADRIAAN WILLEM N.O.</u> | First Plaintiff |
| <u>BESTER, HERMAN N.O.</u> | Second Plaintiff |
| <u>ROOS, CHRISTOPHER JAMES N.O.</u> | Third Plaintiff |
| <u>BARNARD, JACOLIEN FRIEDA N.O.</u> | Fourth Plaintiff |
| <u>BASSON, DEIDRE N.O.</u> | Fifth Plaintiff |
| <u>BADENHORST ST CLAIR COOPER, CHAVONNES N.O.</u> | Sixth Plaintiff |

and

BOTHA, PHILLIPS RUDOLPH



Defendant

DEFENDANT'S REPLICATION TO THE PLAINTIFFS' SPECIAL PLEA TO THE
DEFENDANT'S CONDITIONAL COUNTERCLAIM

The defendant replicates as follows to the plaintiffs' special plea to the defendant's conditional counterclaim:

Ad paragraphs 1 and 2

1. The defendant admits that no notice in terms of section 359(2)(a) was given to the plaintiffs, but pleads that it finds no application to the defendant's conditional counterclaim as:

- 1.1. the conditional counterclaim will only arise if and when all of the claim conditions are fulfilled; and
- 1.2. the conditional counterclaim accordingly does not relate to a claim against MTI that arose prior to the commencement of the winding-up of MTI.

WHEREFORE THE DEFENDANT PERSISTS WITH HIS CONDITIONAL COUNTERCLAIM.

DATED AT CAPE TOWN ON THIS THE 30th DAY OF AUGUST 2022.



YASEEN CARIEM

(Duly admitted and appearing in terms of
Section 25(2) of the Legal Practice Act, 2014)

CLAASSEN INC

Defendant's Attorneys



Per: Mr. Y Cariem

Ground Floor, 74 St Andrew Street

Birdhaven

Gauteng

Tel: (010) 025 3335

Email: nicoc@claassinc.co.za



sharanl@claassinc.co.za

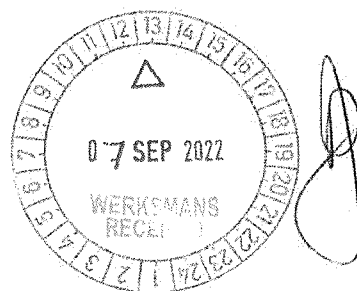
Ref: Mr. N Claassen/M00073

C/O VANDERSPUY CAPE TOWN
1st Floor
56 Shortmarket Street
Cape Town
Tel: (021) 491 8007
Email: yaseenc@vdsllaw.co.za
Ref: Mr. Y Cariem

TO: THE REGISTRAR OF THE HIGH COURT
CAPE TOWN

AND TO: STRYDOM, RABIE, HEIJSTEK & FAUL INC
Plaintiffs' Attorneys
Delmondo Office Park
169 Garsfontein Road
Ashlea Gardens, Pretoria
Gauteng
Tel: (012) 786 0954
Email: susan@srhfinc.co.za
Ref: MTI2/0038/S Strydom

C/O WERKSMANS ATTORNEYS
Level 1, No 5 Silo Square
V&A Waterfront
Cape Town
Tel: (021) 405 5181
E-mail: bolivier@werksmans.com
Ref: STRY48432.1/B Olivier



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BUSINESS

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MTI investors staring at a dwindling pot after latest court order

Court rules that payouts must be calculated in rands at day of investment, rather than day of liquidation.



Johann Steynberg, the founder of MTI, fled South Africa in December 2020 following the collapse of the apparent Bitcoin scam. Image: YouTube

Liquidated bitcoin scheme Mirror Trading International (MTI) was the subject of another court hearing this week in the Cape High Court, and the ruling may not please everyone involved.

One potential bombshell from the ruling is that payouts must be calculated in rands at day of investment, rather than at day of liquidation. This is a provisional order that is certain to be challenged, particularly by the big winners of the scheme, before it is made a final order. Anyone with an interest in the case has until 31 October to lodge their arguments.

Until now, creditors were asked to submit claims based on the value of their deposited bitcoin at the date of liquidation. That was potentially a sweet deal for those who joined the scheme in early 2020 when bitcoin was trading between \$5 000 and \$8 000, considering that bitcoin was trading at about \$35 000 when the company was finally liquidated in mid-2021.

The Cape High Court has disrupted those plans, dividing creditors into three groups. This court outlined two scenarios: one, where any agreements between investors and the company are void because the entire scheme was illegal from the outset (this is currently the subject of another case brought by the liquidators, seeking to declare MTI an illegal Ponzi scheme); two, where the scheme was not illegal from the outset. In the first scenario, three classes of investors are identified:

1. The first class are those who invested in the scheme but received no return. These investors will be able to submit a claim equal to the rand value of their investment on the day it was invested (not the date of liquidation, thereby losing any potential capital gain).
2. The second class are those who invested in the scheme and received returns, but did not profit from the scheme. These investors will be allowed to submit a claim equal to their 'impoverishment' or the company's 'enrichment' – whichever is the smaller amount.
3. The third group are those who withdrew more than they invested. The court ruled that the liquidators will have a claim against these investors, based on a rand value of their receipts from MTI, less what they invested.

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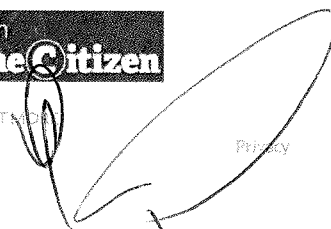
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In the event the courts decide MTI was not an illegal scheme from the outset, a different scenario will play out. Those who withdrew less than they invested will become creditors of the company, and can make a claim equal to the rand value of their investment on the day of liquidation. It is then up to the liquidators to pursue these creditors for any withdrawals received.

Investors who withdrew more than they invested will be pursued by the liquidators for the full amount received from the company, including any profits and initial investments.

ALSO READ: [MTI Bitcoin scam kingpin Clynton Marks skimmed R30m in two months](#)

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Once funds have been recovered from investors, creditors will again be allowed to make a claim against the estate of MTI.

Those who defrauded MTI will not have any claim against the company, and the liquidators will be entitled to pursue them for any 'dispositions' received from the company.

The applicants in the case were the six joint liquidators – H Bester, AW van Rooyen, CJ Roos, JF Barnard, D Basson, and CBS Cooper. The respondent was the Master of the Cape High Court.

The background

MTI was placed in provision liquidation on 29 December 2020 after investors tried without success to withdraw funds from a scheme that was rated by Coinanalysis as the world's biggest crypto scam of 2020.

Many – including the liquidators – have said it was a Ponzi scheme, relying on new inflows from unsuspecting clients to pay out older claims. It was also a multi-level marketing scheme that paid out referral bonuses of 10% on any new clients introduced. It didn't take long for thousands of MTI members to learn to game the system, opening up accounts in the name of their dogs, children and domestic workers so they could claim an additional 10% on their 'downline'. It was this aspect of the scheme that ultimately caused its undoing, according to filings by the liquidators now before court.

ALSO READ: [This is what the MTI liquidators have found so far](#)



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any track record of successful trading – only losses.

A total of 1 218 bitcoin was recovered from Belize-based broker FXChoice and sold for close to R1.1 billion.

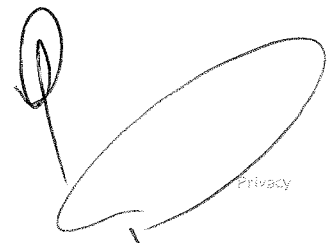
In a supporting affidavit in the most recent Cape High Court case, the liquidators say that 39 139 bitcoin were deposited with MTI, of which 32 285 were withdrawn, leaving 6 853 BTC unaccounted for (worth R2.3 billion at current prices). These unaccounted for bitcoin represent a liability to the company, underscoring the claim by the liquidators that liabilities exceed assets – something that has been disputed by some of the bigger MTI winners, particularly Clynton Marks.

The former CEO of MTI, Johann Steynberg, fled SA for Brazil in December 2020 and was arrested in December 2021. He is currently awaiting extradition either to SA or the United States.



By [Moneyweb](#)
Content partner

5 minute read
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Privacy

4:05 pm

Complicating matters is the civil case filed in June this year by the US
Commodity Futures Trading Commission (CFTC) against MTI and
Steynberg, charging them with fraud and registration violations.

It remains to be seen who gets their hands on Steynberg, as he is
believed to be the most likely source of information on the missing
bitcoin.

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