

# MTI ESTATE

Mirror Trading International (Pty) Ltd (In Liquidation)

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Estate website:

[www.investrust.co.za](http://www.investrust.co.za)

[www.tygerbergtrustees.co.za](http://www.tygerbergtrustees.co.za)

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## MIRROR TRADING INTERNATIONAL (PTY) LTD t/a MTI (IN LIQUIDATION) ("MTI")

CIRCULAR TO CREDITORS 2 DECEMBER 2024

**Progress on the distribution of dividends to proven creditors.**

### 1. Introduction

- 1.1. We refer to the above matter and our previous circulars herein, with specific reference to the circulars dated 9 December 2021, 26 January 2024 and 26 August 2024 respectively in which we provided information pertaining to the submission of claims, classes of creditors, calculation of claims and the drafting of a Second Liquidation and Distribution Account.
- 1.2. We remind all interested parties that the circulars and other important documents can be found on the following websites: <https://www.investrust.co.za/mti-liquidation.html> and <https://www.tygerbergtrustees.co.za/mirror-trading-international-pty-ltd.html>.
- 1.3. The liquidators undertook a claims' investigation process, which investigation remains pending and is based on principles laid down in opinions received from counsel and the Declaratory Order handed down by the Honourable Acting Judge Maher on 9 November 2023.
- 1.4. The purpose of this circular is to provide more information with reference to the submission of claims, the claims' investigation process and the drafting of the Second Liquidation and Distribution Account.

### 2. Submission of claims

- 2.1. The liquidators are still receiving numerous claim documents on a weekly basis.
- 2.2. The next Special Meeting of Creditors has been convened and will take place on 13 December 2024. Claims must be lodged with the Master's offices 24 hours prior to the commencement of the said Meeting. Investors who have not yet submitted their claims are therefore urged to do so as a matter of urgency.

#### 2.3. **Who is entitled to submit claims?**

- 2.3.1. The following investors are entitled to submit claims (we refer you to the classes of investors as detailed in the circular dated 26 January 2024):

- 2.3.1.1. Class 1 investors who invested in MTI and did not withdraw anything, can claim for the loss of their entire investment at the Rand value thereof as at the date of the investment.
- 2.3.1.2. Class 2 investors who invested in MTI and withdrew a portion of their investment (therefore withdrew less than what they invested), can claim for the nett loss of their investment, i.e. the Rand value of their investment at the date of the investment less the Rand value of the withdrawals at the date of the withdrawals.
- 2.3.2. Class 3 investors who invested in MTI and withdrew more than what they invested and therefore made a profit do not have an initial claim.
- 2.3.3. The following investors and / or Master clusters (refer to “clustering of accounts” below) will have further claims against the estate if they pay an amount to the estate in terms of either a settlement or a court order (see paragraph 4 pertaining to collections below), unless their claims against the estate are waived by agreement in terms of the said court order or settlement:
  - 2.3.3.1. Class 2 Investors for the amount equal to the withdrawals in the six-month period prior to liquidation as claimed by the liquidators in terms of Section 29 and as repaid by the investor.
  - 2.3.3.2. Class 3 Investors for the amount equal to the profit made and for the amount equal to the withdrawals in the six-month period prior to liquidation as claimed by the liquidators in terms of Sections 26 and 29 respectively and as repaid by the investor.

## **2.4. Clustering of MTI accounts**

- 2.4.1. During their investigations into the affairs of MTI, the liquidators, through their appointed forensic experts, found that most of the investors controlled multiple accounts in MTI. In most instances, such accounts were held by the investors in the names of family members, pseudonyms or even their pets. During the insolvency enquiries, evidence was obtained by the liquidators’ appointed attorneys that, in most instances, these accounts all belonged to the one investor who initially registered with MTI and who managed these accounts for his / her own benefit.
- 2.4.2. Therefore, based on advice received from counsel, the Liquidators proceeded with a clustering process which entailed that multiple accounts opened by the same investor were clustered indicating a Master account and various slave accounts underneath the Master. The Master was identified as such because this account was created first and the other accounts in the cluster, being the slaves, were created thereafter. The clustering process was based on various assumptions that in turn was based on the information obtained during the insolvency enquiries, for example that the same emails and cell phone numbers were used to open multiple accounts.
- 2.4.3. The clustering process had no effect on the accounts of investors who only opened one account for his / her own benefit.

## **2.5. Subdivision of Class 1 and 2 investors who are entitled to submit claims based on the clustering process**

2.5.1. In considering what is stated hereinabove with reference to the Classes of investors and the clustering process, claims must be submitted as follows:

2.5.1.1. Unique accountholders -

2.5.1.1.1. An individual claimant is an investor who opened only one account with MTI. An account listed as “unknown” on the Back Office means that no clustering of accounts is applicable, and it represents an individual claim. These are accounts opened by investors referred to in paragraph 2.4.3. above

2.5.1.1.2. Class 1 and 2 investors falling in this category are entitled to submit individual claims for the amounts referred to in paragraph 2.3.1

2.5.1.2. Master Accountholders

2.5.1.2.1. As stated in paragraph 2.4.2, a Master Accountholder is an investor who opened multiple accounts and is based on the account that was opened first in time

2.5.1.2.2. Multiple accounts were clustered into a Master and one or more slaves as referred to in paragraphs 2.4.1 and 2.4.2.

2.5.1.2.3. The Master Accountholder is entitled to submit one claim on behalf of the entire cluster for the net loss of the cluster where the cluster as a whole is a creditor, i.e. the cluster is essentially a Class 1 or Class 2 investor-cluster for the amounts referred to in paragraph 2.3.2.

2.5.1.2.4. All slave accounts clustered under a specific Master must be included in the claim by the Master.

2.5.1.2.5. Therefore, Slaves must not lodge individual claims

## **2.6. Process for the submission of claims**

2.6.1. For ease of reference, we repeat the process for the lodging of claims as detailed in the circular dated 9 December 2021.

2.6.1.1. Investors can obtain access to the MTI “back-office” to access their transactional history with MTI at [www.mticlaims.co.za](http://www.mticlaims.co.za)

2.6.1.2. An instructional video can be found on the home page of the abovementioned website, which will assist you in accessing the necessary data and in completing and submitting your claim electronically.

2.6.1.3. You will first be required to reset your password (if you have not yet done so) by using the email address you used to register on MTI’s system and to provide your KYC (“Know Your Customer”) documents.

2.6.1.4. Once you gain access to your data, you will be able to verify same and to download, complete and upload your claim document electronically. Please refrain from submitting claims via email or in hard copy format.

## **2.7. Supporting documents to be attached to your claim document**

- 2.7.1. ID document.
- 2.7.2. Proof of residence not older than 3 months from the date of submission of your claim.
- 2.7.3. Bank statements as proof of the amount transferred from your bank account to an exchange, for example LUNO, Binance or Bitmex.
- 2.7.4. Bank confirmation letter issued by your bank as confirmation that the bank account referred to in paragraph 2.7.3 is in your name.
- 2.7.5. Exchange statements as proof that the funds referred to in paragraph 2.7.4. was received and then transferred to your MTI wallet.
- 2.7.6. MTI statements as proof that the funds referred to in paragraph 2.7.5. were received in your MTI wallet

## **3. Claims' investigation process**

- 3.1. As confirmed in paragraph 1.3 the liquidators, over the past 4 years, obtained several declarator orders and opinions to obtain directions with reference to *inter alia* the calculation of investor claims and the recovery of bitcoin ("BTC") that was withdrawn by investors and based on these principles the liquidators undertook a claims investigation process that remains pending.
- 3.2. The claims investigation process is required by law and is to the benefit of the general body of creditors. Any expungement, rejection or reduction of claims (further details below in this regard) will have the result that the dividends payable to the investors whose legitimate claims are eventually accepted will increase.
- 3.3. This however is an enormous, intricate and time-consuming task. The Liquidators must, as part of the claims process:
  - 3.3.1. Inspect the physical claim document and determine whether it complies with the requirements of Section 44(4) of the Insolvency Act, Act 24 of 1936 and contains sufficient documentary proof of the amount claimed.
  - 3.3.2. Compare the claims received to the data available on the back-office to ensure that the amount claimed and the clustering (if any) on the physical claim corresponds to the data contained on the back-office.
- 3.4. After considering the information and documents referred to in paragraph 3.3, liquidators must in terms of various legal principles laid down in *inter alia* the Insolvency Act, Act 24 of 1936, the Companies Act, Act 61 of 1973 and its Regulations and the Declarator Order referred to in paragraph 1.3 above determine whether investors' claims can be accepted or whether the claim must be expunged if it was proved by the Master at a Meeting of Creditors or remain rejected if it was rejected by the Master at a Meeting of Creditors. Once it is determined that a claim can be accepted, the claim can further be reduced or increased to the amount reflected on the back-office.

3.5. A claim will be accepted–

- 3.5.1. If it complies with the requirements referred to in paragraph 3.3, i.e. it complies with the requirements of Section 44(4), it corresponds with the back-office with reference to the amount claimed AND clustering and contains sufficient documentary proof.
- 3.5.2. As is and included in the Distribution Account in the normal course if the claim was accepted at a meeting of creditors.
- 3.5.3. As is, but in terms of Section 386(4(c) of the 1973 Companies Act read with Section 78(3) of the Insolvency Act if the claim was rejected at a meeting of creditors.

3.6. A claim will be expunged or remain rejected –

- 3.6.1. If the claim is lacking in any way, i.e. it does not comply with the requirements of Section 44(4), does not correspond with MARS with reference to the clustering or does not contain sufficient documentary proof, the claim will be expunged or remain rejected, or
- 3.6.2. if a duplicate claim was proved, the claim will be expunged or remain rejected, or
- 3.6.3. if a claim was submitted and thereafter the debtor waives his claims against the estate by agreement in terms of a court order or settlement, the claim will be expunged or remain rejected.
- 3.6.4. by way of a formal notice to investors and / or the Master that the claim is disputed and cannot be accepted and that it is the intention of the liquidators to expunge or reject the claim and sufficient reasons for the decision will be provided.
  - 3.6.4.1. Where a claim was accepted by the Master at a Meeting of Creditors, a notice of expungement will be given to the Master and the investor in terms of Section 45(3) of the Insolvency Act, read with Regulation 18 of the Winding-Up and Judicial Management of Companies.
  - 3.6.4.2. Where a claim was rejected by the Master at a Meeting of Creditors, a notice that a claim will remain rejected will be given to the investors only.

3.7. A claim will be accepted and reduced or increased to the amount reflected on the back-office, which was calculated based on the principles laid down in the Declarator Order referred to in paragraph 1.3–

- 3.7.1. If from the outset it complies all with the requirements referred to in paragraph 3.3 save for the amount of the claim or if it complies therewith after an objection to the expungement or rejection by an investor is received and considered, i.e. it complies with the requirements of Section 44(4), it corresponds with the back-office with reference to the clustering, but **not** with reference to the amount and contains sufficient documentary proof.

3.7.2. By way of formal notice to investors and / or the Master that a claim is disputed and that it is the intention of the liquidators to reduce or increase the claim and sufficient reasons for the reduction or increase will be provided

3.7.2.1. Where a claim was **accepted** by the Master at a Meeting of Creditors, and a claim must be **reduced**, notice of reduction will be given to the Master and the investor in terms of Section 45(3) of the Insolvency Act, read with Regulation 18 of the Winding-Up and Judicial Management of Companies.

3.7.2.2. Where a claim was **accepted** by the Master at a Meeting of Creditors and a claim must be **increased** to the amount reflected on the back-office, a notice will be given to investors that they proved an incorrect claim and that in terms of Section 44(4) they may, with the consent in writing of the Master, correct the claim or submit a fresh correct claim.

3.7.2.3. Where a claim was **rejected** by the Master at a Meeting of Creditors, a notice that a claim will be **reduced or increased** will be given to the investors in terms of Section 386(4(c) of the 1973 Companies Act read with Section 78(3) of the Insolvency Act that the liquidators are willing to accept and compromise their claims, which compromise will entail either a reduction or an increase of the claim amount to the amount reflected on the back-office.

3.8. After the dispatch of the notices referred to above, an objection-process will commence

3.8.1. Investors will have the opportunity to object to the intended expungement / rejection / reduction or increase of a claim:

3.8.1.1. If notice was given as per paragraph 3.6.2.1 above, the investors will have 14 days to furnish reasons to the Master and the liquidators why his claim should not be expunged and provide further documentary proof of the claim.

3.8.1.2. If notice was given as per paragraph 3.6.2.2 above, the investors will have 14 days to furnish reasons to the liquidators why his claim should not remain rejected and provide further documentary proof of the claim.

3.8.2. After considering the objections received (if any) and –

3.8.2.1. If notice was given in as per paragraph 3.6.2.1 above, the Master will make a ruling either to confirm, reduce or disallow the claim. The Master will inform investors in writing of his decision.

3.8.2.2. If notice was given as per paragraph 3.6.2.2 above, the liquidators will inform the investor of their decision to accept, reject, reduce or increase the claim.

3.9. Process available to investors if they are unsatisfied with the Master's / liquidators' decision

3.9.1. If in terms of Section 45(3) the Master decides to reduce or disallow a claim –

3.9.1.1. the investors are not prevented from establishing their claims by action in any competent court, but subject to the provisions of Section 75 of the Insolvency Act regarding notice to the liquidators and if they succeed in doing so, their claims are deemed to have been proved without the necessity of any further proof (provided it had been duly tendered for proof in the first instance) unless he informs the trustee in writing within seven (7) days of the judgment that he abandons his claim.

3.9.1.2. Investors may further bring the decision of the Master under review of the court in terms of Section 151 and 151bis of the Insolvency Act.

3.9.2. If in terms of Section 386(4(c) of the 1973 Companies Act read with Section 78(3) of the Insolvency Act the liquidators decide to compromise a claim –

3.9.2.1. It is deemed to have been properly proved and admitted, unless the investor informs the liquidators in writing within seven (7) days of the compromise that he abandons his claim.

#### **4. Collection of debtors**

4.1. It remains the duty of the liquidators to act to the benefit of the general body of creditors and not only an elect few.

4.2. As MTI was declared an unlawful Ponzi Scheme, the BTC withdrawn by investors did not represent their own investment capital or return on their investment. MTI did not generate any returns on the investments received and utilised a later investor's funds to pay the capital and returns to an investor who invested earlier. The investors who withdrew funds and received payment from MTI therefore received funds deposited / invested by other investors and benefited from someone else's investment and not their own. Many investors did not withdraw anything, while others, especially the promoters of the scheme, profited greatly from the scheme.

4.3. An investor in an illegal scheme is not at all entitled to any profit and therefore any profit made on investments are dispositions made by MTI for no value whatsoever.

4.4. As a result, any profit made by an investor and any withdrawals made prior to MTI's liquidation must be collected by the liquidators. Therefore, parallel to the claims' investigation process outlined in paragraph 3 above, the liquidators proceeded with collection procedures against investors in South Africa and internationally for the recovery of BTC withdrawn from MTI.

4.5. The purpose of this collection process is therefore to recover funds to which investors were not entitled and to pool all the collected funds to eventually pay the same proportionate dividend to all investors. An investor who withdrew funds and an investor who withdrew nothing will receive the same dividend, therefore ensuring that no one investor is benefited above another by retaining a larger portion of the withdrawn BTC than another investor.

#### **5. Second Liquidation and Distribution Account**

5.1. Although the liquidators can, as and when there are funds available for distribution, draft multiple Liquidation and Distribution Accounts while the collections process outlined in

paragraph 4 is underway, the liquidators are not in the position to finalise a Second Liquidation and Distribution Account until such time as the claims' investigation- and objection-process outlined in paragraph 3 is pending, as dividends cannot be awarded until a list of only the final legitimate claims can be compiled.

- 5.2. It is however the liquidators' intent to finalise the claims' investigation process as soon as practically possible.
- 5.3. Once the claims' investigation process is finalised, the various notices referred to in paragraph 3 above will be dispatched to investors.
- 5.4. To assist the liquidators to finalise this process expeditiously, investors are requested to compile the necessary documentary proof as outlined in paragraph 2.7 so that it can be submitted immediately upon receipt of a notice referred to in paragraph 3.
- 5.5. Once the liquidators have a final Distribution Account after the entire claims' investigation- and objection-process is finalised, the Second Liquidation and Distribution Account will be finalised wherein interim dividends will be awarded to investors.
- 5.6. As the collection process is still pending, further Liquidation and Distribution Account will be drafted as and when sufficient funds are collected to warrant the payment of further dividends.

## **6. Payment of dividends**

- 6.1. It is important to note that the full amounts claimed (whether a claim was accepted as is, reduced or increased) will not be paid. Investors will receive a proportionate dividend, which will be calculated based on the amount that is available for distribution in a particular Liquidation and Distribution Account and the value of the legitimate claims that remain after the claims' investigation- and objection-processes are finalised (claims that are finally proved against the insolvent estate of MTI).
- 6.2. As confirmed in the circulars dated 26 January 2024 and 26 August 2024 respectively, dividends will only become payable once the Second Liquidation and Distribution Account is confirmed by the Master. Before the Master will be able to confirm the Account –
  - 6.2.1. The Master will consider the Account and issue a query sheet.
  - 6.2.2. The liquidators must respond to the query sheet.
  - 6.2.3. If the Master is satisfied with the liquidators' response, the Master will grant permission that the Account may be advertised.
  - 6.2.4. The liquidators will advertise the Account to lie open for inspection for a period of fourteen (14) days.
  - 6.2.5. Should the Master receive any objections to the Account, the liquidators must respond to the objections and amend the Account if necessary.
  - 6.2.6. Should the Master be satisfied with the liquidators' response to the objections, or if no objections are received, the Master will confirm the Account.



- 6.3. Once the Second Liquidation and Distribution Account is confirmed, investors, whose claims were accepted and included as such in the Distribution Account, will be informed of the confirmation and they will then be requested to provide the liquidators with copies of their ID's and confirmation of their banking details in the form of a bank statement or letter from the bank, either of which must be stamped by the bank in question.
- 6.4. In considering the multitude of claims lodged, payments will be made in batches.
7. In considering the complexity of the process outlined above, the liquidators request the investors to remain patient. The liquidators remain committed to fulfil their duties and act to the benefit of the general body of creditors and finalise this process as expeditiously as possible.
8. The liquidators further request investors to visit the website referred to in paragraph 1.2 above frequently for further circulars, updates and news in relation to the administration of the insolvent estate of MTI.

**ISSUED ON BEHALF OF THE JOINT LIQUIDATORS OF MTI**