IN THE HIGH COURT OF JUSTICE **Claim No. BL-2021-000313**
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
BUSINESS LIST (ChD)

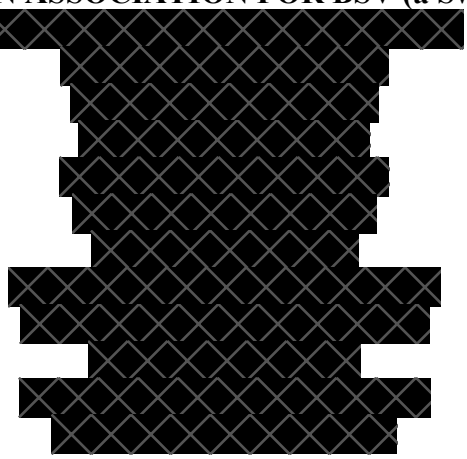
BETWEEN:

TULIP TRADING LIMITED
(a Seychelles company)

Claimant

-and-

(1) BITCOIN ASSOCIATION FOR BSV (a Swiss verein)



(14) ROGER VER
(15) AMAURY SÉCHET
(16) JASON COX

Defendants

REPLY TO DEFENCE
OF THE FOURTEENTH DEFENDANT

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1. In this Reply, TTL adopts the same definitions as in the Amended Particulars of Claim ("**APoC**"). Where any abbreviations or headings in the Defence of the Fourteenth Defendant ("**Mr Ver**" and the "**D14 Defence**") are adopted, this is for convenience only and no admissions are made thereby. TTL will rely on all documents referred to in this Reply for their full terms and effect.

2. References to paragraph numbers are to paragraphs in the D14 Defence unless otherwise stated.

3. Save where expressly admitted or not admitted, all allegations in the D14 Defence are denied.

4. The D14 Defence is highly repetitious and, where pleas are repeated by reference to another paragraph in the D14 Defence, TTL should be taken as repeating its plea in respect of the paragraph in the D14 Defence to which cross-reference is made, even if that is not expressly stated.

The Claimant - TTL

5. As to paragraph 4.4, it is denied that TTL is the "*alter ego"* of Dr Wright, whatever that is supposed to mean.

Dr Wright

6. As to paragraph 5.4:

   6.1. It is admitted that Dr Wright's contentions that (i) he is Satoshi Nakamoto, (ii) he is the author of the paper published in October 2008 under the pseudonym Satoshi Nakamoto entitled '*Bitcoin: A Peer-to-Peer Electronic Cash System'* (known as the "**Bitcoin White Paper**"), and (iii) he has, or once had, the private keys associated with the earliest blocks in the Bitcoin blockchain ("**Bitcoin Blockchain**"), are all the subject of ongoing proceedings in the High Court in London in the case of *Crypto Open Patent Alliance v Craig Steven Wright* (Claim No. IL-2021-000019) (the "**COPA Case**"). However, the relevance of those contentions to this Claim is denied.

   6.2. Furthermore, any findings in the COPA Case cannot be relied upon in these proceedings as evidence of their correctness.

   6.3. Moreover, the Defendants are not entitled to assert that TTL is "required to prove" the substantive points at (ii) and (iii) when they are not pleaded in the APoC. TTL has no such obligation.

7. As to paragraph 6:

   7.1. It is denied that the core allegations "*comprise or necessarily include"* all of the matters set out in paragraph 6.

   7.2. Further, the purpose of a defence is for a defendant to admit, not admit or deny facts and matters pleaded in a particulars of claim, and to plead any alternative facts and matters upon which he positively relies in support of his defence. It is <u>not</u> to deny facts and matters that are not pleaded. Without prejudice to that

position, TTL pleads to various of the matters raised in paragraphs 6.1, 6.4, 6.6, 6.7 and 6.8 (in paragraphs 90 to 93 and 96 to 98 of this Reply).

7.3. TTL denies the unparticularised allegation that it has made any false or dishonest statements. In particular, the facts and matters pleaded in paragraphs 35(a) and 36 of the APoC (which are denied in paragraphs 6.3 and 6.5) are true.

8. As to paragraph 7:

8.1. The entire paragraph, including sub-paragraphs 7.1 to 7.11, is liable to be struck out because (i) findings made in other, previous judicial or quasi-judicial proceedings between different parties are not admissible in English civil proceedings as evidence of the correctness of those findings; (ii) it is therefore an abuse of the court's process to plead in a defence reliance upon judicial or quasi-judicial findings made in other proceedings as evidence of their correctness; and (iii) Mr Ver impermissibly relies upon the various alleged findings of courts and authorities of different jurisdictions stated within paragraph 7 to support an alleged inference of fraud and dishonesty on the part of Dr Wright in these proceedings.

8.2. None of the findings of courts and authorities stated in paragraph 7 go to an issue in these proceedings; instead, they are impermissibly pleaded in support of a contention that Dr Wright has a propensity to be dishonest. Since their correctness cannot feasibly be tested within these proceedings, they should still be struck out as being abusive, even if they were technically admissible (which they are not).

8.3. TTL reserves the right to plead further to paragraph 7 in the event that it is not struck out.

9. As to paragraph 8, this is also liable to be struck out, on the basis that it constitutes further impermissible reliance on findings made in other proceedings between different parties. However, for the avoidance of doubt, Dr Wright does suffer from Asperger's Syndrome. TTL reserves the right to plead the relevance of that condition to the findings set out in paragraph 7 in the event that paragraph 7 is not struck out.

10. Paragraph 9 is liable to be struck out for the same reasons that paragraphs 7 and 8 are liable to be struck out: it impermissibly seeks to reserve the right to rely upon the findings of other court proceedings between different parties as evidence of their

correctness. TTL reserves its right to plead further to paragraph 9 in the event it is not struck out.

Mr Ver

11. As to paragraph 10:

    11.1. Mr Ver is required to prove his residence or domicile. It is noted that Mr Ver has, through his solicitors, previously given what he now admits is incorrect evidence to the Court in these proceedings as to his residence (by way of the First Witness Statement of Ms Schermann, dated 3 February 2022).

    11.2. TTL cannot plead to the averment that Mr Ver *"has assisted others in developing a vision of bitcoin as 'money for the world'"* because (i) the "*vision"* described has no clear meaning and is not explained by Mr Ver or understood by TTL, (ii) the *"assistance"* said to have been given is unparticularised, and (iii) the *"others"* said to have received assistance are unidentified. TTL reserves its right to reply to this averment if it is properly pleaded.

    11.3. Save that it is admitted that Mr Ver invested in Kraken, a Bitcoin exchange, Mr Ver is required to prove all his other statements in paragraph 10.

12. As to paragraph 11, the accuracy of the diagram in Appendix 1 to the D14 Defence ("**D14 Diagram**") is denied, as is much of its relevance. In that regard:

    12.1. Paragraphs 15 to 17 of the APoC are repeated.

    12.2. The terms 'hard fork' and 'soft fork' used by Mr Ver in the D14 Diagram are misleading and TTL does not adopt them. In that regard:

        12.2.1. The protocol, being a set of rules and specifications that govern a network, is set by the developer or developers in control of the particular Network, at that time ("**Developers**").

        12.2.2. The Developers also control the development of the base software for the Network, that implements the protocol ("**Software**"). In order to be able to participate in a particular Network, the users and nodes are required to run the Software (or other software that implements the protocol, and which mirrors the core features of the Software). There are two primary classes of software in the Networks: (i) the full version required for mining used by nodes (properly so called) ("**Node**

Software"); and (ii) a lightweight version used by non-nodes (users), which cannot be used for mining, but instead allows users to verify any relevant transactions through Simplified Payment Verification ("**Client Software**"). The Node Software enables the nodes, by consensus, to validate transactions on that Network's blockchain.

12.2.3. An airdrop (or so-called "hard fork") only occurs where: (i) there is a dispute between the Developer(s) in control of a Network as to the characteristics of the protocol of that Network or as to how the protocol of that Network should develop; (ii) some of those Developer(s) then produce a new, alternative protocol and Software which copies the blockchain of the existing Network and implements that new protocol; and (iii) some nodes implement that alternative protocol through the alternative Software.

12.2.4. The alleged 'hard forks' on 1 August 2017, 15 November 2018 and 15 November 2020 were in fact airdrops, as described in paragraphs 15 to 17 of the APoC.

12.2.5. TTL does not plead to each 'hard fork' and 'soft fork' alleged by Mr Ver, where the 'fork' in question was not in fact an airdrop of a blockchain, because only the airdrops identified above are relevant to the creation of the Networks or to the Claim.

13. As to paragraph 12:

13.1. It is denied that Dr Wright's feelings towards Mr Ver have any relevance to the issues in dispute (and nor has any such relevance been pleaded). Paragraph 12 is liable to be struck out as being irrelevant and abusive. In any case, to the extent relevant, Mr Ver holds personal animosity towards Dr Wright.

13.2. Without prejudice to TTL's position that the statements in paragraph 12 are irrelevant, TTL cannot in any event plead to the second sentence of the paragraph because it is too vague and imprecise. TTL reserves its right to reply thereto if that paragraph is not struck out and if Mr Ver properly particularises the allegations therein.

14. As to paragraph 13, it is assumed that Mr Ver intends to refer to the fourth sentence of paragraph 4 of the APoC (rather than the third sentence).

15. As to paragraph 13.1, Mr Ver has always exercised control over the development and operation of the BCH Network ("**BCH Network**") (and, in particular, the protocol and the Software implementing it ("**BCH Software**")) through his funding and control, more generally, of participants in the BCH Network, which exercise of control has never been dependent on Mr Ver being a software developer or core maintainer of the BCH Software. As a result, the defined terms are apposite. In that regard:

    15.1. It is the Software run by the nodes mining each Network that implements each Network's protocol and governs how that Network and its blockchain operates.

    15.2. While changes to the Software used on any of the Networks may (in theory) be proposed by anyone, the *approval* of any change to the Software of a Network is within the control of the Developer(s) in control of the specific Network (and any software run on the Network needs to incorporate or mirror the core features of the Software). This is, for example, analogous to a person proposing a change to Microsoft's products and software.

    15.3. Effecting changes to any protocol or software on an ongoing basis cannot be done without some individual or individuals having control over its content (for example, to ensure that no bugs arise, to make necessary upgrades and to ensure a consistent approach to their development).

    15.4. In any case, as a matter of fact, Mr Ver has ultimate control over the BCH protocol ("**BCH Protocol**") and the BCH Software, through his funding and control more generally of the BCH Network. While this will be a matter of evidence in due course, and TTL reserves the right to plead further to this allegation following disclosure, the funding and control is confirmed by the following:

        15.4.1. Mr Ver owns, via Saint Bitts LLC (of which he is the sole director and shareholder), the Bitcoin.com website from which BCH Software can be downloaded. The BCH Software available on Bitcoin.com includes two mobile applications: (i) the 'Bitcoin Cash Register' application; and (ii) the 'bitcoin.com Wallet' application, in relation to which the Apple App Store lists "Bitcoin.com" as the developer and "Saint Bitts LLC" as the seller. Further, the 'bitcoin.com Wallet' application

privacy policy states that "*Saint Bitts LLC… operates the Bitcoin.com Wallet mobile application*".

15.4.2. Mr Ver has (whether directly or through Bitcoin.com) paid individuals for their software development services in relation to BCH. TTL will plead to the full extent of the same following disclosure. However, pending disclosure, TTL relies on the following: (1) On 22 November 2019, the CTO of Bitcoin.com replied to a message from the Fifteenth Defendant ("**Mr Sechet**") in the Telegram group 'BCH Devs & Builders', informing him that Bitcoin.com had paid "*for the patch Dagur [Valbert] wrote"*. Mr Valbert is a software developer of BCH (as Mr Ver accepts at paragraph 13.4). (2) On 17 January 2020, Mr Ver posted a breakdown on Reddit of how much Bitcoin.com had spent in the period 2016-2019 on "*Supporting BCH Protocol Infrastructure*". The total spent by Bitcoin.com in 2018 and 2019 was over US$2 million plus more than 9,000 BCH tokens. In a further comment on the same thread, Mr Ver stated "*Lots of the funds in the fundraiser came directly from me. I know because I was the one hitting send on the bitcoin cash wallet.*". (3) On 19 August 2020, Mr Ver posted a comment on Reddit in reply to a question about paying developers, stating (amongst other matters): "*Bitcoin.com paid Andrew Stone of BU, and JJ of Bcash previously, and recently helped with Mark Lundeberg of BCHN*" (BCHN being a subset of the BCH Network).

15.4.3. On 11 July 2022, Mr Ver stated on the r/btc sub-reddit that, "*I don't think I referred to BCH as my own project. I do think I offered to pay Amaury to go away and stop causing trouble in BCH*". This confirmed that it was Mr Ver who caused the airdrop described at paragraph 17 of the APoC, thereby connoting his control of the BCH Network.

15.4.4. Mr Ver has repeatedly made clear that he controls changes to the BCH Network. For example: (1) on 26 August 2019, in the Telegram group 'Simple Ledger Protocol', a user asked about the ability to airdrop tokens to BCH holders. Mr Ver responded to this to say that he was "*Already working on both of those things*". (2) On 8 January 2020, Mr Ver posted a comment on Reddit in a thread regarding the onboarding

of users into BCH, stating: "*We've already spent lots of money trying to solve this problem. We even paid to have the code written*". (3) In the BitcoinCash-Giftcards Telegram group, Mr Ver posted a link with an advance version of BCH Software, stating, "*Please don't spread the link yet, but if you want to test out the semi automated system*". Mr Ver asked users not to share it. When a user reported an issue, Mr Ver stated he had "*just reported it to the developer*".

15.4.5. Mr Ver has repeatedly made clear his close links to, influence over, and control of the BCH Network. For example: (1) On 21 February 2022, the ADCC martial arts organisation announced on Instagram that "*Bitcoin Cash"* had sponsored the martial artist Gordon Ryan in the sum of US$100,000. The post linked to the WhyBitcoinCash.com domain controlled by Mr Ver and, in addition, in the Telegram group: 'SmartBCH_Education', Mr Ver confirmed "*Yes"*, in response to the question, "*You have anything to do with Gordon Ryan having BitcoinCash on his rashguard for ADCC?*". (2) On 24 March 2022, Mr Ver posted to r/BTC on Reddit a link to a tweet from the Prime Minister of St Maarten, who thanked Mr Ver for his "*guidance in making St Maarten the Crypto Capital of the Caribbean*", and announced that he had "*become to [sic] first Elected [sic] official in the world to have his entire salary paid in #Bitcoincash…*". (3) On 29 June 2020, Mr Ver commented on a Reddit thread in respect of a USD 200 million BCH building fund. Mr Ver stated: "*It's still happening. I'm spending most of my time on this each day. I already made several investments this month alone*." (4) On 3 July 2022, Mr Ver shared a photograph of himself (and others) wearing BCH t-shirts, stood in front of a BCH media board. (5) On 7 July 2022, Mr Ver commented on a Reddit thread, stating "*I'm still building peer to peer electronic cash for the world every day*", noting that, "*In my opinion, BCH is still the front runner to become that*". (6) Mr Ver spoke at a BCH conference on 12 November 2022 (and Bitcoin.com sponsored the event). (7) In December 2022, Mr Ver gave an interview that was released on YouTube, in which he detailed the adoption of BCH in St Kitts and

Nevis. Mr Ver claimed that this was happening through users opening Bitcoin.com wallets.

15.4.6. On 12 November 2017, the founder of Ethereum, Vitalik Buterin, publicly congratulated Mr Ver, together with Mr Sechet and Mr Jihan Wu (the co-founder and chair of digital assets mining company Bitmain) on the level of market capitalisation of BCH.

15.4.7. In July 2020, users on Reddit noted that Mr Ver took part in meetings concerning the development of the BCH Protocol.

16. As to paragraph 13.2, TTL cannot plead to the unparticularised, vague and imprecise statements therein. In that regard:

16.1. Paragraph 11.1 of this Reply is repeated.

16.2. Mr Ver's alleged promotion of his alleged *"vision"* is unparticularised, and none of his alleged public statements made in support of this vision is identified.

16.3. The alleged support and assistance, including financial assistance, that Mr Ver is said to have given supporters of his vision is also unparticularised, and those recipients of his support and assistance are unidentified.

16.4. However, it is averred that Mr Ver has exercised control of the development and operation of the BCH Network through (amongst other matters) his financing of participants in the BCH Network: paragraph 15 of this Reply is repeated.

17. As to paragraph 13.3:

17.1. It is denied that the BCH Network was created on 1 August 2017; the Network *currently known* as BCH was created following an airdrop on 15 November 2018. Paragraph 16 of the APoC is repeated.

17.2. Mr Ver is required to prove his allegations that Mr Sechet wrote and developed the BCH Software that enabled the creation of the BCH blockchain ("**BCH Blockchain**") and the BCH Network, having been paid to do so by Mr Jihan Wu.

18. As to paragraph 13.4:

18.1. It is admitted that software that can be run on the BCH Network is publicly available to download at https://gitlab.com/bitcoin-cash-node/bitcoin-cash-node,

and https://bitcoincashnode.org (the "**Bitcoin Cash Node Website**") but it is not admitted that the latter is the *"official website for the BCH software"*.

18.2. It is admitted that the individuals or aliases contained in the table in paragraph 13.4 are listed on the Bitcoin Cash Node Website in the sub-section entitled 'Team'. No admissions are made as to the true identities of those listed.

18.3. While it is admitted that these listed individuals or aliases describe themselves variously as a "maintainer", a "developer", a "contributor", a "janitor" and/or a "representative", it is denied that it is stated on the Bitcoin Cash Node Website that this 'Team' are together *"responsible for [the] development and maintenance"* of the software that can be run on the BCH Network, and Mr Ver is required to prove that this is in fact their joint role.

19. As to paragraph 13.5, this is denied. Paragraph 15 of this Reply is repeated (and as set out in paragraph 15.4.2 above, Bitcoin.com, which is owned and controlled by Mr Ver, has openly admitted to paying for "*Dagur"*, being Mr Valbert).

20. As to paragraph 13.6:

20.1. It is admitted that from or about September 2016, Mr Ver was CEO of Saint Bitts LLC, which operated a mining pool known as the 'bitcoin.com mining pool' (the "**Bitcoin.com Mining Pool**").

20.2. It is admitted that the Bitcoin.com Mining Pool offered third parties the opportunity to participate in mining the original Bitcoin Blockchain (now the blockchain of the BSV Network).

20.3. It is admitted that the hash power of participants in the Bitcoin.com Mining Pool was pooled.

20.4. Mr Ver is required to prove that those third parties could have left the Bitcoin.com Mining Pool at any time. However, even if they could *theoretically* have left, in *reality,* it is likely that they were constrained from doing so, given that they were likely to have made substantial investments in order to have put themselves in a position to join the Bitcoin.com Mining Pool.

21. As to paragraph 13.7, this is irrelevant. However, without prejudice to the foregoing:

21.1. It is admitted that, initially, the Bitcoin.com Mining Pool only mined the original Bitcoin blockchain, and it was not the only node mining the original

Bitcoin blockchain. Nevertheless, mining pools are simply groups of devices combining their computational power to enhance their capability to mine digital assets. They cannot and do not prevent Mr Ver from controlling development activities on the BCH Network.

21.2. The implication that 'non-mining' nodes exist is denied; any node that is properly so called undertakes mining, otherwise it is not a node.

22. As to the second and third sentences of paragraph 13.8, paragraph 15 of this Reply is repeated.

The Other Defendants

23. As to paragraph 14.1:

23.1. The allegation that Dr Wright is "closely connected" with the Bitcoin Association and the Software that implements the protocol of the BSV Network is embarrassing and so cannot be pleaded to.

23.2. Dr Wright supports and promotes the BSV Network, because it is the only Network to use the original and only true Bitcoin protocol, and he is the Chief Scientist of nChain Limited, a company conducting blockchain research and development that supports the BSV Network by creating, amongst others, open-source, royalty-free software tools to help accelerate blockchain technology.

24. As to paragraph 14.2, it is liable to be struck out as it is irrelevant. Without prejudice to the foregoing:

24.1. It is denied that TTL joined the Bitcoin Association to the Claim for any purpose other than to recover control of the BSV tokens that it owns, recorded at the Addresses.

24.2. It is admitted that the Bitcoin Association did not challenge jurisdiction and settled the Claim against it, on terms that it would develop Software to enable TTL to regain control of the BSV tokens that it owns, recorded at the Addresses. However, it is denied that the settlement was made "*To that end"* (there being no such end), or that this demonstrates anything other than that: (i) the Bitcoin Association reasonably decided not to pursue a jurisdiction challenge, in circumstances where the jurisdiction challenges made by the other Defendants including Mr Ver have now all failed, and have led to them being

liable for substantial sums in costs; and (ii) the Bitcoin Association reached its decision based on the merits of its position and having (it is presumed) considered its own best interests.

Bitcoin

25. As to paragraph 16, first sentence:

    25.1. The pseudonymous Satoshi Nakamoto created the original and only true Bitcoin protocol (a protocol being a set of rules and specifications that govern a network) ("**Bitcoin Protocol**") governing the original and only true Bitcoin blockchain, the Bitcoin Blockchain.

    25.2. The BSV Network is the Network that is operated using the original Bitcoin Protocol, and it is, therefore, the original and only true Network.

    25.3. Each Network comprises a network of nodes running Node Software that implements the particular protocol of the Network in question, which protocol and Node Software enable transfers of Bitcoin tokens to be recorded on a public ledger known as a blockchain for that particular Network.

    25.4. The blockchains managed by each of the Networks are all *distributed* rather than decentralised, in that each node mining the Network in question holds and updates its own copy of the blockchain for that Network, as explained further at paragraph 34 of this Reply. As pleaded in paragraph 10 of the APoC, nodes do not control the Networks; they simply operate the Node Software (or other software mirroring or incorporating the core features of the Node Software) of the Network in question (which implements the protocol of the Network in question), the development of which protocol and Node Software is controlled by the Developers, who thereby control the Networks.

26. As to paragraph 16, second sentence, it is admitted that transfers of Bitcoin tokens (as shorthand for BSV tokens and the other so-called Bitcoin tokens – BTC, BCH and ABC) are validated by nodes operating on the Network in question by running that Network's Node Software.

27. As to paragraph 16, third sentence:

    27.1. Mr Ver is required to prove that no one person controls the nodes on each of the Networks, including the BCH Network.

27.2. Even if the nodes on each Network are not controlled by one person, it does not follow that the Networks are decentralised. On the contrary, the Networks are controlled by the Developers through their control of the development of the protocol and Software used on each Network, for the reasons stated above.

27.3. While it is admitted that any person may *theoretically* operate a node, it is denied that, *in reality,* any person may set up and operate a node, because of the high upfront capital cost of putting in place the level of computer power required to act as a node.

27.4. It is possible for the Developer(s) in control of a particular Network to approve and require an updated version of Software to be run on that Network, such that nodes will, within a short period of time, no longer be able to mine the Network in question using older versions of such Software.

27.5. It is admitted that each person operating a node is, *theoretically,* free to decide whether to continue to run any particular software, run alternative software, or cease operating as a node altogether; however, *in reality*, persons operating nodes are not free to so act (except insofar as the software incorporates or mirrors the core features of the Software), because they will not do anything that would prevent them from mining, as they are running large commercial enterprises and their conduct is governed by commercial (not ideological) imperatives, including a need to continue operating and making profits (and to recoup, and have the benefit of, the sunk costs of their investment).

28. As to paragraph 16, last sentence, this is denied.

29. As to paragraph 17.1, while it is admitted that transfers of Bitcoin tokens and BCH tokens are commonly described as being peer-to-peer, it is denied that this is *only* because no financial intermediary is needed. Peer-to-peer exchange requires the ability to directly exchange transactions IP-address-to-IP-address, bypassing nodes (properly so called). Further, this ability is absent in all Networks other than the BSV Network and they are, to that extent, not peer-to-peer.

30. As to paragraph 17.3, TTL cannot plead to the unparticularised *"multiple dissimilarities"* alleged between BCH tokens and physical cash and reserves its right to do so insofar as relevant if they are properly pleaded.

31. As to paragraph 18.1:

31.1. It is admitted that BCH tokens are registered to public addresses and that transfers to and from a public address can be viewed on the BCH Blockchain.

31.2. It is admitted that the identities of the person(s) who control the BCH tokens at any given public address are not publicly disclosed, but it is denied that their identities are always unknown or anonymous. For example, owners of BCH tokens (and any Bitcoin tokens): (i) will need to declare such ownership to the relevant tax authorities for tax purposes if they sell their BCH tokens (or any Bitcoin tokens) for profit, (ii) are often required to divulge their identities as part of money laundering checks when transferring such assets, (iii) are required by many exchanges and hosting wallets to verify their identities; and (iv) will sometimes reveal their identities to their counterparties in any given transaction.

32. As to paragraph 19.1, this is admitted.

33. As to paragraph 19.2, it is denied that the blockchain *currently known* as the BCH Blockchain came into existence on 1 August 2017: paragraph 17 of this Reply is repeated.

34. As to paragraph 19.5, this is misconceived:

34.1. The term 'Network' is an accurate term to describe the operation of the BCH Blockchain through the BCH Software implementing the BCH Protocol.

34.2. It is admitted that:

34.2.1. a copy of the BCH Blockchain is stored and updated by each node that mines the BCH Blockchain (and in that sense the BCH Blockchain, like the blockchains managed by the other Networks, is distributed);

34.2.2. each node works independently and in competition with each other to validate transfers recorded on the BCH Blockchain;

34.2.3. BCH Software is freely available on the internet; and

34.2.4. the class of persons operating nodes on the BCH Network is distinct from, and independent to, the class of persons who may own BCH tokens.

34.3. However, while it is admitted that any person can download the BCH Node Software, it is denied that any person would *in reality* be capable of setting up and operating a node, for the reasons set out at paragraph 27 above.

34.4. Further, while it is admitted that a person operating a node in the BCH Network may, *theoretically,* choose at any time to stop running the BCH Node Software that allows the node to mine the BCH Network, such an option is, *in reality*, not commercially viable and they would not do so. Paragraph 27 of this Reply is repeated.

34.5. None of the matters admitted in paragraph 34.2 of this Reply undermines TTL's core allegation that Mr Ver controls the development and operation of the BCH Network (through his control of the BCH Protocol and BCH Software that can be run on it). Paragraph 15 of this Reply is repeated.

35. As to the second sentence of paragraph 20.1, its relevance is not explained or understood. However, to the extent relevant, ownership of BCH tokens can be transferred without such transfers of ownership being recorded on the BCH Blockchain; such transfers of ownership are commonly described as being "off chain".

36. As to paragraph 20.3:

36.1. It is admitted that the BCH Blockchain is digital and publicly available (including to be downloaded).

36.2. It is admitted that a copy of the BCH Blockchain is stored and updated by each node. In that sense, the BCH Blockchain is therefore distributed (but not decentralised for the reasons set out in this Reply).

37. As to paragraph 21.1, it is admitted that in respect of transfers of BCH tokens on the BCH Blockchain the sending address, the receiving address, and the transaction hash are all public.

38. As to paragraph 21.2:

38.1. It is denied that persons who make and receive transfers on the BCH Blockchain (or the blockchains of any other Network) are guaranteed anonymity for the reasons set out in paragraph 31.2 of this Reply.

38.2. The relevance of the Bitcoin White Paper to the relief sought in this Claim is denied. The BCH Network is not operated consistently with the Bitcoin White Paper. The remainder of this Reply is without prejudice to the foregoing.

38.3. In any event, the Bitcoin White Paper does not propose that owners of Bitcoin tokens be anonymous: section 10 proposes that *public keys* be anonymous in order to achieve a transaction privacy level similar to, but not greater than, that enjoyed by users of traditional banking. The term 'anonymous' in the Bitcoin White Paper does not imply that users are fully anonymous. Instead, it indicates that user identity is separate from the Bitcoin Blockchain (see the diagram at section 10 of the Bitcoin White Paper).

39. As to paragraph 22.1:

39.1. In respect of the first sentence, paragraph 27 of this Reply is repeated.

39.2. It is denied that computers on the BCH Network that simply broadcast transfers and do not carry out mining by creating blocks to add to the BCH Blockchain are properly called "nodes".

40. As to paragraph 22.2:

40.1. The descriptor "*mining node*", which implies that 'non-mining' nodes exist, is denied. Paragraphs 21.2 and 39.2 of this Reply are repeated. Further, a hash equation must be solved for each *block*, not each transaction. Moreover, the scripting language utilised in Bitcoin allows for the creation of a set of conditions under which the coins can be spent other than by way of digital signatures. One such example is a hash puzzle transaction, whereby coins are locked in such a way that whoever can produce a data piece that, when hashed, matches a specific hash value, can spend them. This type of transaction does not require a digital signature for validation. Otherwise, the first and second sentences are admitted.

40.2. It is admitted that nodes may work individually (albeit no admissions are made in respect of nodes on the BCH Network) and that no central financial intermediary is required to oversee the validation process, which cannot be cheated. It is correct to say that nodes *validate* transactions rather than *verify* them; users can *verify* transactions by reference to the *validation* activities of nodes.

41. As to paragraph 22.3, it is admitted that each node operating on the BCH Network holds a distributed copy of the BCH Blockchain.

42. As to paragraph 22.4, the first sentence is repetitive of paragraph 11 of the APoC, which is repeated. The second sentence is admitted.

43. As to paragraph 22.5:

    43.1. Paragraphs 27.5 and 34.4 of this Reply are repeated.

    43.2. It is denied that what is *currently known* as the BCH Network and the BCH Blockchain were created on 1 August 2017: paragraphs 12.1 and 17 of this Reply are repeated.

    43.3. It is admitted that when the BCH Network and BCH Blockchain were created, some nodes that had previously been running Node Software that implemented the protocol of the original Bitcoin Network (the BSV Network) opted to run Node Software that implemented the new and different protocol of the BCH Network instead.

44. Paragraph 22.6 is misleading:

    44.1. Persons who operate nodes that wish to be part of the BCH Network must use BCH Software, or software which incorporates or mirrors the core features of the BCH Software.

    44.2. The only *"consensus mechanism"* between nodes on any of the Networks concerns their validation of transactions and acceptance of a new block in the relevant blockchain.

    44.3. Paragraph 34.4 of this Reply is repeated.

45. As to paragraph 23.1, there was no need to identify the small number of nodes referred to in paragraph 12 of the APoC.

46. As to paragraph 23.2:

    46.1. It is denied that all computers on the BCH Network are nodes; a computer on the BCH Network is only properly called a node if it undertakes mining of the BCH Blockchain: paragraphs 21.2, 39.2 and 40.1 of this Reply are repeated

    46.2. It is denied that there are anywhere near as many as 800 nodes properly so called on the BCH Network. Further, the relevance of the acceptance or

otherwise of "incoming connections" by participants is denied. In any event, paragraph 12 of the APoC is repeated.

47. As to paragraph 23.3:

47.1. It is not admitted that there are at least 13 distinct BCH mining pools.

47.2. It is denied that many, if any, *"individual miners"* exist; nodes are typically operated by companies, not individuals, given the huge investment required to set up a node. The D14 Defence confuses individuals who agree to contribute electricity and computing power to a node mining pool with nodes that undertake mining activity.

47.3. It is admitted that individuals who agree to contribute electricity and/or computer power to a node mining pool may be restricted from ceasing to do so by agreements that they have entered into with other contributors to the mining pool.

48. As to paragraph 23.4, save that it is admitted that the relative hash power of the different mining pools on the BCH Network is constantly changing, Mr Ver is put to proof of the facts and matters referred to in the table in this paragraph.

49. As to paragraph 24.1, it is denied that the public addresses on the BCH Blockchain were copied from the BTC Blockchain on 1 August 2017 or that the BCH Blockchain was created by a 'hard fork' of the original Bitcoin blockchain on that date; the Network *currently known* as the BCH Network was created following an airdrop on 15 November 2018. Paragraph 16 of the APoC, as well as paragraphs 12 and 16 of this Reply are repeated. Mr Ver was responsible for the airdrop creating the BCH Network.

50. Paragraph 24.2 is confused. Paragraph 13 of the APoC is repeated.

51. As to paragraph 24.3:

51.1. There are BCH tokens available in public addresses on the BCH Blockchain that are available to be transferred from those public addresses in a similar way that money is available in bank accounts to be transferred from those bank accounts.

51.2. Public addresses on the BCH Blockchain display how many BCH tokens are available to be transferred from them.

52. As to paragraph 24.4, UTXOs will only be registered to an address on the BCH Blockchain if BCH tokens are available to be transferred from that address as a result of their being left over or "unspent" following a transaction.

The BCH Blockchain

53. As to paragraph 25:

    53.1. It is denied that the airdrop of the original Bitcoin blockchain that took place on 1 August 2017 and led to the creation of the BTC Network was precipitated by a debate over what the limit should be for the block size of transfers validated on the original Bitcoin blockchain; most developers agreed that the overall block size needed to increase, and the disagreement was over *how* to achieve that. Those developers who continued to manage the original Bitcoin network wanted to increase the block size using the existing protocol, so as to maintain the traceability of transactions.

    53.2. However, while irrelevant, it is (i) denied that the block size of transfers validated on the original Bitcoin blockchain (now the BSV Blockchain) has been limited to 1MB since 12 October 2010 (it was so limited until 1 August 2017 but as at the date of this Reply, the block size on the original Bitcoin blockchain (now the BSV Blockchain) is set at 4GB); and (ii) admitted that the larger the size of block that may be validated on a Bitcoin blockchain, the more transfers can be processed per second on that blockchain.

54. As to paragraph 26, it is admitted that blocks on the BCH Blockchain now have a block size limit of 32MB, but it is denied that this allows the validation of more transfers per second than on the original Bitcoin blockchain (now BSV Blockchain).

55. As to paragraph 27, it is admitted that the airdrop on 15 November 2018 (rather than 1 August 2017), which led to the creation of the BCH Blockchain with the 'ticker' BCH and the BCH Network, involved events (b) to (e). As to event (a), it is denied that disagreements in relation the block size led to the airdrop. The block size is, and never has been, part of the Bitcoin Protocol. The airdrop occurred as a result of a proposed change to the Bitcoin Protocol by Mr Ver to permit, among others, untraceable transactions.

56. As to paragraph 28:

56.1. It is admitted that following the airdrop that led to the creation of the BCH Blockchain and BCH Network, persons who controlled Bitcoin tokens on the original Bitcoin blockchain were also able to control BCH tokens on the new BCH Blockchain.

56.2. It is denied that the creation of the BCH Blockchain was the first airdrop of the original Bitcoin blockchain; while it is admitted that the first airdrop took place on 1 August 2017, this created a new blockchain which took the 'ticker' "BTC", with the existing original Bitcoin blockchain continuing but taking the 'ticker' "BCH", and the second airdrop on 15 November 2018 created what is currently identified as the BCH Blockchain, with the existing original Bitcoin blockchain continuing but taking the 'ticker' "BSV".

57. As to paragraph 29.1, paragraph 34 of this Reply is repeated.

58. As to paragraph 29.2:

58.1. The first sentence is admitted.

58.2. It is admitted that any person can *propose* changes to the Software of each Network, including changes that are not backwards compatible with the existing Software in use on the Network. However, it is denied that there is no restriction on a person making changes to the Software. Changes to the Software will be made only when approved by the Developer(s) in control of the Network in question. This is, for example, analogous to a person proposing a change to Microsoft's products and software.

58.3. Moreover, if nodes wish to continue mining the Network in question, they can only run updated Node Software that has been approved by those in control of the Network (or that incorporates or mirrors the core features of the Node Software).

58.4. Accordingly, an airdrop (or so-called "hard fork") only occurs where there is a dispute between the Developer(s) in control of a Network as to the characteristics of the protocol and Software that should be approved to operate on that Network – and some of those Developer(s) then make available

alternative versions of Software implementing a new protocol and copying the existing blockchain of the Network.

58.5. A new Bitcoin network will not be created unless the proposed new Software that is approved (i) copies the blockchain of the existing Network and (ii) implements a new and different protocol.

59. As to paragraph 29.3:

59.1. While there is only one true Bitcoin network, properly so called, namely the BSV Network, there are other Networks that form the subject of this Claim, and it is admitted that there are also other (immaterial) networks.

59.2. There is only one approved version of the core Software that can run on each Network; where there appear to be different software versions available for a Network, those versions are not in fact materially different, because they each incorporate or mirror the core features of the approved Software for the Network in question, as updated from time to time**.**

60. As to paragraph 29.4, paragraph 12 of this Reply is repeated.

61. As to paragraphs 29.5 and 29.6, while not relevant to the matters in dispute in the present Claim, Dr Wright did not give permission for the original Bitcoin blockchain to be copied and used to create new Networks which operate using new protocols.

62. Paragraph 29.7 is irrelevant and liable to be struck out. Without prejudice to the foregoing, it is admitted that Dr Wright is a supporter of the BSV Network. The second sentence merely pleads what "*appears"* to Mr Ver to be the case, not what is in fact the case, but in either event, it is denied.

63. As to paragraphs 30.1 and 30.2, paragraphs 12.1 and 17 of this Reply are repeated.

64. Paragraph 30.3 is confused. As explained at paragraph 12 of this Reply:

64.1. The 1 August 2017 airdrop copied the original Bitcoin blockchain up to the point of the airdrop; it did not change the original Bitcoin blockchain retrospectively and the airdropped blockchain was managed separately under a new protocol by the BTC Network going forward;

64.2. The new Software that copied the original Bitcoin blockchain was not compatible with the original Network protocol and instead implemented a new protocol, thus creating a new Network (the BTC Network); and

64.3. It is unsurprising that the Software used on each Network has been updated on a number of occasions since August 2017 without an airdrop, because, unless the software update in question also implements a new protocol, then the Software will continue to be compatible with the same Network, and an airdrop will not occur.

65. As to paragraph 30.4:

65.1. Paragraph 12.1 and 17 of this Reply are repeated: the BCH Network and the BCH Blockchain were created on 15 November 2018 following an airdrop of the original Bitcoin blockchain (now the BSV Blockchain).

65.2. Following this airdrop, it is admitted that the Software running on the BSV Network increased the block size on that Network to 128MB and then to 4GB (the present size limit).

65.3. A software amendment to increase the block size limit does not amount to a change to the protocol of the Network in question.

65.4. Paragraph 30.4 confuses the original Bitcoin Protocol with the Software that implements that protocol: the original Bitcoin Protocol has remained the same and is the protocol of what is now known as the BSV Network, while the Software implementing that protocol has been amended from time to time (while at all times implementing the Bitcoin Protocol).

66. As to paragraph 30.5:

66.1. It is averred that the airdrop which led to the creation of the ABC Network and blockchain of the ABC Network ("**ABC Blockchain**") on 15 November 2020 arose when new Software copied the existing BCH Blockchain and implemented a new protocol (different to that of the BCH Network) that involved a different system of rewards for miners.

66.2. It is admitted that Mr Sechet, who was then one of the Developers in control of the BCH Network along with Mr Ver (among others), made available new Software that differed from the BCH Software, including because it

implemented a new protocol. That new Software copied the BCH Blockchain. It is admitted that certain miners thereafter downloaded the new Node Software and began mining the new Network created by that new Software, which became known as the ABC Network. No admissions are otherwise made.

Private keys

67. As to paragraph 32.1:

67.1. It is denied that transfers of BCH on the BCH Blockchain can only be effected by using a private key:

67.1.1. Mr Ver could procure the creation of a patch to the BCH Software which could allow a user (such as TTL) to access its Bitcoin tokens.

67.1.2. Alternatively, Mr Ver could procure the modification of the BCH Network so as to enable an owner of BCH tokens to access its BCH tokens without the private keys in certain circumstances (including, for example, on service of a Court order as to ownership). For example, Mr Ver could procure that the Bitcoin tokens would be placed in a new address, and the private keys to that address given to TTL.

67.1.3. Paragraph 21 of the APoC is repeated.

67.2. It is admitted that private keys are alphanumeric strings.

68. As to paragraph 32.2, while it is admitted that the use of private keys is explained in the Bitcoin White Paper, it is denied that the requirement to use private keys to transfer Bitcoin tokens is an immutable part of the design of each of the Networks and blockchains (including the BCH Network and BCH Blockchain), or an immutable requirement of the Software running on those Networks (including the BCH Network) (and denied that, even if that were correct, it would be relevant).

69. As to paragraph 32.3, it is denied that each public address on the BCH Blockchain has an associated private key. Not all transactions require digital signatures; paragraph 40.1 of this Reply is repeated.

70. As to paragraph 32.4, it is admitted.

71. The purpose and intended meaning of paragraph 33.1 is not understood. In any event, the concept of 'ownership', as understood in English law, is referred to and relied upon by Mr Ver at numerous points in the D14 Defence.

72. Paragraph 33.2 is admitted.

73. As to paragraph 34.1, paragraph 68 of this Reply is repeated.

74. As to paragraph 34.2, paragraph 58 of this Reply is repeated.

75. As to paragraph 34.3:

    75.1. Paragraphs 58 and 68 of this Reply are repeated.

    75.2. It is denied that TTL (unlike Mr Ver) is in a position to approve changes to the BCH Protocol or BCH Software; it is not therefore open to TTL to secure for itself the relief it seeks in its Claim.

76. As to paragraph 35.1, it is admitted that ownership would be of the BCH tokens recorded in a public address on the BCH Blockchain.

77. As to paragraph 36.3, Bitcoin clearly cannot be physically touched, and (as must have been obvious to Mr Ver) that is not the meaning of paragraph 23 of the APoC.

78. As to paragraph 36.5, it is admitted and averred that there is no necessary connection between (a) knowledge of a private key, and (b) ownership or title to the Bitcoin tokens registered in the public address on the Bitcoin blockchain associated with that private key. The APoC did not claim to the contrary. The last sentence of paragraph 23 of the APoC made the separate point that where the owner of the Bitcoin tokens loses its private key, it would still own the Bitcoin tokens in question.

Role of Mr Ver

79. As to paragraphs 38.1 to 38.5, paragraph 15 of this Reply is repeated. Further:

    79.1. As to paragraph 38.2, Mr Ver is put to proof. In any event, even if Mr Ver does not have the skills to make changes to the BCH Software himself, that is irrelevant, as it is not TTL's case that Mr Ver would, in fact, make the changes through him undertaking the software development personally. Mr Ver controls the BCH Network in the manner particularised at paragraph 15 above and can procure the necessary changes.

    79.2. As to paragraph 38.4:

79.2.1. The first sentence is admitted, but it is denied that it sets out the full extent of Mr Ver's involvement in or control of the BCH Network, for the reasons pleaded to in this Reply.

79.2.2. The second sentence of paragraph 38.4 is embarrassing for its lack of particularity and cannot be pleaded to, pending its proper particularisation, albeit no admissions are made as to the changes proposed by Mr Ver to the BCH Software.

79.3. As to paragraph 38.5, this is denied. Among other things, Mr Ver invests in and receives financial returns from various activities relating to the BCH Blockchain and Network, as particularised (pending disclosure) at paragraph 15.4 of this Reply.

80. As to paragraph 39.1, paragraph 15 of this Reply is repeated.

81. As to paragraph 39.2, paragraph 27.5 of this Reply is repeated.

82. Paragraph 39.3 is not understood and TTL reserves the right to plead to it if it is properly explained.

83. Paragraph 39.4 is denied for the reasons set out in paragraphs 41 to 44 of the APoC.

84. Paragraphs 40.1 to 40.3 are admitted but their relevance is denied. Paragraph 15.2 of this Reply is repeated.

85. As to paragraph 40.4, no admissions are made as to the first sentence. The second sentence is denied; given Mr Ver's control of the BCH Network as pleaded to in this Reply, it is inferred he knows the identity of the relevant individuals. The third sentence is likewise denied for the reasons given in this Reply.

86. As to paragraph 40.5, the terms of the MIT Licence are accurately stated therein.

87. As to paragraph 40.6, it is denied that the terms of the MIT Licence, properly construed, exclude liability for the breaches of fiduciary duty and tortious duty of care claimed. TTL's loss does not arise as a result of, from, out of, or in connection with its use of the BCH Software; it arises as a result of Mr Ver's refusal to comply with his duties to restore TTL's control of its BCH tokens in the Addresses. The MIT Licence is therefore irrelevant to the Claim. Further:

87.1. TTL is not subject to the terms of the MIT Licence in circumstances where TTL itself did not download or otherwise accept the BCH Software.

87.2. In any event, the purported exclusion of liability contained in the MIT Licence has no legal effect against TTL pursuant to either (i) Part 2 of the Consumer Rights Act 2015, because the terms of the MIT Licence are (a) unfair, and (b) insufficiently transparent as to the liability said to be excluded, or (ii) sections 2, 3 and 11 of the Unfair Contract Terms Act 1977.

87.3. Furthermore, the MIT Licence cannot be read as excluding liability for breach of fiduciary duty in the absence of clear and unambiguous words to that effect.

88. As to paragraphs 41.1 and 41.3, paragraphs 15, 27.5, 58 and 68 of this Reply are repeated.

89. As to paragraph 41.4:

89.1. The Claim (as set out at paragraphs 21 and 28(c) of the APoC) is that the Developers have the ability to amend the existing software run on the Networks to provide the functionality sought.

89.2. As to whether the nodes mining the BCH Blockchain would run the updated BCH Software, paragraph 27.5 of this Reply is repeated.

TTL's ownership of Bitcoin

90. As to paragraph 42.3, these matters are matters of evidence.

91. As to paragraph 42.4, Dr Wright chose not to use a 'message sign' function to prove to the Australian Tax Office (ATO) that he controlled the Bitcoin tokens in the Addresses when asked to do so, because if he had done so, he would have contradicted his stated tax position that those assets were being managed outside Australia.

92. Paragraph 43.1 is denied.

93. As to paragraph 43.3, it is denied that the Purchase Order relied on by TTL in support of paragraph 30 is a forgery. In that regard:

93.1. While Dr Wright instructed an online Russian exchange called WMIRK.com ("**WMIRK**") by telephone to buy the Bitcoin tokens using Liberty Reserve dollars, he did not create the Purchase Order.

93.2. Dr Wright believes that his then wife, Lynn (Wright) ("**Lynn**"), created the Purchase Order, because the document's metadata indicates as much, and it was Lynn who dealt with the administrative side of the purchase. TTL does not know whether the Purchase Order was required by WMIRK or even sent to WMIRK, or whether it was simply created as a written internal record of the order that was placed by telephone.

93.3. As to paragraph 43.3.1, it is admitted that there is a typographical error in the Purchase Order relating to the mining fee.

93.4. As to paragraph 43.3.2, it is admitted that 80,000 rather than 79,956 Bitcoin tokens was stated in the Purchase Order. TTL is not aware of whether this was a typographical error or used by way of rounding.

93.5. As to paragraph 43.3.3, it is admitted that addresses on the original Bitcoin blockchain were case-sensitive in 2011 and that the 1Feex Address is mistyped in the Purchase Order. This was, it is assumed, a typographical error by Lynn.

93.6. As to paragraph 43.3.4:

93.6.1. It is admitted that Liberty Reserve dollars and Bitcoin tokens were both pegged approximately 1:1 with the US$ at the date of the Purchase Order.

93.6.2. However, the true value of Liberty Reserve Dollars was lower because they could not be exchanged for assets of such value in US$, as they could only be exchanged legitimately in a very limited number of places (there was no real market at that time).

94. As to paragraphs 43.3.5 and 43.4:

94.1. The bald assertion that the 1Feex Address "*is the address of the hacker of the Mt Gox exchange*" is denied and liable to be struck out as it is embarrassing for its lack of particularity. Mr Ver has failed to plead any facts or matters in support of his bald assertion in that regard, and TTL reserves its right to plead further to these allegations if they are properly particularised.

94.2. The Bitcoin tokens registered to the 1Feex Address were not stolen from the Mt Gox exchange; they were transferred into the 1Feex Address on 1 March 2011,

more than three months before the well-publicised Mt Gox hack took place in June 2011.

94.3. TTL has title to the Bitcoin tokens in the Addresses.

94.4. Up until the Hack in which the TTL Private Keys and Keys Access Material were wiped, presumed stolen, TTL (through Dr Wright) had control of its Bitcoin tokens in the 1Feex Address.

Theft of TTL's private keys and other information

95. As to paragraphs 51.2 and 51.4, TTL denies that it has 'fabricated' the discovery of the misappropriation of the TTL Private Keys and Keys Access Material, the break-in at Dr Wright's home (or anything that it has stated in its APoC or this Reply).

96. As to paragraph 51.3, Dr Wright reported the Hack to Surrey Police and was provided with a crime reference number. Precise particulars of what he told them is a matter for detailed evidence.

97. As to paragraph 51.6, it is denied that Dr Wright wiped the hard drives of his computers either to (a) hide the fact TTL did not hold the Private Keys, given that it in fact so held them, or (b) ensure that such computers could not be forensically examined. Following the discovery of the Hack, Dr Wright wiped *only* the hard drives of two computers on his network *other than* those on which he had stored the TTL Private Keys and the Keys Access Material. He did so in order to secure them, because he did not know whether the hackers had hidden malware or other threats on them, and he did not wish the Hackers to obtain access to the confidential information that remained on those hard drives.

98. As to paragraph 51.7:

98.1. The TTL Private Keys and Keys Access Material were stored by Dr Wright on computers synced to two separate cloud-based systems (OneDrive and Google Cloud). When the TTL Private Keys and Keys Access Material were not only deleted but *wiped* from Dr Wright's computers in the Hack, they were also wiped from OneDrive and Google Cloud. As such, they could not have been recovered or retrieved, either from the hard drives themselves, or the cloud-based back-up systems.

98.2. Dr Wright's decision to wipe the hard drives of his computers therefore did not remove any evidence of the existence of the TTL Private Keys and Keys Access Material: (i) as above, he wiped the hard drives of two *other* computers on his network; and (ii) in any event, such evidence had already been wiped from the relevant computers and cloud-based back-up systems by the actions of the Hackers.

98.3. It is admitted that OneDrive and Google Cloud have features that enable "deleted" data to be restored upon request within 30 days of the material being deleted but that is irrelevant because the TTL Private Keys and Keys Access Material were wiped and not "deleted". It is denied that either OneDrive or Google Cloud has features that enable wiped data to be restored. Wiped data cannot be retrieved or recovered.

Fiduciary duties and breach of duty

99. As to paragraph 54.1:

99.1. It is denied that the BCH Network or BCH Blockchain is 'decentralised' for the reasons set out above, including in paragraphs 15, 27.4, 27.5, 58 and 59 of this Reply.

99.2. Further, if nodes did choose to leave the Networks, they would simply be replaced by new mining companies given the vast profits to be made from mining.

99.3. Any personal animosity between Dr Wright and Mr Ver has no bearing on whether the relationship of trust and confidence relied upon by TTL exists; its existence is a function of the role undertaken by Mr Ver in respect of the BCH Network and therefore the BCH tokens owned by TTL.

100. As to paragraph 54.2:

100.1. The fourth sentence is denied.

100.2. Fifth sentence – It is admitted that owners of Bitcoin tokens have the ability to secure and back up their private keys, but it is denied that they could ever take steps to guard fully against theft or loss of their private keys.

100.3. Fifth sentence – The claim that TTL could insure against loss is wholly unparticularised and Mr Ver is required to prove it.

100.4. Sixth sentence – TTL has no ability to approve amendments to the BCH Protocol or Software and, accordingly, it is denied that TTL, as a mere owner of BCH tokens, could initiate or support a 'hard fork' or an airdrop of the BCH Blockchain.

100.5. Last sentence – TTL currently has no access to, or control of, its BCH tokens registered to the Addresses on the BCH Network, so it plainly cannot sell them.

101. As to paragraph 54.3, the second sentence is denied:

101.1. Third and fifth sentences – Paragraph 99.1 of this Reply is repeated. The BCH Blockchain is not 'decentralised' and in any event, nodes would run the updated Node Software in the event that those in control of the Networks approved amended Software. If nodes choose not to update their Node Software and to leave the Networks, other nodes would fill their places.

101.2. Fourth sentence – Paragraph 12.2 of this Reply is repeated: a *"fork in the BCH blockchain"*, by which Mr Ver is understood to mean an airdrop of the BCH Blockchain, would only occur if (i) the amended Software copied the BCH Blockchain and implemented a new and different protocol, and (ii) the existing nodes continued to mine the BCH Network using existing, unamended Software. Neither such event would occur, given that Mr Ver would be bound by a Court order and given that the nodes would continue to mine the BCH Network.

101.3. Last sentence – The claim that the changes that TTL wishes to be implemented would *"have the effect of reducing the value of BCH tokens, because those software changes would represent a fundamental departure from the current consensus among nodes and users"* is not properly explained and is in any event denied: the change sought would not reduce the value of BCH tokens in the circumstances, including because all participants in the BCH Network would be required to run the updated Software, and because the changes are to the benefit of owners of BCH tokens.

102. As to paragraph 54.4:

102.1. Third sentence – TTL has entrusted its BCH tokens to Mr Ver by reason of his *role* controlling the development and operation of the BCH Network.

102.2. Fourth and fifth sentences – these are admitted, but their relevance is denied.

102.3. Sixth sentence – TTL's BCH tokens registered at the Addresses came into existence on 15 November 2018 when the BCH Network and blockchain came into existence, and while it is admitted that this is after TTL became the owner of the Bitcoin tokens on the original Bitcoin blockchain (now the BSV Blockchain), the relevance of this statement is denied. The duties in relation to the BCH Network arose as a result of the role taken on by Mr Ver in respect of that Network.

102.4. Final sentence – TTL is vulnerable to Mr Ver, because he has, in effect, complete power over the BCH Network and how it operates, and thus over TTL's BCH tokens.

103. As to paragraph 54.5:

103.1. Second sentence – While it is admitted that TTL did not purchase the BCH tokens registered to the Addresses on the BCH Network, it acquired ownership of those BCH tokens following the airdrop on 15 November 2018. Paragraph 16 of the APoC is repeated. The relevance of the second sentence is denied.

103.2. Third sentence – it is denied that a reasonable owner of BCH tokens would consider the BCH Blockchain to be 'decentralised' (not least because it is not decentralised) or that it would even have turned its mind to who had control of the BCH Blockchain.

103.3. Fourth sentence – it is denied that a reasonable owner of BCH tokens would have any expectation as to how the BCH Software would be developed, other than that those developing the BCH Software would not act capriciously or unreasonably and would prefer the interests of owners of BCH tokens over the interests of fraudsters.

103.4. Fifth sentence – it is denied that the software changes that TTL requests be made are contrary to the principles set out in the Bitcoin White Paper, whether fundamentally or otherwise, and in any event, the relevance of the Bitcoin White Paper to the relief sought in the Claim is denied for the reasons given above.

104. As to paragraph 54.6, paragraph 15 of this Reply is repeated. Mr Ver exercises control through (amongst other matters) funding others to effect changes to the BCH Software. Further, Mr Ver invests in and receives financial returns from various activities relating to the BCH Blockchain and Network. See paragraph 15.4 of this Reply.

105. As to paragraph 55.1, paragraph 103.4 of this Reply is repeated.

106. As to paragraph 56.3:

    106.1. As set out at paragraphs 21 and 28 of the APoC, the Developers of the BCH Network have the ability to amend the existing software run on the BCH Network to provide the functionality sought. The third sentence is therefore denied.

    106.2. If Mr Ver considered the question of ownership to be in doubt, he could require the claimed owner to obtain a court declaration as to his ownership, upon which Mr Ver could then properly rely. The final sentence is therefore denied.

107. As to paragraph 56.4, paragraphs 100.1 and 100.3 of this Reply are repeated.

108. As to paragraph 56.5, and the *"potential routes of redress"* open to an owner of BCH tokens who has his private keys stolen that are suggested by Mr Ver:

    108.1. Effective recourse could only be made against the fraudsters who stole the private keys if those fraudsters could be identified (and even then, such recourse might not be effective for innumerable reasons common to fraud litigation);

    108.2. Freezing injunction relief would not permit an owner of BCH tokens who had lost control of its BCH tokens to regain control of its BCH tokens;

    108.3. Mr Ver is put to proof that owners of large quantities of BCH could adequately insure themselves against losing control of their BCH tokens in the manner in which TTL lost control of its BCH tokens in the Addresses; and

    108.4. Effective recourse could only be had against an exchange if the fraudsters transferred the owner's BCH tokens to an exchange to where it could be traced and against which enforcement action could be taken (and even then, such recourse might not be effective for innumerable reasons common to fraud litigation).

109. As to paragraph 56.6, paragraph 99.1 of this Reply is repeated.

110. As to paragraph 57.1, the second to fourth sentences are not admitted. However, even if they were to be correct, it is denied that any of these issues provides a reason for not imposing the claimed duties on Mr Ver. If Mr Ver considered the question of ownership to be in doubt, he could require the claimed owner to obtain a court declaration as to his ownership, upon which Mr Ver could then properly rely in taking the action requested.

111. Paragraph 57.2 is denied:

111.1. Mr Ver could properly rely upon a court declaration that a person owned certain BCH tokens in giving that person back control of his BCH tokens. Paragraphs 106.2 and 110 of this Reply are repeated.

111.2. Further, the Court cannot proceed on the basis that it will make an erroneous determination as to whether TTL is the owner of the Bitcoin in the Addresses.

111.3. As such, any person making a rival claim to the Bitcoin in the Addresses that had been declared by the Court to belong to TTL would be a fraudulent claimant.

111.4. Accordingly, there is no proper basis for Mr Ver's assertion that he would be exposed to "*potentially unlimited liability, costs and expense*" as a result of claims by rival claimants, as this assertion relies on either (i) the improper premise that if the Court declares TTL to be the owners of the Bitcoin in the Addresses, that declaration will be wrong, or (ii) the unrealistic premise that necessarily fraudulent "*rival claimants*" will expend time and money bringing actions against Mr Ver in respect of the BCH tokens in the Addresses following the Court's (correct) declaration regarding TTL's ownership of those BCH tokens and the Court's order against Mr Ver, having not previously sought to join themselves to the Claim, even though it has attracted global attention.

111.5. To the extent that there is any real risk of Mr Ver incurring costs or expenses as a result of facing such fraudulent claims, that risk does not prevent the imposition of fiduciary duties on him as a result of the control he exercises over the BCH Network.

112. As to paragraph 57.3:

112.1. As to the first sentence, it is denied that the fiduciary duties alleged would place Mr Ver in the role of a payment intermediary required to mediate payment disputes in instances of alleged fraud and any case of alleged loss of access and/or control: paragraphs 106.2 and 110 of this Reply are repeated.

112.2. As to the second sentence, this is irrelevant to the relief sought in this Claim, but is in any event denied.

112.3. As to the last sentence, the alleged "*consensus*" among nodes as to what BCH Software they are willing to run is misconceived; Mr Ver controls which Software can be run by nodes who wish to mine the BCH Network, and if Mr Ver complies with the Order sought then the nodes who wish to mine the BCH Network will have no choice but to run Node Software (or other software incorporating or mirroring the core features of the same) that provides TTL with the relief it seeks.

113. As to paragraph 57.4, paragraph 86 of this Reply is repeated.

114. As to paragraph 57.5:

114.1. Any time and resources that Mr Ver is required to expend in creating and introducing new Software to operate on the BCH Network is simply an obligation that accompanies the duties Mr Ver became subject to when he voluntarily assumed a role controlling the development and operation of the BCH Network.

114.2. Without prejudice to that contention, the creation and introduction of the new Software that TTL seeks is relatively straightforward.

114.3. Further, TTL is willing to pay Mr Ver for his reasonable time and expenses incurred in procuring the creation and introduction of the new software TTL seeks, insofar as he can evidence that time and those expenses.

115. As to paragraph 57.6:

115.1. It is denied that if the Court ordered the relief TTL seeks it is highly likely that the vast majority of nodes would refuse to run the updated BCH Software that would allow them to continue mining the BCH Network; in fact there would be no alternative BCH Software, given the existence of the Court order, and in any event nodes would continue mining the BCH Network in the circumstances:

paragraphs 27.4 to 27.5**Error! Reference source not found.** of this Reply are repeated.

115.2. It is also highly unlikely that the vast majority of users of the Networks would refuse to run the updated BCH Software (or a software that incorporated or mirrored its core features) that would allow them to continue engaging with the BCH Network.

115.3. In circumstances where Mr Ver, like all the other Developers in control of the Networks, would be required to comply with a court order, it is denied that his reputation would be tarnished. In any regard, the relevance of the same is denied.

115.4. The Bitcoin White Paper is not relevant to the relief sought in this Claim for the reasons given above, but in any event, it is denied that the changes sought would be contrary to the matters set out in the Bitcoin White Paper.

116. As to paragraph 57.7:

116.1. First sentence - It is admitted that there is no contractual relationship between Mr Ver and any owner of BCH tokens, but the relevance of this statement is not explained and is denied.

116.2. Second sentence - It is admitted that persons can buy and sell BCH tokens without *publicly* revealing their identity, but the relevance of this statement is not explained and is denied.

116.3. Final sentence – The class of persons to whom Mr Ver owes the claimed fiduciary duties is all the owners of BCH tokens, and that class is clearly defined, necessarily limited by the number of BCH tokens in existence, and knowable (even in circumstances where a court declaration is required to confirm that a person is a true owner). The final sentence is therefore denied.

117. As to paragraph 57.8, it is denied that the duties alleged require Mr Ver to protect TTL (or any owner of BCH tokens) from being hacked or having the TTL Private Keys stolen; the duties alleged require Mr Ver not to prefer the interests of fraudsters over TTL and not knowingly to give effect to the fraud.

118. Paragraph 57.9 is denied: Mr Ver would only be subject to the duties while he was in control of the development and operation of the BCH Network, and he would only be

required to provide the relief sought after he had ceased to undertake that role if he had been undertaking that role at the time of the breach of duty.

119. As to paragraph 58.2.4, it is denied that an owner of BCH tokens would reasonably expect that those controlling the BCH Network would prefer the interests of fraudsters over owners of BCH tokens: paragraph 103.3 of this Reply is repeated. The final sentence is not relevant to the relief sought in the Claim but is, in any event, denied.

120. As to paragraph 58.3:

    120.1. For the reasons set out herein, the Bitcoin White Paper is not relevant to the relief sought in the Claim. The second sentence is, in any event, denied.

    120.2. In any event, TTL is not asking Mr Ver to reverse a transfer that has taken place (the BCH tokens in the Addresses not having been dealt with); it is asking that he be required to take all reasonable steps to ensure that it is given access to and control of its BCH tokens registered in the Addresses, and that effect is not given to the fraud.

    120.3. Paragraph 119 of this Reply is repeated.

121. As to paragraph 58.4, paragraphs 100.1 and 100.3 of this Reply are repeated.

122. As to paragraph 60.3:

    122.1. It is denied that Mr Ver would escape liability for breaching his fiduciary duties to TTL by reason of his (allegedly) acting in good faith in wrongly determining that TTL was not the owner of the BCH tokens in the Addresses.

    122.2. In any event, no admissions are made, pending disclosure, as to whether, how and in what circumstances Mr Ver has considered TTL's claim to ownership, as to whether he has in fact reached a conclusion that TTL's claim to ownership is not valid, or as to whether he acted in good faith. It is denied that, if he has reached any such conclusion, it is reasonable.

    122.3. No admissions are made as to the unparticularised "*large amount of speculation*" referred to, or as to what is "*considered to be*" the case, still less as to who is (and is not) part of the "*crypto asset community*". However, to the extent that it is alleged, it is denied that TTL's Bitcoin tokens registered to the 1Feex Address were stolen from the Mt Gox exchange; they were transferred

into the 1Feex Address on 1 March 2011, more than three months before the well-publicised Mt Gox hack took place in June 2011.

122.4. The reference to "*Dr Wright's propensity for untruth*" is liable to be struck out for the reasons set out above.

123. As to paragraph 60.4, paragraph 122 of this Reply is repeated. It is denied that there is any "*true owner*" of the BCH tokens in question other than TTL. The final sentence is therefore denied.

124. As to paragraph 60.5, it is denied there can be no loss and paragraph 99.1 is repeated.

125. As to paragraph 61.2:

125.1. The relevant question is whether the declaration would serve a useful purpose and would further the aims of justice (which it would).

125.2. The issue of ownership is plainly in dispute between the parties and will be determined following argument between the parties.

125.3. In any event, even if relevant, it would be fair, just and equitable for the Court to make a declaration as to TTL's ownership of the BCH tokens in the Addresses.

125.4. It is denied that the existence of any realistic rival claims would be relevant to the utility, or the fairness, justness or equitability of the declaration.

125.5. Regardless, there are no realistic rival claims and so the point does not arise.

125.6. Moreover, any such realistic rival claimants would be entitled to seek to be joined to the proceedings.

126. As to paragraphs 61.4 and 63.3:

126.1. Paragraph 111.4 of this Reply is repeated.

126.2. In any event, those who have purported to assert rival claims are obvious cranks or time-wasters and there is no serious, let alone properly arguable, contrary claim to ownership (consistently with the fact that TTL is in fact the owner). Accordingly, such (fraudulent) cranks and time wasters are not proper defendants to the Claim (albeit they are nonetheless free to apply to be joined to the proceedings were they to wish to do so).

127. No admissions are made as to the second sentence of paragraph 63.1.

128. Paragraph 63.2 is denied.

Alleged duty of care and alleged breach of duty

129. As to paragraph 66.4, paragraphs 114 and 115 of this Reply are repeated.

130. As to paragraph 66.5, it is denied that Mr Ver would escape liability for breaching his duty of care to TTL by reason of his acting in good faith (in wrongly determining that TTL was not the owner of the BCH tokens in the Addresses). In any event, paragraph 122 of this Reply is repeated.

131. As to paragraph 66.6, paragraph 99.1 of this Reply is repeated.

132. As to paragraph 67, it would be just and equitable to grant the injunction sought, and the matters set out in the APoC and in paragraphs 110 to 118 of this Reply are repeated in respect of the reasons relied on by Mr Ver.

Relief Claimed

133. As to paragraph 69.1, it is denied that the declarations sought would serve no proper purpose; TTL is owed the duties claimed as owner of the BCH tokens in the addresses, and the declarations are required as against Mr Ver because he has denied TTL's ownership of the BCH tokens in the Addresses.

134. As to paragraph 69.2, this is denied (while no admissions are made as to Mr Ver's skills and knowledge). For the reasons set out in the APoC and herein, Mr Ver controls the development of the BCH Network, irrespective of whether he can personally write the software required, such that Mr Ver can ensure that the necessary updates are made.

135. As to paragraph 69.3:

    135.1. If Mr Ver were ordered to effect the software changes sought, the updated Software would be adopted by the nodes and would not cause an airdrop (or so-called 'hard fork') of the BCH Blockchain. Paragraphs 27, 39.2 and 112.3 above are repeated.

    135.2. Further, if nodes did leave the Networks, they would simply be replaced by new mining companies given the vast profits to be made from mining.

    135.3. It is also denied that compliance with the order would harm Mr Ver's reputation, but in any event, this is not relevant.

135.4. It is denied that there would be harm to the BCH Blockchain (such alleged harm being unparticularised) or to the economic interests of owners of BCH tokens (such harm also being unparticularised), and the relevance of these matters is in any event denied.

135.5. Paragraphs 12.2, 27.4, 27.5, 58.4, 58.5, 99.1, 101 and 115 of this Reply are repeated.

JOHN WARDELL KC

BOBBY FRIEDMAN

SRI CARMICHAEL

Statement of truth

I believe the facts stated in this Reply are true. I understand that proceeding for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth. I am authorised to sign this statement of truth on behalf of the Claimant.

Signed: DocuSigned by: Craig S Wright EFCD3017AD2842B...

Name: Dr Craig Steven Wright

For and on behalf of Equator Consultants AG, a director of Tulip Trading Limited

Date: 31 July 2023