

*ONTARIO*  
SUPERIOR COURT OF JUSTICE

B E T W E E N:

EQUIBIT GROUP LTD.

Plaintiff

- and -

THE ATTORNEY GENERAL OF CANADA, JOHN DOE, JANE DOE,  
SERGEI SACHKOV AND KARTIK PATEL

Defendants

**STATEMENT OF DEFENCE**

1. The defendant, Sergei Sachkov ("**Sachkov**"), admits paragraphs 7 (except for the word "suddenly") of the statement of claim (the "**Claim**"), has no knowledge of the allegations contained in paragraphs 3-6, 8-12 of the Claim, and denies all other allegations contained in the Claim.

**A. The Parties**

2. Equibit Group LTD ("**Equibit**") is a federally incorporated corporation. It previously carried on business as Equibit Development Corporation ("**EDC**"). Equibit previously carried on business in Canada in the cryptocurrency space. In 2018, Equibit moved its operations to Switzerland and incorporated Equibit Group AG. Thereafter, Equibit ceased operations in Canada.
3. Sachkov is a former employee of Equibit. Sachkov immigrated to Canada from Russia in 2013. Sachkov resides in the Town of Oakville,
4. Sachkov no knowledge about the other named co-defendants.

**B. Employment with Equibit**

5. On or about March, 2017, Sachkov entered into an employment agreement (the "**Equibit Employment Agreement**") with Equibit's predecessor, EDC. EDC hired Sachkov in the role of senior developer. Sachkov had no previous experience with cryptocurrency.
6. Equibit was involved in the development of blockchain software and hardware to facilitate the exchange of cryptocurrencies and other blockchain based crypto-securities. Equibit hired Sachkov to continue the development of its core source code (the "**Code**"). Equibit required the Code for the development of a network (the "**Network**") that would permit the decentralized transfer of cryptocurrencies.
7. Throughout Sachkov's employment, he was under the direct supervision of Equibit's senior management team, which included Equibit's co-founder Christian Saucier ("**Saucier**"), the Director of Quality Assurance.
8. Sachkov diligently worked on the Code. The Code was based on BitCoin version 0.14.2.
9. Any changes that Sachkov made to the Code required that he submit the new version to GitHub ("**GitHub**"). GitHub is an Internet hosting service for software development and version control. GitHub functions like a central repository where all historical changes to the Code are kept secure.
10. Equibit, not Sachkov, was responsible for the safeguards of GitHub and the Code.
11. Saucier, or one of the members of Equibit's senior team, would regularly review the new versions of the Code that Sachkov created and housed on GitHub.
12. Saucier would provide Sachkov with the necessary approval to any changes he made to the Code.
13. Equibit's senior team regularly tested all the versions of the Code that Sachkov developed.
14. Equibit never raised any complaints about Sachkov's work on the Code.
15. Each version of the Code would be compiled from the source code originally stored on GitHub. Saucier or one of the members of Equibit's senior team would then have access to all previous versions of the Code, which remained housed on GitHub. To this day, the Code remains available on GitHub.

16. When Sachkov worked on the Code, he used Windows on a laptop computer (the "**Laptop**") that Equibit provided for him.
17. On or about early July, 2018, Equibit deployed a test version of the Network (known as a "**Testnet**"). Saucier was responsible for the Testnet.
18. **Deploying the Testnet, meant that Saucier and Equibit used the Code stored with GitHub.**
19. Once Saucier confirmed that the Testnet was operational, he requested that Sachkov start testing it and a mining program that allowed Equibit to mine cryptocurrency blocks.
20. For Sachkov to test the Testnet and the mining program, Sachkov uninstalled Windows on the Laptop and installed the Ubuntu Linux Operation System ("**Linux**"), which is a standard process. This process, however, completely deleted everything from the Laptop.
21. Saucier and Equibit were fully aware of Sachkov's removal of Windows and the installation of Linux on the Laptop.
22. In or about mid-July, 2018, Sachkov completed the testing of the Testnet and the mining program and informed Saucier. Saucier then requested that Sachkov add new features to the Code. Sachkov complied with Saucier's directions.
23. Sachkov then re-installed Windows on the Laptop so that he could work on the Code's new features. Sachkov followed proper protocol and cloned the Code from GitHub. **When Sachkov completed the cloning, he discovered that parts of the Code were missing. Sachkov immediately informed Saucier and Equibit about the missing parts (the "Missing Parts") of the Code.**
24. Saucier and the rest of the Equibit team investigated the situation to determine what happened to the Missing Parts. Saucier and Kiarash Narimani, Equibit's Director of Development, asked Sachkov to re-create the Missing Parts as much as possible. **Sachkov followed those directions and re-developed several of the missing features into the Code.**
25. Contrary to the allegations at paragraph 19-20 of the Claim, Sachkov provided an update on or about the end of July, 2018 to Saucier and Equibit regarding the Missing Parts and **requested feedback, specifications, relevant design documents, and direction from Saucier and Equibit.** Saucier and Equibit never responded to this request.

26. During the summer of 2018, other developers with Equibit were working on a new version of the Code, which was based on BitCoin version 0.16.2.
27. Equibit and Saucier never asked Sachkov to work on the new version. In or around July, 2018, Equibit decided to proceed with the new version.

### **C. Sachkov Resigns**

28. Throughout Sachkov's employment with Equibit, Equibit had continual issues of mismanagement, changes in direction, lack of communication, and loss of key personnel.
29. In or around the summer of 2018, Chris Horlacher ("**Horlacher**"), Equibit's CEO, announced that Equibit would cease operations in Canada and move to Switzerland. These statements were consistent with Horlacher's previous statements in various media outlets.
30. Sachkov soon became frustrated with Equibit's lack of direction. On or about August 13, 2018, Sachkov resigned from Equibit and provided the necessary notice.
31. Contrary to the allegations at paragraph 21 of the Claim, Sachkov did not lose the Code. At the time of Sachkov's resignation, Equibit had decided to move forward with the new version of the Code.
32. Sachkov returned all of Equibit's equipment and property, including the Laptop. Equibit received the equipment, property, and Laptop and raised no complaints.
33. Equibit never contacted Sachkov to raise any allegation that he stole or misappropriated any confidential information from the Code or that he prevented the launching of the Network.
34. On December 19, 2018, Equibit released its business plan that disclosed an anticipated launch of the Network in the first quarter of 2019.

### **D. No Dealings with CSIS and GRU**

35. Contrary to the allegations in the Claim:
  - a) Sachkov never had any dealings with the Canadian Security Intelligence Service ("**CSIS**").

- b) Sachkov did not have any interviews with CSIS or any individuals affiliated with CSIS.
  - c) Sachkov has never relayed any of Equibit's confidential information, including the Code, to CSIS or anyone else for that matter.
  - d) No one, including CSIS, ever threatened that they would withhold Canadian citizenship from Sachkov if he did not provide information about Equibit.
  - e) In the summer of 2018, Sachkov did not travel to Russia and he had no dealings with the General Staff of the Armed Forces of the Russian Federation ("**GRU**").
36. GRU is part of the military forces of Russia. Sachkov did not complete the mandatory Russian military conscription. **If Sachkov returns to Russia, he will be forcibly conscripted into the Russian military. Any allegations of Sachkov dealing with GRU are false.**
- E. No Causes of Action Against Sachkov**
37. In November 2019, Equibit ceased all operations in Canada and failed to launch the Network. Equibit's failure to profit from the launching of the Network is its own doing.
38. Sachkov did not breach the Equibit Employment Agreement. Sachkov did not disclose any confidential or proprietary information to anyone either as alleged or at all. Sachkov did not provide any of Equibit's property to CSIS or anyone else.
39. **Sachkov never held any type of information in trust for Equibit** and did not use any confidential information for his own benefit as alleged or at all.
40. Sachkov did not destroy or steal the Code or the Missing Parts. Sachkov denies ever assisting CSIS to do so.
41. The safeguarding of the Code fell squarely within Equibit's responsibility.
42. Sachkov did not misappropriate the Code as alleged or at all. **Sachkov stored all versions of the Code on GitHub as mandated by Equibit.**
43. Sachkov at all times acted in good faith in executing his duties under the Equibit Employment Agreement.

44. If Sachkov owed a fiduciary duty to Equibit, which is not admitted but specifically denied, then he did not breach it.
45. Sachkov is not in breach of confidence.
46. Sachkov did not conspire with any other defendant(s) or engage in any unlawful conduct to cause injury to Equibit.

**F. Damages**

47. Equibit has not suffered any damages, as alleged or at all.
48. If Equibit has suffered any damages, which is not admitted but expressly denied, then:
  - a) the damages are excessive, unforeseeable, remote, and speculative;
  - b) Sachkov is not responsible for the damages; and,
  - c) Equibit failed to mitigate its damages.
49. Sachkov requests the action be dismissed against him with costs.

March 24, 2023

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EQUIBIT GROUP LTD.  
Plaintiff

-and- THE ATTORNEY GENERAL OF CANADA et al No. CV-20-00645492-0000  
Defendants

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**STATEMENT OF DEFENCE**

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RCP-F 4C (September 1, 2020)