

## First email from Altily to Cherry. (14 January 2021)

Ok. I have some questions now.

1. About a year or so ago, you guys had a breach into your portal system. You had send me an email to check my servers as you stated that the individual had looked at my account information.

- What account information did this individual gain access to?
- What information were you able to gather about this individual?
- This attack happened on the previous version of your web portal, am I correct?
- Did your backend system change at all when moving to the new portal?
- If the attacker had access to modify user records, did you enforce a systemwide password reset on all users?

2. It was my understanding on the previous version of your web portal was not multi user. At that time I had two emails, which were essentially the same user account. I added the new email after the hosting account we originally created as that was the primary email address I was using.

- Am I correct in this understanding of how the previous web portal worked?
- When you switched to the new portal system, I was not aware that the two emails became separate login accounts. I had two factor auth via sms setup on the login I used. Why was I not made aware that the other email became a separate user account, and also why was i not informed that account did not have 2fa setup after the separation of accounts?

3. The email address that was compromised, was not used anywhere else that I can recall and I had stopped using it as it was associated with a company name that no longer existed and never actually did any business.

- I have to assume that the attacker learned about this email from previously accessing your systems.
- The login history you have provided to me so far only goes back 30 days. Why is this?
- Was the password ever changed on the compromised email? If so, what details do you have about this?
- Would the attacker have been able to change the password on that email when they had gained access to your systems?

I have CC'd Nayiem on this email. He is the CEO of the company.

## Response from Cherry Servers (February 17th 2021)

Re: Re: servers cancelled but this was not done by the customer



**Dovile**

Feb 17



To: You (nayiem@qredit.io)

Dear Nayiem,

Please accept my apologies for taking so long to provide an update.

The investigation is still in progress and it will be so until we are 100% sure no grey spots are left. I may provide at least a few comments concerning this issue.

We were aware of the fact of the attacker accessing your account the year before. However, at the time we did not detect any further actions attempted concerning your services or account information.

After the event, we enforced a systemwide password reset for all of our clients. Unfortunately, the action logs journal has been able to record only a limited amount of records. As a result, now we are not able to double-check what might have happened wrong at the time. The action logs journal capacity has been updated recently.

After the attack, our developers performed a load of backend system changes. We are still hard checking our systems and implementing modifications.

I wish there was anything we might do to help resolve this matter sooner. Please accept my condolences for this unfortunate situation.



**CUSTOMER SUCCESS LEAD**  
**DOVILE MINKEVICIENE**

Mobile: +370 674 68879  
Phone: [+1 332 255 6852](tel:+13322556852)

## Our reply (22 February 2021)

Hi Dovile,

Thank you for your email.

But what does this mean for us?

I guess there won't be any settlement or what so ever for us or for our clients?

Do you understand that we lost our business and lost over 1mln usd in clients funds?

Kind regards,



**Nayiem Willems**

Founder & CEO  
Management | Qredit  
Dream it. Achieve it.



+ 46 76 100 9111



[nayiem@qredit.io](mailto:nayiem@qredit.io)



[www.qredit.io](http://www.qredit.io)



Hålaforss 225, 880 30, Näsåker, Sweden



**Official Statement by Cherry (9 March 2021)**

▶ **Dovile**

To: You (nayiem@qcredit.io)

Mar 9



Dear Nayem,

Please find the official response attached.



**CUSTOMER SUCCESS LEAD**

**DOVILE MINKEVICIENE**

Mobile: **+370 674 68879**

Phone: [+1 332 255 6852](tel:+13322556852)



📎 10 attachments - ⬇ Download All

	Notice regarding liability_Cherry s... (108 KB)	
---	---	---

## REGARDING YOUR QUERIES

The Qredit (hereinafter referred to as “**the Qredit**” and/or “**the Client**”) uses the host services provided by UAB “Cherry Servers” (hereinafter referred to as “**the Cherry Servers**”) (the Qredit and the Cherry Servers both hereinafter referred to as “**the Parties**”). Based on the information available to the Cherry Servers and the data provided by the Qredit, the Client had access to his servers through his two accounts.

From the communication with the Qredit that has followed to this day and during the internal investigation conducted by the Cherry Servers, it was found out that all of the servers that were used by the Client (hereinafter referred to as “**the Servers**”) were deleted using one of the Client's accounts.

On February 22, 2021 the Cherry Servers received an e-mail (hereinafter referred to as “**the E-mail**”) from the Qredit. By the E-mail, the Qredit raised two main questions: *firstly*, the Client raised the issue of the Cherry Servers' liability for deletion of the Servers; *secondly*, question of settlement for the Qredit and/or for its clients.

The Cherry Servers hereby would like to inform you that there is no ground for claiming any Cherry Servers liability regarding deletion of the Clients servers. As a result, the Cherry Servers has no obligation to indemnify the Client for losses incurred. The arguments in support of this are set out below.

**Firstly**, the Parties by creating legal relationship between them have agreed on Terms of Services, publicly provided on the Cherry Servers' website<sup>1</sup> and agreed that all services by Cherry Servers shall be provided in accordance with such Terms of Services.

In clause 9 (a) of Terms of Services it is stated that „*Cherry Servers warrants that it will perform services **with reasonable skill and care and in a workmanlike manner and will use reasonable efforts to restore services in the case of failure. Cherry servers makes no other warranty or guarantee relating to the services, express or implied, under this agreement or otherwise, and Cherry Servers expressly disclaims all other warranties or conditions relating to the services, express or implied, including, but not limited to any implied warranties or conditions of merchantability, satisfactory quality, and/or fitness for a particular purpose***”.

Furthermore, in clause 9 (b) of Terms of Services it is stated that „*Regardless of the form of action (whether in contract, warranty, strict liability or tort, including, without limitation, negligence of any kind whether active or passive) **Cherry Servers, its subcontractors or agents shall not be liable for <...> any delay, loss, damage or service failure attributable to any service, product or actions of any person, including but not limited to delay, loss, damage or service failure attributable to computer viruses, worms, computer***

---

<sup>1</sup> <https://www.cherryservers.com/legal/terms-of-service>

*sabotage, 'denial of service' attacks, dns spoofing attacks and/or other hacking attacks of a similar nature".*

In view of the above, it is concluded and was accepted by the Client by starting to use services of Cherry Servers that the Cherry Servers shall not be liable for any damages caused to the Client and any losses incurred by the Client which are attributable to any actions of any other person. Thus, the Cherry Servers shall not be liable for any loss of Client's data, including when such loss incurred due to the actions of the Client or any third party.

**Secondly**, the Parties agreed only on the Clients access to the Servers. Accordingly, the Cherry Servers undertook to provide the Client with access to the Servers. The Cherry Servers had no obligation nor right to monitor what specific activities were running on the Servers. As a result, the Cherry Servers cannot be held responsible for the actions performed on the Servers – (il)legal login to the Client's account and deletion of the Servers after connecting to this account.

**Thirdly**, in the E-mail the Qredit stated that after the deletion of the Servers, it has lost its *„business and lost over 1mln usd in clients funds “*. Although disappointment of the Client is understandable, however it is not in any way attributable to the Cherry Servers.

*Firstly*, as it is stated above, the Cherry Servers had no obligation or right to track or monitor the Client 's actions on the Servers. It was and still is the sole responsibility and right of the Client how to use and operate on the Servers provided to it. Due to that exceptionally Client and only Client is responsible for all and any actions performed in Servers especially when they are performed from the Clients account. *Secondly*, according to the clause 9 (b) of Terms of Services, Cherry Servers are not liable for any damages and any losses incurred by the Client which are attributable to any actions of any person. *Thirdly*, the Qredit, being a responsible business entity, had to be aware of the potential risks involved in hosting certain information on the Servers. Therefore, the Client, as a prudent and cautious business entity, valuing its information and data must have had backed up the information stored on the Servers. And if such security measures were not taken any loss of information or data and impossibility to restore it is attributable exceptionally to the client itself and therefore any losses suffered due to that can not be claimed form Cherry Servers.

Thus, the negligent conduct of the Client cannot create an obligation on the part of the Cherry Servers to compensate the Client for the losses it has suffered due to his own omission.

**Fourthly**, the Cherry Servers conducted an internal investigation during which was discovered that the Servers were deleted from the Client-owned account. This fact is also acknowledged by the Client in communication with the Cherry Servers.

Given that the Cherry Servers had simply provided the Client with access to the Servers, thus, had no obligation to monitor the activities performed on the Servers, and the actions performed on the Servers

are the sole responsibility of the Client, it is the Client who should conduct his internal investigation and look for responsible subjects.

In view of the above, the Cherry Servers is not and cannot be responsible for the deletion of the Servers. As a result, the Cherry Servers cannot have an obligation to compensate the customer for the losses incurred due to own Clients actions or omission.

### Our reply (14 May 2021)

► You (nayiem@qredit.io)

To: Dovile

May 14  1 open



Hi Dovine,

When was the terms and conditions changed for the last time?

Do you have a copy of the terms and conditions from the day we created the account?

Your statement says that we are responsible for the deletion of the servers.

But I don't think you got the memo that the root cause was created by a breach in your system.

I understand that:

- If we delete the servers from our hosting panel (it's our responsibility)
- That Cherry can not be held responsible for actions on the servers caused by logins to our account.

But none of that makes sense if YOU (Cherry Servers) had a breach in YOUR system and provided unwanted people to access our admin panel with the servers.

Could you please answer all questions individually, the ones we've asked in our first email.

Kind regards,

Nayiem

### Next email on June 3rd 2021 (no reply yet, so far)

You (nayiem@qredit.io)

To: Dovile

Jun 3  1 open



I'm still waiting.