



McDonald  
Vague

business recovery partners

**Bitcoinica Consultancy Limited  
(In Liquidation)  
(formerly known as Core Credit Limited  
until 30 May 2012)**

**Liquidators' Tenth Report  
(for the period from 10 January 2017  
to 9 July 2017)**

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## 1 INTRODUCTION AND APPOINTMENT

Iain McLennan and Peri Micaela Finnigan, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators of Bitcoinica Consultancy Limited on 10 January 2013.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation. This tenth report should be read in conjunction with the liquidators' previous reports. This report is being sent to all shareholders and all creditors who have filed a claim in the liquidation.

A Statement of Realisations and Distributions is **attached**.

## 2 RESTRICTIONS

This report has been prepared in accordance with section 255(2)(d) of the Act. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party as a result of the circulation, publication, reproduction or use of this report.

We reserve the right (but are under no obligation) to review and, if we consider necessary, revise this report in respect of any information existing at the date of this report which becomes known to us after that date.

## 3 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

### *Asset Realisations*

Bitcoinica Consultancy Limited (In Liquidation) ("BCL") is the General Partner of the Limited Partnership, Bitcoinica LP (In Liquidation) ("the Limited Partnership").

The liquidators of BCL continue to assist the liquidators of the Limited Partnership to recover the assets held on the trading platform (MTGOX Co, Ltd) for the benefit of investors.

The liquidators understand that the Japan based trading platform has filed for bankruptcy and that its CEO has been arrested. The LP liquidators report that the LP's claims in the Japanese based bankruptcy of the trading platform have been accepted for approximately USD6.811 million.

The LP liquidators note that they do not know yet if or when assets will be available for distribution and they are seeking legal advice on various matters. Their full report is attached.

#### **4 INVESTIGATIONS**

When possible, the liquidators continue to assist the liquidators of the Limited Partnership in their efforts to access and realise the bitcoins.

#### **5 CREDITORS' CLAIMS**

##### **5.1 Secured Creditors**

BCL did not have any secured creditors according to the Personal Property Securities Register.

##### **5.2 Preferential Creditors**

BCL did not have any employees, and was not registered with the IRD at the time of liquidation therefore, there are no preferential creditors.

##### **5.3 Unsecured Creditors**

As at the date of preparing this report no unsecured creditors' have lodged claims. The claims in the Limited Partnership however exceed \$1.5 million.

#### **6 FUNDS / LIKELY OUTCOME**

Bitcoins continue to trade at positive levels, however, it is not possible at this stage to advise the likely outcome, and it is possible that litigation may be required to gain access to the funds and bitcoins held by the bankrupt trading platform.

#### **7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION**

The following matters are outstanding:

- Assist the Limited Partnership liquidation/liquidators;
- Potential action to recover funds and bitcoins; and
- Any distribution issues.

## 8 ESTIMATED DATE OF COMPLETION

Based on the above the liquidators cannot estimate when they will be in a position to retire as liquidators. This will depend upon the liquidation of the Limited Partnership.

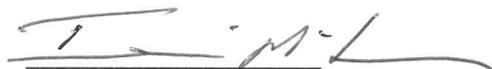
## 9 CONTACT DETAILS

Enquiries should be directed to Keaton Pronk on DDI (09) 969 1518 or by email to [kpronk@mvp.co.nz](mailto:kpronk@mvp.co.nz).

The Liquidators can be contacted at:

McDonald Vague Limited  
Level 10, 52 Swanson Street  
Auckland 1010

P O Box 6092  
Wellesley Street  
Auckland 1141



IAIN McLENNAN  
LIQUIDATOR

DATED this 20<sup>th</sup> day of July 2017

# Realisations and Distributions

## Bitcoinica Consultancy Limited (In Liquidation) 10 January 2013 to 9 July 2017

Realisations	Cash Received \$
Funds from liquidation of the Limited Partnership	4,340
<b>Total Realisations</b>	<b>\$4,340</b>
<b>Payments</b>	
<b>Liquidators Fees</b>	
Liquidators Fees	4,340
<b>Total Liquidators Fees</b>	<b>\$4,340</b>
<b>Total Payments</b>	<b>\$4,340</b>
<b>BALANCE HELD</b>	<b>\$Nil</b>

Note: the above figures are GST exclusive

**LIMITED PARTNERSHIPS ACT 2008**

**LIQUIDATORS' TENTH REPORT TO CREDITORS  
OF  
BITCOINICA LIMITED PARTNERSHIP (IN LIQUIDATION)  
Limited Partnership Number: 2558460**

**Reporting Period: 2 November 2016 – 1 May 2017**

***Pursuant to Section 255 of the Companies Act 1993  
(In accordance with Section 92 of the Limited Partnerships Act 2008)***

**1. INTRODUCTION**

On 1 November 2012 Anthony John McCullagh, Chartered Accountant and Stephen Mark Lawrence, RITANZ Accredited Insolvency Practitioner of PKF Corporate Recovery & Insolvency (Auckland) Limited, were jointly and severally appointed as liquidators of the Bitcoinica Limited Partnership ('**Bitcoinica**') by an order of the High Court in Auckland, New Zealand, pursuant to section 89(1) of the Limited Partnerships Act 2008 ('**LPA08**').

On 22 May 2017 Anthony McCullagh resigned from the office of liquidator of Bitcoinica. Christopher Carey McCullagh, Chartered Accountant and RITANZ Accredited Insolvency Practitioner of PKF Corporate Recovery & Insolvency (Auckland) Limited was appointed as joint & several liquidator in his place, in accordance with section 283(2) of the Companies Act 1993 ('**CA93**').

Any creditor who wishes to challenge the Liquidators' fees as set out in this report may do so by an application with leave of the High Court of New Zealand under section 284(1) CA93 (and by virtue of s92 LPA08). Any such application filed must be served on the Liquidators.

**2. RESTRICTIONS**

This report has been prepared pursuant to s255 CA93 and in accordance with s92 LPA08 based on information contained in the records and information supplied to us by Bitcoinica's limited partners, advisors, creditors and other parties. We have not carried out an audit of the records. Accordingly, we retain the right to amend particulars if we consider it necessary in light of information which becomes available to us after the date of this report. The Liquidators shall not be responsible for the reliance of any person on information contained in, or derived or omitted from this report.

**3. ACTION UNDERTAKEN SINCE OUR LAST REPORT**

As previously reported, Bitcoinica's cash and bitcoin (BTC) assets are held in accounts on the MtGox exchange. On 24 April 2014, MTGOX Co, Ltd was put into bankruptcy in Japan and Bitcoinica's three claims in the MtGox bankruptcy have been accepted. The MtGox Trustee has valued the claims at JPY 3,289,835,190 (or USD 6,811,253) as at 24 April 2014.

It is unknown at this stage what assets will be available for distribution to MtGox creditors (including Bitcoinica), when a distribution will be made and in what form the distribution will be made (i.e. fiat currency and/or BTC). We must now await further information regarding the distribution from the MtGox Trustee. Once these issues have been clarified, the Liquidators will be in a position to consider the appropriate method of distribution to Bitcoinica's creditors.



The Liquidators have instructed lawyers to provide an opinion on, amongst other things, the legal nature of bitcoins under New Zealand law, the valuation of creditor claims and creditor entitlements in the liquidation. The Liquidators expect to receive their legal advice shortly. The Liquidators then intend to seek directions from the High Court of New Zealand, primarily in relation to the valuation of creditor claims and the proposed method of distribution of Bitcoinica's assets.

During the reporting period the Liquidators have received enquiries from several parties expressing interest in purchasing Bitcoinica's claims in the MtGox bankruptcy. The sale of Bitcoinica's claims would allow the Liquidators to make a distribution to creditors. We are unable to consider any such offers until we have received the abovementioned legal opinion, and the subsequent directions of the High Court. We estimate that this process may take a further 3 to 6 months.

#### **4. SECURED CREDITORS**

As previously reported, Ator Limited (a company associated with the majority limited partner Wendon Group Incorporated ('Wendon')) holds a General Security Agreement ('GSA') over all present and after acquired personal property of Bitcoinica. Ator Limited and Wendon have both agreed to subordinate any claims they may have in the liquidation after the claims from Bitcoinica's exchange-user creditors.

#### **5. PREFERENTIAL CREDITORS**

Wendon, as the applicant creditor in the liquidation proceedings, was awarded costs of \$6,701.00 by the High Court. As noted above, Wendon has advised that it wishes to subordinate its claim after the claims of Bitcoinica's exchange-user creditors.

#### **6. UNSECURED CREDITORS**

The Liquidators have received unsecured claims from 204 creditors, broken down as follows:

Bitcoins	-	BTC104,714.45
Cash	-	US\$323,240.64
Leveraged Trading Positions (Net balance)	-	US\$276,134.60

These claims have not yet been accepted or rejected by the Liquidators.

Any distribution by the Liquidators to Bitcoinica's creditors is contingent on the receipt of a distribution from the MtGox bankruptcy. At this stage, we do not know when a distribution will be made by the MtGox Trustee, or how much Bitcoinica will receive, and in what form the distribution will be made (i.e. fiat currency and/or BTC).

#### **7. PROPOSALS FOR COMPLETING THE LIQUIDATION**

The Liquidators intend to commence the process of admitting or rejecting creditor claims in the liquidation within the next 3 months, in accordance with section 303 CA93.

We are unable to progress the liquidation until a distribution is made to Bitcoinica from the MtGox bankruptcy. Once the method and quantum of distribution from MtGox is known, then the Liquidators will be able to determine the method of distribution to Bitcoinica's creditors.

#### **8. STATEMENT OF REALISATIONS AND DISTRIBUTIONS**

A Statement of the Liquidators' Realisations and Distributions for the period 2 November 2016 to 1 May 2017 is **attached**.

## 9. ESTIMATED DATE OF COMPLETION

Due to the issues regarding the recovery of Bitcoinica's assets from the MtGox bankruptcy, we are unable to give an estimated date of completion of the liquidation.

## 10. OTHER INFORMATION

Please direct all enquiries regarding this liquidation to [bitcoinica@pkfcr.co.nz](mailto:bitcoinica@pkfcr.co.nz). For economic reasons we are unable to respond individually to the large volume of correspondence that we continue to receive from Bitcoinica's customers. As we have previously advised, we will report to creditors once any significant progress has been made in the liquidation.

**SIGNED**



CHRISTOPHER C McCULLAGH  
JOINT & SEVERAL LIQUIDATOR

01/06/17  
DATED



**BITCOINICA LIMITED PARTNERSHIP  
(IN LIQUIDATION)**

**STATEMENT OF REALISATIONS AND DISTRIBUTIONS  
FOR THE PERIOD 2 NOVEMBER 2016 - 1 MAY 2017  
*Pursuant to Section 255 of the Companies Act 1993***

	\$
<b>Opening Balance</b>	<u>\$ 0</u>
<b>Particulars of Realisations</b>	
Interest Received	1
	<u>\$ 1</u>
<b>Particulars of Distributions</b>	
RWT on Interest	0
	<u>\$ 0</u>
<b>Closing Balance</b>	<u><u>\$ 1</u></u>

*NB: There are insufficient funds available to meet the ongoing costs of the liquidation. The Liquidators have continued to accrue their unpaid fees, which will be paid if funds are recovered from the MtGox bankruptcy.*

*At the time of this report, the Liquidators' accrued fees and expenses total \$87,861, including legal fees of \$30,000. This balance is exclusive of GST.*