



McDonald
Vague

business recovery partners

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

**Liquidators' Thirteenth Report
(for the period from 10 July 2018
to 9 January 2019)**

McDonald Vague Limited

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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 thirteenth 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 undergone civil rehabilitation proceedings and a civil rehabilitation trustee has been appointed. The trustee has advised that it expects to make a distribution to MtGox creditors in 2019.

Following a distribution the LP liquidators note that they will be seeking legal advice on various matters. Their full report to 1 November 2018 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. There have been 204 unsecured creditor claims filed in the Limited Partnership.

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.

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 *9th* day of January 2019

Realisations and Distributions

Bitcoinica Consultancy Limited (In Liquidation) 10 January 2013 to 9 January 2019

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

Note: the above figures are GST exclusive

LIMITED PARTNERSHIPS ACT 2008

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

Reporting Period: 2 May 2018 – 1 November 2018

***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 any losses resulting from 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 ('**MtGox**') was put into bankruptcy in Japan and Bitcoinica's claims in the MtGox bankruptcy were subsequently accepted by the bankruptcy trustee. The bankruptcy trustee valued the claims at JPY 3,289,835,190 (or USD 31,742,910) as at 24 April 2014.

The value of BTC held by the bankruptcy trustee has increased significantly since 2014, therefore it was expected that creditor claims in the bankruptcy would be paid in full, and a surplus could be available to MtGox's shareholders. In November 2017 an application was filed to commence civil rehabilitation proceedings for MtGox. On 22 June 2018 the Tokyo District Court ordered the commencement of civil rehabilitation proceedings against MtGox and appointed the bankruptcy trustee as a civil rehabilitation trustee ('**CR Trustee**').

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In October 2018, the Liquidators submitted new creditor claim claims with the CR Trustee. We understand that the CR Trustee intends to make a decision in relation to acceptance of the claims in February 2019.

We understand that the CR Trustee plans to complete the civil rehabilitation process and make a distribution to MtGox creditors some time in 2019. 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). Once Bitcoinica has received a distribution from MtGox, the Liquidators will be in a position to progress the liquidation with the intention of making a distribution to its creditors.

We received further funding from creditors which allowed us to instruct Japanese lawyers to attend the MtGox civil rehabilitation creditors meeting on 26 September 2018 on our behalf. Prior to and following the meeting we have been communicating with certain MtGox creditors and their legal representatives regarding the CR application, in order to preserve Bitcoinica's rights and maximise recovery for its creditors. This dialogue is ongoing.

The Liquidators had 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. However, due to the commencement of MtGox civil rehabilitation procedure, that opinion has been put on hold. Once we have clarity on the civil rehabilitation plan we will instruct our solicitors to provide their opinion on how we are best to proceed with the liquidation. As previously stated, 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.

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 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

In August 2018 the Liquidators wrote to all creditors who had previously filed claims in the liquidation, requesting the completion of amended claim forms and the provision of further supporting information. We are in the process of reviewing the information received, with a view to admitting or rejecting creditor claims in due course. Due to the nature of the supporting information received, we may need to seek directions from the High Court of New Zealand prior to accepting or rejecting claims.

We are unable to progress a distribution to creditors 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 May 2018 to 1 November 2018 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. 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**

3/12/18

DATED



BITCOINICA LIMITED PARTNERSHIP
(IN LIQUIDATION)

STATEMENT OF REALISATIONS AND DISTRIBUTIONS
FOR THE PERIOD 2 MAY 2018 to 1 NOVEMBER 2018
Pursuant to Section 255 of the Companies Act 1993
(In accordance with Section 92 of the Limited Partnerships Act 2008)

	\$
Opening Balance	<u>\$ 916</u>
Particulars of Realisations	
Advance from Funding Creditors	4,000
	<u>\$ 4,000</u>
Particulars of Distributions	
Notarial Services	125
	<u>\$ 125</u>
Closing Balance	<u>\$ 4,791</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.

As at 1 November 2018, the Liquidators' accrued fees and expenses total \$233,221 including legal fees of approximately \$75,000. This balance is exclusive of GST.