



McDonald
Vague

business recovery partners

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

**Liquidators' Nineteenth Report
(for the period from 10 July 2021
to 9 January 2022)**

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 nineteenth 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. There have been delays in the rehabilitation trustee making a distribution to creditors due to ongoing litigation. A Draft Rehabilitation Plan has been approved by a large majority of rehabilitation creditors and subsequently received a confirmation order from the Tokyo District Court. While the Rehabilitation Plan is in effect there remain further decisions by MtGox Creditors before any distribution can be made. At this time, it is unknown when a distribution will be made, the form of that distribution or how much bitcoin or currency will be available for creditors.

Following a distribution, the LP liquidators note that they will be seeking directions from the High Court in New Zealand on various matters. Their full report to 1 November 2021 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 213 unsecured creditor claims filed in the Limited Partnership.

6 FUNDS / LIKELY OUTCOME

It is not possible at this stage to advise the likely outcome, as it is possible that litigation may still be required to gain access to the funds and bitcoins held by the bankrupt trading platform. Bitcoin security continues to be an issue, and prices continue to be volatile.

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.

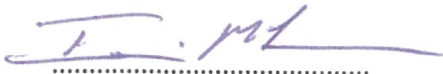
9 CONTACT DETAILS

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, 33 Federal Street
Auckland 1010

P O Box 6092
Victoria Street West
Auckland 1142



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IAIN MCLENNAN
LIQUIDATOR

DATED this 17th day of February 2022

Realisations and Distributions

Bitcoinica Consultancy Limited (In Liquidation) 10 January 2013 to 9 January 2022

	Cash Received \$
Realisations	
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' NINETEENTH REPORT TO CREDITORS
OF
BITCOINICA LIMITED PARTNERSHIP (IN LIQUIDATION)
Limited Partnership Number: 2558460**

Reporting Period: 2 May 2021 – 1 November 2021

***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 and Stephen Mark Lawrence 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 (the **LP Act**).

On 22 May 2017 Anthony McCullagh resigned from the office of liquidator of Bitcoinica. Christopher Carey McCullagh, Chartered Accountant 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 (the **Act**).

This report refers to Christopher Carey McCullagh (IP39) and Stephen Mark Lawrence (IP67), both Licensed Insolvency Practitioners, as the **Liquidators**.

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) of the Act (and by virtue of section 92 of the LP Act). Any such application filed must be served on the Liquidators.

2. RESTRICTIONS

This report has been prepared pursuant to section 255 of the Act, in accordance with section 92 of the LP Act, based on information contained in the records and information supplied to us by Bitcoinica's limited partners, advisors, creditors, claimants 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 were held in accounts on the MtGox exchange. On 24 April 2014, MTGOX Co, Ltd (**MtGox**) was put into bankruptcy in Japan and then on 22 June 2018 the Tokyo District Court ordered the commencement of civil rehabilitation (**CR**) proceedings against MtGox. The former bankruptcy trustee, Nobuaki Kobayashi, Attorney-at-law, was appointed as the civil rehabilitation trustee (**MtGox Trustee**) for the purpose.

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PKF Corporate Recovery & Insolvency (Auckland) Limited is a member firm of the PKF International Limited and PKF New Zealand Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

On 15 March 2019, the MtGox Trustee approved Bitcoinica's claims and valued them for voting purposes at JPY 54,784,003,387.

Bitcoinica's total approved claims in the CR are as follows:

Claim Type	Amount of Claims	Delay Damages	Total
BTC	64,672.98010549	-	64,672.98010549
BCH	64,672.98010549	-	64,672.98010549
USD	134,809.01	34,924.76	169,733.77
EUR	45.82	11.87	57.69
GBP	5.15	1.33	6.48
PLN	17.64	4.56	22.20

The MtGox Trustee has experiencing delays in the CR process, due to ongoing litigation by claimants against MtGox. This has prevented the MtGox Trustee from making a distribution to claimants in the MtGox CR (including Bitcoinica).

On 15 February 2021 the MtGox Trustee filed a revised draft rehabilitation plan (**Draft Rehabilitation Plan**) in the Tokyo District Court, and on 22 February 2021 the Court made an order to refer it to a resolution. Rehabilitation creditors were asked to vote on whether they agreed or disagreed with the Draft Rehabilitation Plan. The Court set the deadline for voting for 8 October 2021 and ordered that a meeting of MtGox creditors be held on 20 October 2021 for resolution on the Draft Rehabilitation Plan.

As previously reported, the Liquidators and their legal representatives had reviewed and considered the Draft Rehabilitation Plan (along with previous versions). The Liquidators also sought the views of Bitcoinica claimants as to how they should vote in relation to the Draft Rehabilitation Plan. As a result, the Liquidators voted in favour of the Draft Rehabilitation Plan prior to the expiry of the voting deadline.

On 20 October 2021 the Draft Rehabilitation Plan was approved by a large majority of rehabilitation creditors and on the same date, the Tokyo District Court made a confirmation order of the Rehabilitation Plan. Further, on 16 November 2021, the Rehabilitation Plan became final and binding. Further information on the status of the MtGox Civil Rehabilitation is available on the MtGox website (www.mtgox.com).

Whilst the Rehabilitation Plan for MtGox is now in effect, there are further decisions to be made by MtGox creditors before any distribution of MtGox claims occurs. For confidentiality reasons, as requested by the MtGox Trustee, the Liquidators are unable to report on these decisions. MtGox creditors are now awaiting further information from the MtGox Trustee, in order to make informed decisions when the time comes. The MtGox Trustee has not yet given a time frame for when this information will be provided, nor a deadline for the decisions. Furthermore, it remains unclear when a distribution will be made to MtGox creditors and in what form the distribution will be made (i.e. fiat currency and/or BTC).

As previously reported, the Liquidators intend to seek directions from the High Court of New Zealand, primarily in relation to the nature and valuation of claims in the liquidation and the proposed method of realisation and/or 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 platform users.

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 platform users.

6. UNSECURED CREDITORS

The Liquidators have received one further claim since the last report. The total is now 214 claims from platform users, broken down as follows:

Bitcoins	- BTC107,193.02
Cash	- US\$309,632.64

While the Liquidators have been giving these claims careful consideration based on the information provided, the claims have not yet been accepted or rejected by the Liquidators.

The Liquidators have also received claims in respect of leveraged trading position. Claimants have been advised that the Liquidators cannot accept claims in respect of open positions, as they do not represent completed contracts giving rise to enforceable rights.

Any distribution by the Liquidators is contingent on the receipt of cash or cryptocurrency assets from its claims against MtGox. At this stage, while the Rehabilitation Plan has been confirmed and binding, the Liquidators still do not know when a distribution will be made by the MtGox Trustee, and it is not clear how much Bitcoinica will receive, and in what form the distribution will be made (i.e. fiat currency and/or cryptocurrency).

7. PROPOSALS FOR COMPLETING THE LIQUIDATION

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

Whilst the Rehabilitation Plan for MtGox is now confirmed and binding, the Liquidators are awaiting further information before making further decisions that are foreshadowed in the Rehabilitation Plan. The Liquidators are unable to progress a distribution to Bitcoinica's approved claimants until the Liquidators have received either cash or BTC from its claims against MtGox.

As noted above, the Liquidators intend to seek directions from the High Court of New Zealand, primarily in relation to the nature and valuation of claims in the liquidation and the proposed method of realisation and/or distribution of Bitcoinica's assets.

The Liquidators cannot contemplate the completion of the liquidation until these matters have been finalised.

8. STATEMENT OF RECEIPTS AND PAYMENTS

A Statement of the Liquidators' Receipts and Payments for the period 2 May 2021 – 1 November 2021 is **attached**.

9. ESTIMATED DATE OF COMPLETION

Due to the issues regarding the recovery of Bitcoinica's assets from MtGox, 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 platform users. As we have previously advised, we will report to claimants once any significant progress has been made in the liquidation.

DATED: 29 November 2021**SIGNED**

**CHRISTOPHER C McCULLAGH
JOINT & SEVERAL LIQUIDATOR**

**BITCOINICA LIMITED PARTNERSHIP
(IN LIQUIDATION)**

**STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE PERIOD 2 MAY 2021 - 1 NOVEMBER 2021
Pursuant to Section 255 of the Companies Act 1993
(In accordance with Section 92 of the Limited Partnerships Act 2008)**

		\$
Opening Balance		287
Particulars of Realisations		-
Particulars of Distributions		-
Closing Balance		287

NB: There are insufficient funds available to meet the full ongoing costs of the liquidation. Accordingly, the Liquidators have continued to accrue their fees and legal expenses. Some external funding has been received for payment of Liquidators' fees and legal expenses, which will need to be repaid along with the Liquidators' unpaid costs. As at 1 November 2021, the Liquidators' fees and expenses (unpaid and funded) total approximately \$766,000, including legal fees of approximately \$320,000. The costs will be paid, and funding repaid, if sufficient funds are recovered from the realisation of Bitcoinica's assets and legal claims. All amounts are exclusive of GST.

