



McDonald  
Vague

business recovery partners

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

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

**McDonald Vague Limited**

33 Federal Street,  
Auckland Central

PO Box 6092, Wellesley Street,  
Auckland 1141, New Zealand

**p:** 09 303 0506

**f:** 09 303 0508

**e:** [insol@mvp.co.nz](mailto:insol@mvp.co.nz)

[www.mvp.co.nz](http://www.mvp.co.nz)

## 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 eighteenth 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 put before the creditors to be voted on by 8 October 2021. 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 May 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

Despite a pull back in the early part of 2021, 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, 33 Federal Street  
Auckland 1010

P O Box 6092  
Victoria Street West  
Auckland 1142



IAIN MCLENNAN  
LIQUIDATOR

DATED this *15<sup>th</sup>* day of July 2021

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# Realisations and Distributions

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## Bitcoinica Consultancy Limited (In Liquidation) 10 January 2013 to 9 July 2021

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

**Reporting Period: 2 November 2020 – 1 May 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) 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 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 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.

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
<b>BTC</b>	64,672.98010549	-	64,672.98010549
<b>BCH</b>	64,672.98010549	-	64,672.98010549
<b>USD</b>	134,809.01	34,924.76	169,733.77
<b>EUR</b>	45.82	11.87	57.69
<b>GBP</b>	5.15	1.33	6.48
<b>PLN</b>	17.64	4.56	22.20

The MtGox Trustee is 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 24 March 2020 the MtGox Trustee released an "Outline of the Draft Rehabilitation Plan" for consideration by claimants, which the Liquidators reviewed and considered along with their legal representatives. On 15 December 2020 the MtGox Trustee announced that a draft rehabilitation plan was filed for approval with the Tokyo District Court.

On 12 January 2021 the MtGox Trustee released an "Outline of the Draft Rehabilitation Plan (January 2021 version)". The Liquidators reviewed the document and established that it differed significantly from the March 2020 version. On 24 February 2021 the MtGox Trustee further released an "Outline of the Draft Rehabilitation Plan (February 2021 version)" which the Liquidators have again reviewed and considered along with their legal representatives. These documents were provided to CR creditors on a confidential basis. Therefore, the Liquidators are unable to disclose or comment on the content of the Draft Rehabilitation Plan.

On 25 February 2021 the MtGox Trustee announced that the Draft Rehabilitation Plan had been filed in the Tokyo District Court, and on 22 February 2021 the Court made an order to refer it to a resolution. Rehabilitation creditors will be asked to vote on whether they agree or disagree 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.

The Draft Rehabilitation Plan for MtGox has not yet been voted upon or accepted, and so at present, it remains unclear what assets will be available for distribution to MtGox claimants, when a distribution will be made 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.

During the reporting period the Liquidators have corresponded with their Japanese lawyers, who continue to represent the Liquidators at the 6-monthly creditor meetings in Tokyo for the MtGox administration. The Liquidators have also corresponded with the MtGox Trustee in relation to its claims in preparation for any proposed future distribution. It should be noted that the Liquidators' investigations and progress have been affected by COVID-19 related restrictions in New Zealand and other countries.

#### **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 further claims since our last report. The total is now 213 claims from platform users, broken down as follows:

Bitcoins	-	BTC107,138.02
Cash	-	US\$309,632.64

These claims have not yet been accepted or rejected by the Liquidators. However, it should be noted that the Liquidators have identified that some of the claims incorrectly included both claims for BTC and also for the USD value of the same BTC claimed. In addition, some claims for leveraged trading positions had been incorrectly recorded as USD or BTC claims. This produced an incorrect total of USD and BTC claims in our previous reports, which have now been corrected.

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 bitcoin assets from its claims against MtGox. 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**

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.

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.

Once the rehabilitation plan for MtGox has been voted upon, the Liquidators will be in a better position to consider proposals for completion of the liquidation. In the meantime, the Liquidators are continuing to assess the content of the draft plan that has been submitted to Court.

#### **8. STATEMENT OF RECEIPTS AND PAYMENTS**

A Statement of the Liquidators' Receipts and Payments for the period 2 November 2020 – 1 May 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](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 platform users. As we have previously advised, we will report to creditors once any significant progress has been made in the liquidation.

**DATED: 2 June 2021**

**SIGNED**



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**CHRISTOPHER C McCULLAGH  
JOINT & SEVERAL LIQUIDATOR**



**BITCOINICA LIMITED PARTNERSHIP  
(IN LIQUIDATION)**

**STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE PERIOD 2 NOVEMBER 2020 - 1 MAY 2021  
Pursuant to Section 255 of the Companies Act 1993  
(In accordance with Section 92 of the Limited Partnerships Act 2008)**

		\$	
<b>Opening Balance</b>		\$	<b>287</b>
<b>Particulars of Realisations</b>			
		\$	-
<b>Particulars of Distributions</b>			
		\$	-
<b>Closing Balance</b>		\$	<b>287</b>

*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 the Liquidators fees and legal expenses, which will need to be repaid along with the Liquidators unpaid costs. As at 1 May 2021, the Liquidators' fees and expenses (unpaid and funded) total \$654,730.76, including legal fees of approximately \$275,000. 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.*