



McDonald
Vague

business recovery partners

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

McDonald Vague Limited

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Auckland Central

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**Liquidators' Sixteenth Report
(for the period from 10 January 2020
to 9 July 2020)**

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 sixteenth 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. At this time, it is unknown when a distribution will be made or the amount 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 2020 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, 33 Federal Street
Auckland 1010

P O Box 6092
Victoria Street West
Auckland 1142



IAIN McLENNAN
LIQUIDATOR

DATED this ¹²13 day of July 2020

Realisations and Distributions

Bitcoinica Consultancy Limited (In Liquidation) 10 January 2013 to 9 July 2020

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

Reporting Period: 2 November 2019 – 1 May 2020

***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 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:

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Level 15 • Swanson House • 12-26 Swanson Street • Auckland 1010 • PO Box 3678 • Auckland 1140

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 is experiencing delays in the CR process, due to ongoing litigation by claimants against MtGox. This is preventing the MtGox Trustee from making a distribution to the creditors of MtGox (including Bitcoinica). On 30 March 2020 the MtGox Trustee announced:

“The Rehabilitation Trustee is currently formulating the rehabilitation plan, but as there are matters that require closer examination with regard to the rehabilitation plan, it has become necessary to extend the submission deadline for the rehabilitation plan.

In light of the foregoing, the Rehabilitation Trustee filed a motion to seek an extension of the submission deadline of the rehabilitation plan at the Tokyo District Court, and, on March 27, 2020, the Tokyo District Court issued an order to extend the submission deadline for the rehabilitation plan to July 1, 2020.”

It is unknown at this stage what assets will be available for distribution to MtGox creditors, 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 valuation of creditor claims and the proposed method of distribution of Bitcoinica’s assets. During the reporting period the Liquidators and their lawyers have undertaken further investigation and analysis of Bitcoinica’s affairs, in preparation for the anticipated legal processes. Accordingly, the Liquidators are considering their obligations and options in respect of the recovery of the assets of Bitcoinica and have incurred costs in doing so.

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 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 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 MtGox. 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 RECEIPTS AND PAYMENTS

A Statement of the Liquidators' Receipts and Payments for the period 2 November 2019 – 1 May 2020 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's customers. As we have previously advised, we will report to creditors once any significant progress has been made in the liquidation.

DATED: 30 June 2020

SIGNED



**CHRISTOPHER C McCULLAGH
JOINT & SEVERAL LIQUIDATOR**

**BITCOINICA LIMITED PARTNERSHIP
(IN LIQUIDATION)**

**STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE PERIOD 2 NOVEMBER 2019 – 1 MAY 2020
Pursuant to Section 255 of the Companies Act 1993
(In accordance with Section 92 of the Limited Partnerships Act 2008)**

	\$
Opening Balance	\$ 4,102
Particulars of Realisations	
Interest Received	6
Refund of Previous Fees and Disbursements	3,687
	\$ 3,693
 Particulars of Distributions	
Legal Fees (Japan)	7,506
RWT on Interest Received	2
	\$ 7,508
 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. During the reporting period the Liquidators credited a fee invoice previously paid from funds made available by creditor advances in 2014, in order to meet Japanese legal fees. 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 May 2020, the Liquidators' fees and expenses (unpaid and funded) total \$505,726.90, including legal fees of approximately \$210,000. 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.