

# MtGox seeks court protection after \$500m Bitcoin loss

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The troubled MtGox bitcoin exchange filed for bankruptcy protection in Japan Friday after claims of a multi-million dollar theft from its digital vaults, media reports said

The troubled MtGox Bitcoin exchange filed for bankruptcy protection in Japan Friday, saying it had lost nearly half a billion dollars worth of the digital currency in a possible theft.

Mark Karpeles, who has not been seen in public for several days, re-

emerged to tell a press conference that his firm's digital vaults had been almost completely emptied.

"We have lost Bitcoins due to weaknesses in the system," the France-born Karpeles said in Japanese.

"We are really sorry for causing trouble to all the people concerned," he said, before bowing deeply.

The company's lawyer said 750,000 Bitcoins belonging to customers had gone, along with MtGox's own store of the currency, which she said was around 100,000 units.

That number of Bitcoins would be worth around \$477 million dollars, calculated against the price on the Coindesk exchange at 1030 GMT.

The global Bitcoin community was shaken this week by the shuttering of MtGox, which had frozen withdrawals earlier this month because of what the firm said was a bug in the software underpinning Bitcoin that allowed hackers to pilfer them.

Supporters rallied round, insisting that the Bitcoin itself is sound and the problems lay with MtGox, which they said was badly-managed and unable to cope with the burgeoning popularity of the young currency.

Kolin Burges, an investor who has kept vigil outside the Tokyo offices of MtGox for several weeks, said on Twitter that he would be packing up.



A man walks out of a shop displaying a bitcoin sign during the opening ceremony of the first bitcoin retail shop in Hong Kong on February 28, 2014

"Karpeles in Tokyo says MtGox is bankrupt. 750,000 customer bitcoins stolen & 120,000 company bitcoins stolen. None left ' he tweeted.

He later added: "Packed up for the last time and did leaving interview with Asahi TV. It's been a wild ride!"

The admission that such a huge amount of the crypto-currency has disappeared could add to calls for regulation of an industry that has taken regulators and bankers by surprise.

## **'No authority'**

Japan's finance minister said earlier Friday he had always thought

Bitcoin was suspect and said the country might take action following the MtGox debacle.

Taro Aso's comments came as Vietnam said it was banning banks from using the unit and after chief US central banker Janet Yellen said the Federal Reserve had no powers to control it.

Aso, who also serves as deputy prime minister, said he had foreseen difficulties for the crypto-currency, which is generated by complex chains of interaction among a huge network of computers around the planet.

"I was thinking that this sort of thing won't last long," said Aso, 73. "I was thinking it would collapse sometime."

"Japan is overwhelmingly advanced in this field. In this sense, I was thinking since before that we might face a situation where Japan has to act, but I'd say it came earlier than I thought."

His comments come after Yellen told a Senate hearing that banks under the Fed's regulatory purview were not involved with Bitcoin, and so it had no powers in the matter.

"This is a payment innovation that is taking place entirely outside of the banking industry," she said.

"The Fed doesn't have authority with respect to Bitcoin."

Yellen pointed to other US regulators, including the Treasury, watching the Bitcoin sector for potential money laundering and other criminal uses of the [digital currency](#).

However, she stressed, "it's not so easy to regulate Bitcoin" because it is

used outside the banking system, and has no centralised authority behind, as do regular fiat currencies.

Vietnam banned its banks from handling Bitcoin, with the State Bank of Vietnam cautioning: "The ownership, trading and use of Bitcoin and other virtual money as an asset carries potential risks for users."

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