

Failed MtGox exchange finds 200,000 Bitcoins in old wallet (Update)

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In this Wednesday, Feb. 26, 2014 file photo, Bitcoin trader Kolin Burges stands in protest outside an office building housing Mt. Gox in Tokyo. Bankrupt bitcoin exchange Mt. Gox said it found 200,000 bitcoins, which were previously thought stolen, in disused electronic wallets. Another 650,000 bitcoins still remain unaccounted for. (AP Photo/Shizuo Kambayashi, File)

Failed Bitcoin exchange MtGox says it has found 200,000 coins worth \$116 million in an old "digital wallet", after it collapsed in February admitting it had lost half a billion dollars in a possible theft.

The Tokyo-based digital currency exchange filed for bankruptcy protection in Japan last month, saying it had lost 850,000 coins worth nearly \$500 million at present prices.

But 200,000 Bitcoins were left in a "wallet" used before June 2011, the company said in a statement on its website Thursday.

Bitcoin wallets are used for online transactions between currency holders.

The new find would be worth \$116 million, according to the CoinDesk Bitcoin price index. The discovery has been reported to the court overseeing the case, the statement said.

MtGox, which at one time reportedly processed 80 percent of global Bitcoin transactions, said that the 200,000 Bitcoins—discovered on March 7—had been moved to an offline wallet.

"Taking into account the existence of the 200,000 BTC, the total number of Bitcoins which have disappeared is therefore estimated to be approximately 650,000 BTC," the statement said.

The company filed for protection under US bankruptcy law earlier this month, 10 days after doing the same in Japan after a huge loss of the digital currency.

MtGox'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.

Japanese officials have said they are closely monitoring MtGox's bankruptcy proceedings, as they try to get a handle on how and why the exchange imploded.

"The reasons for their disappearance and the exact number of Bitcoins which disappeared is still under investigation," MtGox said.

Hacker attack

The global virtual currency community was shaken by the shuttering of MtGox, which froze withdrawals in early February because of what the firm said was a bug in the software underpinning Bitcoin that allowed hackers to pilfer them.

According to Japan's Yomiuri Shimbun newspaper, MtGox suffered a massive assault by hackers, coming under some 150,000 distributed denial-of-service (DDoS) attacks per second for several days ahead of its spectacular failure.

Under DDoS attacks, hackers hijack multiple computers to send a flood of data to the target, crippling its computer system.

Unlike traditional currencies backed by central banks, Bitcoin is generated by complex chains of interactions among a huge network of computers around the planet.

After trading for cents per Bitcoin for the first two years of its existence, it began a frenzied climb in 2011 that took it to \$40 a coin in late 2012 and \$1,100 last year, before falling off to the current \$580 level.

Its relative anonymity and lack of regulation has been attacked by critics who fear it could be used to finance organised crime or terrorism.

Earlier this month, the Japanese government said Bitcoin was not a currency but transactions involving it should be "subject to taxation".

Tokyo also said that banks could not broker Bitcoin transactions or open

accounts holding the virtual unit.

But as regulators around the world grapple with how to handle Bitcoin, Japan did not specify if Tokyo would immediately begin cracking down on it, or how it would do so, given the unit's opaque nature.

"While comprehending the actual situations, we will consider taking measures if necessary," the cabinet of Prime Minister Shinzo Abe said in a statement on Tuesday.

US Federal Reserve head Janet Yellen has said the Fed had no powers over a currency that only exists virtually with no central authority behind it. Several countries, including Russia and China, have heavily restricted how Bitcoin can be used.

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