

Mt Gox CEO facing trial in Japan as bitcoin gains traction

July 10 2017, by Elaine Kurtenbach



In this Feb. 26, 2014 file photo, Bitcoin trader Kolin Burges stands in protest outside an office building housing Mt. Gox in Tokyo. The head of the failed Japan-based bitcoin exchange Mt. Gox is due to appear in Tokyo District Court on Tuesday, July 11, 2017, to face embezzlement charges. Authorities suspect France-born Mark Karpeles of accessing the exchange's computer system in February 2013 and inflating his cash account by \$1 million. He was arrested in August 2015 and released on bail months later. (AP Photo/Shizuo Kambayashi, File)

The head of the failed Japan-based bitcoin exchange Mt. Gox is due to appear in Tokyo District Court on Tuesday to face embezzlement charges.

Authorities suspect France-born Mark Karpeles of accessing the exchange's computer system in February 2013 and inflating his cash account by \$1 million. He was arrested in August 2015 and released on bail months later.

In October last year he resumed postings on his Tumblr account, and has occasionally answered questions online about the handling of the Mt. Gox bankruptcy.

Karpeles has denied wrongdoing. If found guilty, he could face up to five years in prison, or a fine of up to 500,000 yen (\$4,000).

When Mt. Gox went offline in 2014, Karpeles said tens of thousands of bitcoins worth several hundred million dollars were unaccounted for.

People affected by Mt. Gox's failure are still trying to obtain funds they lost. Based on social media discussions, many are still hoping to find out details of why it collapsed during the trial.

Mt. Gox's failure stunned the world bitcoin community. Critics said the debacle highlighted the risks of bitcoin transactions, while bitcoin proponents contend Mt. Gox is just an exception.



In this Feb. 28, 2014 file photo, Mt. Gox CEO Mark Karpeles speaks at a press conference at the Justice Ministry in Tokyo. The head of the failed Japan-based bitcoin exchange Mt. Gox is due to appear in Tokyo District Court on Tuesday, July 11, 2017, to face embezzlement charges. (AP Photo/Kyodo News, File)

At the time of Karpeles' arrest Japanese authorities said they were baffled by the Mt. Gox case because they had never dealt with possible crimes involving bitcoins, which are not issued by central banks.

Even though Mt. Gox was one of the biggest digital currency exchanges, experts also said it might be difficult to take action because of the absence of laws over [virtual currencies](#).

In the nearly two years since then, Japan has enacted new laws to regulate bitcoins and other cryptocurrencies, whose use has been rapidly expanding.

One of the country's biggest electronics retailers, Bic Camera, has begun allowing [bitcoin](#) payments at three of its outlets in Tokyo.

The government also has spelled out regulations to help prevent misuse of bitcoins and other virtual currencies for terrorism or other illegal activities, including requiring banks and other businesses to verify identities, keep records and report suspicious transactions.

The regulations implemented in April require virtual [currency](#) traders to keep customers' assets separate from their own, partly because of the losses suffered in the Mt. Gox bankruptcy.

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