

# Karpeles: Bitcoin baron brought down with a bump

March 13 2019

---



Mark Karpeles, former CEO of collapsed Bitcoin exchange MtGox, will discover his fate on Friday

Once described as a geek who stuffed himself with snacks in front of his computer, Mark Karpeles rose to head a firm that once claimed to

handle 80 percent of the world's bitcoin transactions.

But his lavish Tokyo lifestyle came to an abrupt end when prosecutors charged him with creaming off millions of dollars of customer deposits from his cryptocurrency exchange MtGox.

In many ways, the trajectory of the Frenchman, now 33, mirrors the volatile rise and fall of the bitcoin currency itself.

According to his mother, he had few friends at school, as he was "unable to find a buddy who could talk like he could about IT and quantum physics".

The "only thing that interested" her "talented" son was computer science, according to his mother, speaking in a 2017 documentary.

Karpeles, whose real first name is Robert, himself admitted to French television that he would spend entire days in front of the computer screen without the slightest bit of physical activity.

Entering the professional world, he quickly found himself at odds with his French company Linux Cyberjoueurs, which found irregularities in its data and pointed the finger at Karpeles.

The firm brought the case to the authorities and in 2010, he received a year's suspended sentence in absentia in France for "fraudulent access of an automated data processing system" and "fraudulent altering of data".

But by this time, Karpeles was in Japan, which he had visited several years previously and found the people and culture to his liking.

Once in Japan, he founded his own company, called Tibanne—after his cat.

## 'Magic'

But his life really changed the day a customer asked if he could pay in bitcoin—a new [virtual currency](#) that was just taking its own baby steps.



Mark Karpeles lost a lot of weight after his stint in prison

The virtual currency appealed to the computer whiz and he began to delve into the technical and IT aspects of the new trend.

By 2011, he had bought his own cryptocurrency exchange MtGox, which stands for "Magic: The Gathering Online eXchange"—referring to a "magic" card-swapping platform beloved by Japanese "otaku" or "geeks".

This grew rapidly until, at the height of its powers, it claimed to control 80 percent of all global bitcoin transactions.

"He was excited by the money that could be generated on this exchange market," one of his associates told a television documentary under the cover of anonymity.

And Karpeles enjoyed the trappings—reportedly lodging in an \$11,000-per-month luxury pad with a king-sized bed worth tens of thousands of dollars.

He married a Japanese woman and became a father but everything came crashing down in 2014, when MtGox suffered what Karpeles said was a "massive" hack attack and lost around 850,000 bitcoins, worth just under half a billion dollars at that time.

MtGox collapsed and filed for bankruptcy protection. Prosecutors are not pursuing Karpeles for that but for allegedly falsifying data and pilfering around \$3 million from customers' accounts.

He had tried to take the traditional path of bowing deeply and apologising profusely—in Japanese—for the losses.

But this earned him only mockery online and did not deter the authorities.

He was arrested in August 2015 and spent a year in Japanese detention after being re-arrested several times, as is possible under the legal system in Japan.

When he was finally released on bail, he had lost a huge amount of weight and at his first high-profile hearing offered up a clean-cut image.

Since then, Karpeles has been active on social media but has largely avoided commenting on his case in detail as he awaits the court's verdict, which is expected on Friday.

© 2019 AFP

Citation: Karpeles: Bitcoin baron brought down with a bump (2019, March 13) retrieved 23 June 2024 from <https://phys.org/news/2019-03-karpeles-bitcoin-baron-brought.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.