Beat: Business

Mt. Gox files bankruptcy in Japan

Lost 850,000 bitcoins

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USPA NEWS - Mt. Gox has finally gotten around to filing the Japanese equivalent of bankruptcy protection. The closure at Mt. Gox is now being blamed on a year long hacking that took 850,000 bitcoins from accounts at Mt. Gox with an estimated value of $500 million.

The bankruptcy protection listed $65 million in debts and about $37 million as assets.
Mt. Gox's problems seemed to have started much earlier than the hacking when the exchange started to slow down payments for withdrawal requests.
Confidence in the virtual currency has taken a toll as bitcoin value dropped around 50% from a $1,000 high last year. Bitcoins will still remain in circulation at other coin exchanges and lessons learned from Mt. Gox will be applied.

It is not possible to bring the bitcoins ecosystem down as there is no central authority and all exchanges are independent. Bitcoin trading will recover and exchanges will once again prosper with activity.

A Mt. Gox investor has filed a lawsuit in U.S. District Court in Chicago charging the exchange with failure to provide its users with the level of security they paid for. Most users agree that the problem is not with the bitcoins themselves, but with the exchange in the manner they provided oversight of the bitcoins entrusted to them for safekeeping.

Only time will tell if the bitcoin market will make a huge comeback. One thing is certain, where did all of those coins go. They represent about 7% of the total coins that are now missing. Actually not missing, just placed into a wallet somewhere. After all the coins all have some type of transaction ID associated with each transfer, so tracking will just be a tedious trail of where each went after leaving Mt. Gox.

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