

**OC BITCOIN NETWORK:
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[Brian McGleenon](#)

Yahoo Finance

30 September 2021

How a bitcoin court case in Japan may create crypto millionaires

A bankruptcy case in Japan will conclude next month where \$6bn (£4bn) worth of bitcoin (BTC) could be distributed to thousands of recipients across the globe. The resolution of the Mt. Gox bitcoin exchange insolvency case could create a multitude of new bitcoin millionaires. This is because many of the 36,800 Mt. Gox creditors, who have been waiting almost a decade for reimbursement, have pay-out claims in the hundreds or the thousands of bitcoin.

Mt. Gox is based in Japan and was once the world's largest bitcoin exchange handling 70% of global transactions. The company filed for bankruptcy after a series of hacks in 2014 that saw 850,000 bitcoin disappear – nearly 2% of the total amount of bitcoin that will ever exist. However, 200,000 BTC have since been recovered and will be returned to the creditors at either 2014 fiat currency prices or as bitcoin, depending on whether a civil rehabilitation plan is passed.

Since bitcoin has soared in value by more than 100 times since the 2014 bankruptcy, the creditors favour payouts in BTC. So, the exchange's creditors are hoping that a majority of yes votes, agreeing with this civil rehabilitation plan, are filed at the Japanese court by the online deadline of 8 October, and the in-person deadline of 20 October.

The magnitude of a possible \$6bn bitcoin payout has led crypto-analysts to warn of a possible market shock where recipients dump their newly acquired bitcoin en masse after taking back ownership of their coins.

“With thousands of bitcoin and bitcoin cash billed to enter into the market through Mt. Gox, there remain fears that the overall impact on price will be brutal when the exchange’s holders liquidate their positions,” Konstantin Anissimov, executive director at [CEX.IO](https://www.cex.io/), told Yahoo Finance.

His views are echoed by bitcoin pioneer Max Keiser. “The possibility of a Mt. Gox related bitcoin dump is weighing on the price right now.”

After 20 October there will be an announcement from Nobuaki Kobayashi, the trustee to the Mt. Gox bankruptcy, on a timeline for paying creditors if the civil rehabilitation plan is accepted. However, if the Japanese court’s plan is not passed, then chief executive of Mt. Gox Mark Karpeles and the company’s shareholders will suddenly become extremely wealthy individuals. The alternative to the civil rehabilitation plan is to settle each creditor’s claim using the price of bitcoin at the time of bankruptcy in 2014 – \$450 per coin.

This will see Karpeles, and the other main shareholder Jed McCaleb, a crypto pioneer who developed the Ripple protocol, receive the remaining surplus bitcoin after creditors have been paid off at these low 2014 prices. This surplus has been estimated to amount to \$5.1bn in bitcoin using today’s spot price figures.

Speaking to Yahoo! Finance, Karpeles illustrated what would happen if the civil rehabilitation plan fails, stating that “the process will return to the 2014 bankruptcy which means that excess funds will be paid to shareholders, which includes the bankrupt entity Tibanne (88%) and Jed McCaleb (12%)”.

The excess \$5.1bn in bitcoin would then be shared between Tibanne, the company that owns Mt. Gox headed by Karpeles and McCaleb.

However, Karpeles has a solution for creditors if this is the eventuality. He said that he could “file for Mt. Gox to not be in bankruptcy anymore and perform distribution to creditors directly from Mt. Gox” or “revive Mt. Gox not as an exchange, but something else that could benefit creditors”.

Many Mt. Gox creditors are confident that there will be a majority of yes votes. This view is echoed by Karpeles. “I do not expect the civil rehabilitation to fail,” he said. The vote is the conclusion of nearly a decade of legal wrangling in Japan over reimbursement of the recovered Mt. Gox bitcoin assets. In that time, many creditors may have changed email addresses and remain unaware of the need to vote to become reimbursed in bitcoin.

A minimum threshold of 50% of votes is required in order for the proposal to pass. The coordinator of a creditor group called [Mt. Gox Legal](#) has implored all creditors to cast their vote before the 8 October deadline. He said: “The chance to finally recover something from the Mt. Gox debacle is now, and the way is to approve the civil rehabilitation plan in the ongoing vote.”

One Mt. Gox creditor described how “it would be devastating to the 30,000 plus creditors and an indictment of the Japanese civil rehabilitation process if it does not pass, as the amount of money could be life-changing”.

He added: “A majority of the funds would go to the Mt. Gox estate, Mark Karpeles, and some of the proceeds may go to the Japanese government. Both of these options are unacceptable and hopefully will not happen.”

The Mt. Gox Legal coordinator explained how the Japanese government could seize ownership of unclaimed assets. “If the civil rehabilitation plan passes and distributions are made, any claim that remains unclaimed will be converted to Japanese yen and placed in an asset holding facility provided

by the Japanese court. Any unclaimed claims remaining in the facility after 10 years will be given to the Japanese government.”

The court verdict will not end Mt. Gox saga. There are still 650,000 bitcoin at large and the trustee’s attention could be brought to asset recovery efforts focussed on the remaining amount.

Source: <https://finance.yahoo.com/news/bitcoin-millionaires-mt-gox-case-japan-153624083-230116218.html>

[Ali Raza](#)

Inside Bitcoins

03 October 2021

El Salvador uses Volcanic Energy to mine its First Bitcoin

El Salvador has been making major moves as far as [Bitcoin](#) is concerned. The country's president, Nayib Bukele, has stated that the newly built volcanic mining facility has mined its first Bitcoin.

Bitcoin Mining with Volcanic Energy

In a [tweet](#) made by Bukele on October 2, he noted that the mining facility was newly built and had yet to achieve its full potential. However, Bukele showed much optimism regarding the commencement of the mining project as he used a heart emoji to illustrate the numbers.

The image posted by Bukele showed that the mining facility had 0.004 in pending Bitcoin payments. Furthermore, it showed that around 0.006 Bitcoin was yet to be mined; hence, in totality, the facility's first mining process would generate around \$470 worth of Bitcoin going by the current prices.

"We're still testing and installing, but this is officially the first #Bitcoin mining from the #volcanode," the post read.

Before this announcement, Bukele had posted a video of the "volcanode", a term that he has given to this new [Bitcoin mining](#) facility. The video showed how the volcano was being used to generate electricity, and alongside it was a man who was putting together different ASICs. The video's post received tons of praises from Bukele's Twitter followers.

Similarly, Bukele was also applauded for the major milestone the mining facility had achieved in mining its first Bitcoin. Among the people who congratulated him was Bitcoin's major supporter, Michael Saylor.

Environmental-Friendly Bitcoin Mining

El Salvador has been making significant contributions in aspect to Bitcoin mining. It has also been increasing its Bitcoin holdings significantly. Around two weeks ago, El Salvador purchased an additional 150 Bitcoins, bringing its total BTC holdings to 700. The Bitcoin accumulation efforts are to help the country realize its implementation of the new law that legalized Bitcoin as a means of payment.

The use of volcanic energy to mine Bitcoin is environmentally friendly, as it has no carbon cost.

Bitcoin's use of a proof-of-work consensus has triggered major debates across the crypto sector because of how energy-intensive this process is. However, Bitcoin mining is shifting towards renewable sources.

The adoption of renewable energy sources by Bitcoin mining protocols have even led to Elon Musk admitting that Bitcoin mining activities are becoming more sustainable.

Source: <https://insidebitcoins.com/news/el-salvador-uses-volcanic-energy-to-mine-its-first-bitcoin>

[MacKenzie Sigalos](#)

CNBC

29 September 2021

Bitcoin holders have a few months to take advantage of a tax loophole that could go away in 2022

The House Ways and Means Committee is trying to shut down one of the most lucrative crypto tax loopholes, a move that could cost holders of [bitcoin](#) and other virtual coins [nearly \\$17 billion](#), according to an estimate by the Joint Committee on Taxation.

The bill would apply the so-called wash sale rule to digital assets, according to a [summary report](#) by the committee, treating them like stocks. The rule forces an investor to wait 30 days between the selling of a security and the repurchasing of it, when a tax deduction is involved.

It's one of the tax hikes Democrats are considering as a way to fund President Biden's \$3.5 trillion in proposed spending to expand the U.S. social safety net. While Democrats face many hurdles to finalizing legislation and getting it passed in a deeply divided Congress, crypto experts are already looking at ways to help investors minimize their 2021 tax.

Should the proposal pass, taxpayers have until Dec. 31, to take full advantage of the existing loophole, which allows crypto investors to sell coins at a loss for tax purposes and immediately buy them back. Given the recent plunge in crypto prices — [the market is down 26%](#) from a record in May — [the timing is ripe for tax-loss harvesting](#).

Minimizing your 2021 crypto tax bill

The IRS currently classifies digital currencies like [bitcoin](#) as property, so losses on crypto holdings are treated much differently than for stocks and mutual funds.

“One thing savvy investors do is sell at a loss and buy back bitcoin at a lower price,” said Shehan Chandrasekera, head of tax strategy at crypto tax software company CoinTracker.io. “You want to look as poor as possible.”

Chandrasekera added that investors can take advantage of an unlimited amount of losses and “carry them forward into an unlimited number of tax years.”

The bigger the market for cryptocurrencies, the more this happens.

“I see people doing this every month, every week, every quarter, depending on their sophistication,” Chandrasekera said.

Accruing these losses is how investors ultimately offset their future gains and lower the capital gains tax that would apply for other assets. In other words, they reduce what they owe to the IRS.

Quickly buying back the cryptos is another key part of the equation. If timed correctly, buying the dip enables investors to catch the ride back up, assuming there’s a rebound. Digital coins are notoriously volatile, with steep drops often followed by rapid spikes.

Here’s an easy way to think about the equation. Someone who purchased one bitcoin for \$10,000 and sold it for \$50,000 would face \$40,000 of taxable capital gains if bitcoin were like stock in Apple or Tesla. But, because of the wash sale loophole, if this same person had previously harvested \$40,000 worth of losses on earlier crypto transactions, they’d be able to offset the tax they owe.

Chandrasekera said it’s an increasingly popular strategy among his company’s customers, but he cautioned that thorough bookkeeping is essential.

“Without detailed records of your transaction and cost basis, you cannot substantiate your calculations to the IRS,” Chandrasekera said.

What might change

The wash sale rule would take effect Jan. 1. But to get there, it has to be included in legislation that passes the House and the Senate.

Chandrasekera is betting the rule makes it into the final bill because it aligns with crypto being treated as a security subject to 1099-B reporting,” like other investments, he said.

But as it's written, the rule would not be applied retroactively, so crypto investors have a window available to take advantage of asset sales.

"Taxpayers can still reduce their 2021 tax bill, but they only have a few months left to do that," said Chandrasekera. "With the market down the last two weeks, it's great timing."

Source: <https://www.cnbc.com/2021/09/29/wash-sale-rules-could-apply-to-bitcoin-and-ethereum-in-spending-bill.html>

Nicolas Vega

MSN

03 October 2021

A long-lost Subaru rally car found in a barn just sold for \$360,000 worth of bitcoin

A beat-up Subaru found in a barn in Australia just sold for \$360,000 worth of bitcoin after it turned out to be a long-lost rally racing legend.

The Prodrive Subaru Impreza was initially thought to be worth \$15,000 to \$20,000 when it was discovered in the Aussie state of Victoria, but a subsequent investigation by the automobile authenticator ICAARS discovered that it was actually a World Rally Championship vehicle.

The car was driven by champion racers Carlos Sainz and Colin McRae, but was retired in 1996 and spent the last 10 years "collecting dust" in the barn. Only 63 Subaru Imprezas were ever commissioned by Prodrive.

"This is a truly rare and breathtaking barn find," the ICAARS inspector told Lloyds Auctions. "You won't see another quite like it."

The blue rally car still had its original 2.0 liter turbocharged engine and six speed manual gearboxes, according to Lloyds, which auctioned the car off on Sept. 26.

Lee Hames, chief operations officer for Lloyds Auctions said in a statement that the vehicle's new owners "are motorsport enthusiasts and are looking forward to enjoying all the benefits of the car and honoring the vehicle."

Lloyds announced earlier this summer that it would begin accepting cryptocurrency as payment in its auctions.

Source: <https://www.msn.com/en-us/money/markets/a-long-lost-subaru-rally-car-found-in-a-barn-just-sold-for-24360000-worth-of-bitcoin/ar-AAP5NIF>

[Bloomberg](#) (with assistance from Stacy-Marie Ishmael and Dave Liedtka)

Time

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Bitcoin Launch Sparks Wave of Crypto Speculation in El Salvador

Bitcoin has unleashed a wave of speculation in El Salvador since its adoption as legal tender last month.

Uber drivers, waiters and store owners are day-trading the cryptocurrency on their phones, buying dips and selling rallies with a government app that comes pre-loaded with \$30 worth of Bitcoin.

The government's new digital wallet, called Chivo, was designed to facilitate Bitcoin transactions, but the ease with which users can top up their balances and switch instantly between dollars and tiny, fractional amounts of the cryptocurrency makes it a perfect tool for speculation.

In the capital San Salvador, many large chains such as Starbucks, McDonald's and supermarkets accept the digital currency for purchases, and some smaller businesses are also taking it. In the city's downtown, electronics store owner Santos Enrique Hernandez says he sees as many as 10 customers a day paying in Bitcoin for the headphones, chargers and phone cases he sells.

Chivo, which is slang for "cool", can be faster than cash or credit cards, he said. It also allows him to speculate on price swings, buying Bitcoin when its price drops, then converting it back to dollars if it goes back up. He says he made \$12 in two days speculating on such movements.

El Salvador's plan, the brainchild of 40-year-old President Nayib Bukele, is the biggest test for Bitcoin in its 12-year history. A successful rollout that produces tangible benefits for the impoverished Central American economy and sees broad-based acceptance by Salvadorians as Bitcoin circulates alongside the U.S. dollar could convince other countries to give cryptocurrency a try too.

2 Million Users

El Salvador adopted the cyptocurrency as legal tender Sept. 7 and more than 2 million people in the country of 6.5 million are users of Chivo, according to Bukele. The \$30 of free Bitcoin is equivalent to about 8% of the monthly minimum wage.

Many users are only spending and speculating with the coin provided free by the government, but some are topping it up with their own savings.

One customer at Hernandez's electronics store, 31-year-old Luis Alfredo Gomez, bought a \$15 memory card for his phone and paid through his Chivo app. The Bitcoin showed up instantly in the wallet on Hernandez's phone. But not all transactions are so seamless, Gomez said.

"The annoying thing is that there isn't always coverage, but, when it works, it works well,"

Gomez said.

Father's Advice

After Bitcoin rallied 11% on Friday, German Martinez, a 61-year-old Uber driver in San Salvador told his daughters they would have made money had they listened to his advice and downloaded the app.

"It's like credit cards," he said. "We got used to using plastic, and now we need to start using crypto. The world has to evolve."

Josue Martinez, a 26-year-old barista at Cafe Fulanos in San Salvador, says the Chivo network is often down. The coffee shop started accepting Bitcoin on Sept. 7, but some customers walk out after being told the payment system isn't working correctly.

Many Salvadorans bailed as soon as they could, converting their free Bitcoin into dollars via one of the 199 Chivo ATMs installed across the country. There used to be 200, but one was burned in an anti-government protest.

To promote adoption, the \$30 in free Bitcoin does come with the condition that it be used in a transaction before it can be converted into cash. As a work-around, Salvadorians send the Bitcoin to a relative, who'll then send it back, thereby lifting the block.

Roxana Ruana, who was waiting in line at a Chivo ATM with her daughter to withdraw the \$30, said her brother lives in the U.S. and sends them about \$150 a month. She said if the Chivo app can help save them the \$15 in fees they pay to receive remittances via Western Union, it will help them grow the family business of selling women's clothes in San Salvador.

With more than 2 million Salvadorans living in the U.S., remittances account for over 20% of the nation's gross domestic product. Bukele cited the reduction in remittance fees as one of Bitcoin's main benefits.

Privacy Fears

Not everyone shares his enthusiasm. Architect Carlos Hernandez and digital activist Roberto Dubon declined to download the app, because they don't want the government to have access to their data.

"Bitcoin's spirit when it was designed was to not let governments intervene, so why is the government of El Salvador using it?" Dubon said. "It's like handing over your phone to the state intelligence agency."

Hernandez said the fact that the government removed the app from stores for several days after its rollout is a red flag that should deter people from holding money in it.

"It's like an on and off switch, and if they take it offline what recourse do you have?"

Hernandez said.

He also criticized Bukele's purchase of 700 Bitcoins in September as "gambling with my tax dollars."

Political Risk

Wilfredo Hernandez, a 37-year-old line cook, planned to withdraw the \$60 that he and his wife had in their Chivo wallets from the government, but found it had dropped to \$57 by the time he got in line at the ATM.

The Bitcoin experiment is a big risk for Bukele, said Valeria Vasquez, Central America analyst for risk consultancy Control Risks. If Salvadorans start to lose money in their crypto wallets, it could cost him popular support, she said. The price of Bitcoin has fallen by about 7% since Bukele announced the first purchase of a batch of 200 coins on Sept. 6.

Bukele wants to change the constitution to allow re-election, and needs to maintain his high approval ratings to allow this to happen, Vasquez said.

Protests against Bitcoin and Bukele's decisions to fire judges and an attorney general attracted thousands on Sept. 15, and smaller marches continued through the end of the month. Another protest against Bukele's government and the adoption of Bitcoin are planned for Oct. 12.

Source: <https://time.com/6103573/bitcoin-crypto-el-salvador/>