

Leaked: Just before Bitcoin catastrophe, MtGox dreamed of riches

The exchange site also said it would need "influential lobbyists" going forward.

[Cyrus Farivar](#) - 2/27/2014, 6:10 PM



[Antana](#)

At some point in recent weeks, MtGox appears to have pitched investors, arguing that it was poised to increase its profits 20-fold in just two years on the back of "no debt nor outside financing."

That's according to a newly published document entitled "[Business Plan Europe 2014-2017](#)," and it appears to have been authored by MtGox executives in 2014. The 27-page document, which was first published late Wednesday, puts the company's fiscal 2013 profits at \$286,000, its projected fiscal 2014 profits at \$2 million, its projected fiscal 2015 profits at \$13.85 million, and its projected fiscal 2016 profits at \$39 million.

Like MtGox's purported "[Crisis Strategy Draft](#)," which was published earlier this week, the new document raises more questions than it answers. MtGox, which was once the world's largest Bitcoin exchange, suddenly shut down three days ago after weeks of sustained DDoS attacks and "[transaction malleability](#)" problems, which led the company to halt withdrawals entirely. Still, one reddit user on Thursday [published a bank receipt](#) that he says proves a recent withdrawal payout of around \$10,000 from his MtGox account, albeit in Japanese yen. As "[cryptominer](#)" wrote: "To be clear: I do not have any idea what is going on with Gox. I don't know if my money arriving is a fluke, a stroke of luck, or if they are starting to get things back on track."

Ars has been unable to independently confirm the authenticity of the "Business Plan" document, but neither MtGox nor its CEO Mark Karpeles has made any public effort to correct the record and did not respond to Ars' repeated requests for comment.

According to [Bloomberg](#), the Bitcoin Foundation reached out to American federal prosecutors in New York immediately after the shutdown, providing information that may lead to formal charges. *The Wall Street Journal* has also [reported](#) that MtGox has been served with a US subpoena.

Despite the rapid rise in projected profits, the new MtGox document also shows that during much of 2013, the company's monthly trade revenue was

largely on the decline. A chart in the document shows that MtGox's monthly trade revenue spiked to \$4.1 million in April 2013 but fell over the next six months to a low of \$543,000 in September. The site rebounded by October 2013 to \$1.3 million, the last stated figure. (Still, other reddit users have pointed to Bitcoin wallets that they [believe to be controlled by MtGox](#), which would be worth about \$228 million at current exchange rates.)

The revenue rise came when MtGox saw a huge spike in new accounts in 2013—adding 800,000 more accounts. Compared to its previous two years, the company only had around 275,000 customers.

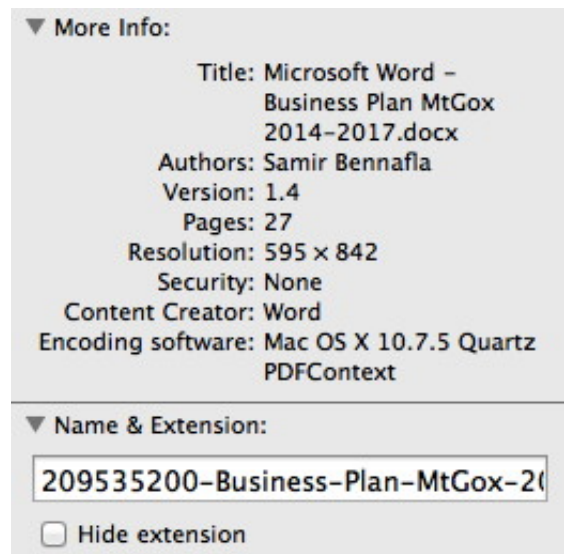
The tangled Tokyo web

The "Business Plan Europe 2014-2017" also includes a number of interesting data points about the now-threatened site and was first [published](#) late Wednesday by [Ryan Selkis](#) (aka "Two-Bit Idiot"). Selkis is a self-described entrepreneur and libertarian based in San Francisco. Selkis, as the [Two-Bit Idiot](#), also published the "[Crisis Strategy Draft](#)" earlier this week.

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Since late January 2014, Selkis has also been writing articles for CoinDesk under the pen name "[Ryan Galt](#)," an apparent reference to the fictional character from Ayn Rand's *Atlas Shrugged*, [John Galt](#). Selkis also did not respond to Ars' request for comment.

Selkis, writing as Galt, [reported Thursday on CoinDesk](#) that "Mt. Gox acted alone in its deceit, and ultimately failed in its desperation, to find an investor willing to bail them out."



▼ More Info:

Title: Microsoft Word – Business Plan MtGox 2014-2017.docx
Authors: Samir Bennafla
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Pages: 27
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Security: None
Content Creator: Word
Encoding software: Mac OS X 10.7.5 Quartz PDFContext

▼ Name & Extension:

209535200-Business-Plan-MtGox-2014-2017.docx

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The actual author of MtGox's "Business Plan" remains a mystery, but a quick glance at its PDF metadata shows that the document's last author was one "[Samir Bennafla](#)." A Google search of this name results in a [Google-cached copy of the website of Mandalah](#), a consulting firm with offices around the world, including Japan.

Mandalah, whose Tokyo offices are held in the [Hub Tokyo](#) (a global network of coworking spaces), hosted a "[Bitcoin BBQ](#)" [back in September 2013](#).

That same now-deleted Mandalah webpage shows that Bennafla is a "Senior Innovation Consultant," at the firm's Tokyo office and has a background working as an analyst for two major French telecom firms. Also listed on that same page is [Thomas Glucksmann-Smith](#), a "researcher and online editor" for Mandalah Tokyo.

As of at least June 2013, Glucksmann-Smith was a spokesperson for MtGox —Ars last corresponded with him by e-mail at that time. (**UPDATE Friday, 6:22am CT**: Glucksmann-Smith wrote to Ars to say that he left MtGox in July 2013, and stopped working entirely with MtGox in November 2013, and left Japan in December 2013.)

Mandalah Tokyo did not respond to Ars' request for comment, but it told [CoinDesk](#) that it had never been contracted with MtGox to do strategic planning.

CoinDesk's Selkis added, "A source claims that the same junior staffer who published the business plan document also attended an alleged emergency investor meeting just one day after the 'Crisis Strategy Draft' was created."

If true, that would put Samir Bennafla in the "emergency investor meeting" room with MtGox CEO Mark Karpeles and Gonzague Gay-Bouchery, MtGox's number two.

Karpeles, Gay-Bouchery, and Bennafla did not immediately responded to Ars' request for comment. (From 2002 to 2013, [Gay-Bouchery](#) was also chief editor of [Akihabara News](#), a tech news site that he founded.)

Tenacious Tibanne

The Business Plan Europe also gives a bit more insight into some of the metrics and information about the principles of MtGox.

The document states that by December 2013, MtGox had reached "over 1 million customers, 30% of which are European." It is solely owned by [Mark Karpeles](#), a self-described "PHP Developer," whose [blog has the tagline](#): "Geekness brought me to Japan!"

Karpeles' company, Tibanne (named for his cat), was founded in Japan in 2009—its official [Tokyo Chamber of Commerce and Industry filing](#) states: "Tibanne was founded by a specialist in IT system administration and project management." Tibanne has an 88 percent stake in MtGox, while the remaining 12 percent is held by Jed McCaleb.

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McCaleb, who originally founded the eDonkey filesharing platform, later went on to create the MtGox exchange platform in 2010 (which was then acquired by Tibanne in 2011) and then worked on the Ripple protocol, another cryptocurrency. Earlier this year, he announced that he was working on a "[secret Bitcoin project](#)." McCaleb also did not respond to Ars' request for comment.

The document goes on to say that MtGox has "40 employees employed by Tibanne who are directly responsible for the operation, maintenance and expansion of MtGox. Most of these employees are based in Tokyo, Japan

with a customer support team working remotely."

It further explains that the company makes money "from charging customers fees on each trade (buying and selling Bitcoin), and each payment (accepting Bitcoin) as a fixed percentage depending on the volume of Bitcoin traded—fees range from 0.6% to 0.25%." The document then notes that the "total sales estimation" for 2013 is at \$12.5 million.

While the most popular currency traded on MtGox is US dollars (66 percent), Chinese renminbi also represent a sizable 18 percent, with Euros (7 percent) and Japanese yen (4 percent) bringing up the rear. However, roughly a third (35 percent) of MtGox customers are European, followed by 34 percent from North America.

Shut down for now

So what was planned next for MtGox?

The document adds that it is "in need of experienced, influential lobbyists that are well connected to global financial and regulatory institutions," and that "the demand is growing faster than the company's structure."

"For the next 3 to 5 years, the objectives of MtGox are to establish and promote cryptocurrencies as a trusted payment ecosystem, to acquire and connect 2 million customers by 2015 and to provide the best Bitcoin [point-of-sale] systems in the world," the document states. "At the same time we will strive to promote Bitcoin as a trusted currency for everyone in order to increase the usage and to innovate the payment ecosystem."

Given MtGox's recent self-implosion, it seems that either MtGox was grossly incompetent, or it was set up as an elaborate scheme for its principals to walk away with hundreds of millions of dollars in bitcoins.

"The feeling that I had from my brief interaction with them was that they were committed to what they were doing. They were proud of being the lead Bitcoin exchange," [Andrew Lee](#), who sold MtGox Live and other bitcoin-trading smartphone apps to Tibanne, told Ars.

Lee, who now is the CEO of London Trust Media, a [company that sells commercial VPN services](#), said that he considered MtGox CEO Mark Karpeles to be a "nice and genuine person."

The Los Angeles-based entrepreneur said that Karpeles even came to personally meet him at Tokyo's Narita airport when Lee came to visit in January 2012.

"I personally don't think that it made sense [for this to be fraud]. I imagine they were making good amounts of revenue," Lee added. "It's hard for me to even imagine [cheating] to be a possible scenario, but that being said, as to what did happen or what is happening, I think that it might be best to wait on making any assumptions or judgments."