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# Hong Kong's MyCoin Disappears With Up To \$387 Million, Reports Claim

Jon Southurst (@southtopia) | Published on February 9, 2015 at 10:12 GMT

NEWS

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Reports are emerging from Hong Kong that local bitcoin exchange MyCoin has shut its doors, taking with it possibly as much as HK\$3bn (\$386.9m) in investor funds.

If true, the supposed losses are a staggering amount, although this estimate is based on the company's own earlier claims that it served 3,000 clients who had invested HK\$1m (\$129,000) each.



For perspective, bitcoin's entire market cap today stands at around USD\$3bn.

The issue came to light on Friday when about 30 people claiming to be victims of the company's actions petitioned a local member of the Legislative Council, Leung Yiu-chung.

The victims are reportedly due to make a statement to Hong Kong police on Wednesday.

## Ponzi scheme suspected

Adding to the mystery are reports the company never operated as a genuine bitcoin business at all. Testimonies from customers describe an operation more like a Ponzi scheme that used the veneer of bitcoin trading as its lure.

One local woman was quoted as saying:

*"We were told by those at higher tiers [of the scheme] that we can get our money back if we find more new clients."*

Adding to the business' pyramid-like feel were promises of cash prizes or Mercedes-Benz cars if customers could recruit new investors, said a [report](#) in Hong Kong's *South China Morning Post*.

Customers were never presented with receipts and were led to deposit their newly-acquired coins at a separate site to earn interest.

MyCoin had promised several months ago that it would soon be listed on the Hong Kong stock exchange, and according to [photos posted online](#), also operated a bitcoin ATM.

Customers were promised returns of HK\$1m in four months, and had been pressured into buying bitcoin-based contracts by real estate agents, insurance agents and law firm clerks. But after slowing down the release of payments and changing the rules to make it progressively more difficult to withdraw, the exchange's office boarded up its doors for "renovations" last month, the report says.

## Regulation trigger

The incident could lead to greater regulation of the bitcoin industry in Hong Kong, which has so far operated with little scrutiny. Councilor Leung has said he wants to meet with Hong Kong's Monetary Authority to discuss better protections for bitcoin investors.

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It's not the first time Hong Kong bitcoiners have found themselves out of pocket. Chinese trading platform GBL, purportedly based in Hong Kong, also **disappeared** in November 2013 with \$4.1m in customer funds.

At the time of writing, **MyCoin's site** appeared to be still up and running, although there are clear indications all is not well. It is not possible to create a new account, and the listed **bitcoin price** is under \$2.

Another Hong Kong exchange, KBBEX, has informed Leung that it is willing to provide assistance to help those affected, in order to regain trust in bitcoin and perhaps perform technical analysis if required.

Some posts in public forums appeared to confuse MyCoin with **MaicoIn**, a reputable Taiwan-based bitcoin services company that is still functioning and healthy.

A MaicoIn spokesperson said there had not been a material impact on the company's business, but an end to the confusion generated by the similar names would be welcome.

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