

Parameters

- Case Number: #ECAF00000023
- Status: Ruling Issued
- Claimant: VH (C)
- Respondent: Unidentified person(s) in possession of the private keys to EOS account ha4tamjtguge which were acquired from <http://www.register-eos.org> (R)
- Case Manager: Moti Tabulo (CM)
- Arbitrator: Ben Gates (A)
- Date of arbitration start: 17/10/2018
- Date of ruling: 08/11/2018
- Case closed: Pending completion of detailed actions ordered
- Complaint: Account has been phished
- Relief: Return control of the account to the rightful owner ('the claimant')
- Account disputed: ha4tamjtguge

Ruling

Under the powers afforded to me as arbitrator under Article 6 of the [Rules of Dispute Resolution](#), I, Ben Gates, rule that the EOS account in dispute should be returned to the claimant with immediate effect and that the freeze over the assets within said account is removed.

The Claimant presented sufficient evidence to establish there was a case to be answered. The respondent was notified but declined to respond.

On the balance of probabilities, the claimant is found to be the true owner. The claimant's rights under Article III of the EOS Constitution have been breached.

Article III states:

“The Members grant the right of contract and of private property to each other, therefore no property shall change hands except with the consent of the owner, by a valid Arbitrator’s order, or via community referendum. This Constitution creates no positive rights for or between any Members.”

Further, I feel that at least one person has probably defrauded community members of their property. If a respondent in this case becomes known it is to be reopened. If it can be shown that this respondent is the same person who has defrauded members of the community they are to be brought to account. Whether by expulsion from the community or another remedy to be determined by the arbitrator assigned to any reopened case. The issue of quantum of damages would also be determined should the case ever be reopened.

Arbitration/Case management fees payable by the claimant - as the respondent cannot be located to bear the costs - are as follows:

Item	Time spent (hrs)	Rate (USD)	Sub-total	Notes
Emergency freeze	2	0	0	Waived for the 27 accounts frozen in orders AO-001 and AO-002
Arbitration time	20	12.5	250	Token hourly rate. See Note 1
Case Management	5	10	50	Token hourly rate. See Note 1
Advisory	8	12.5	100	Token hourly rate. See Note 1
Total USD			400	
Total EOS (1 EOS = USD 5.73 Coinmarket closing rate from 7 Nov 2018)			69.80802792	
<p>Note 1: A heavily discounted hourly rate was applied. Due to the novelty of the case which has required the establishment of new processes and procedures, I have decided that it would not be fair on the Claimant to levy the full, prescribed hourly rates for Arbitrators, Case Managers and Advisors.</p>				

Pre-Arbitration Events

The Claimant alleged that he was the victim of a phishing scam.

The claimant asserts that:

- Upon registering his ERC-20 (See Note 2) tokens with <http://www.register-eos.org> he was provided with a fake private key to the EOS account linked to his ERC-20 tokens.
- Unauthorized voting activity had taken place on the EOS account.

The emergency arbitrator found that there was sufficient evidence to implement a freeze over the EOS account in question ([Arbitrator Order #2018-06-19-AO-001](#)) until such time as ownership could be proven.

Questions Raised

Answers to the following questions would be necessary in order to establish a ruling which was fair and equitable:

1. How can ownership of an EOS account be established in this case?
2. Is the EOS account over which ownership is disputed linked through registration to the ERC-20 account allegedly owned by the claimant?
3. If yes, can the claimant prove ownership of the ERC-20 account?
4. If yes, is there any evidence to the contrary?
5. Has the respondent been given adequate opportunity to present evidence to the forum?
6. Does ECAF have authority to rule on issues involving ERC-20 tokens?

Discovery and Application of Logic

1. Generally in the absence of stronger evidence such as identities linked to EOS accounts, the ownership of an EOS account can be indicated by control of the private keys. However, if sufficient evidence can be shown by another person, that they are the rightful owner and their keys are illegitimately held by somebody else then the account should be returned/given - together with any amounts contained therein - to the person possessing a legitimate claim of ownership.

One way to show reasonable evidence of ownership of an EOS account is by proving that the ERC-20 account linked to the EOS account is accessible by the party disputing ownership providing this access was gained legitimately. Evidence that the accounts in question have changed ownership since, may, however, invalidate such a claim of ownership.

According to the block.one token sale, purchasers of ERC-20 EOS tokens were nothing concrete prior to the main net launch. However, upon the launch by the community of an EOS main net, an EOS account containing the same quantity of EOS tokens as the linked ERC-20 EOS account was created for all registered ERC-20 accounts. This account was accessible by the private keys that matched the public keys provided by the ERC-20 owner upon registration via the instructions found on the EOS.IO website.

In this case, the private key has been acquired by an unauthorized individual, from registration, prior to the main net launch by means of a fake ERC-20 registration portal. The Claimant was then provided with a fake set of private keys. This unknown individual, by registering in the Claimant's stead with EOS.IO, took possession of the claimant's property as their own. However, it remains the Claimant's property regardless of in whose hands the private keys currently lie. The person in possession of the keys will in this instance be seen as holding the keys on trust for the rightful owner.

2. Is the EOS account over which ownership is disputed linked through registration to the ERC-20 account allegedly owned by the claimant?
 - a. Yes
3. Can the claimant prove ownership of the ERC-20 account?
 - a. Yes, and they have done so by signing a message with a memo specified by ECAF.

Signature

```
{
  "address": "0x28cf2b78a44345f410afa40c62c252bfb5131cae",
  "msg": "ECAF #023",
  "sig": "0x7918f398b10f291fc01604547aef5e725c4979c94d7d265b7b8f4b7b247928060413ce84feb44cfae548c8e8ed0d44756093ffff925a6349c3d6622efe825a991c",
  "version": "3",
  "signer": "MEW"
}
```

Verify Message

0x28cf2b78a44345f410afa40c62c252bfb5131cae did sign the message ECAF #023.

4. Is there any evidence to the contrary?
 - a. No.
5. Has the respondent been given adequate opportunity to present evidence? Is there any evidence to the contrary which the respondent wishes to submit to the forum?
 - a. Since the identity and a means of contacting the respondent could not be identified a [notice of arbitration was published on ECAF's website](#) and Memo sent to the disputed EOS account. The notice period was 30 days and 2 reminders were published at 10-day intervals. As no respondent has come forward within the notification period then a ruling can be made without any additional evidence being brought to bear.
6. Does ECAF have jurisdiction to rule on issues involving ERC-20 tokens?
 - a. In general, ERC-20 tokens are outside the jurisdiction of ECAF as established in the Constitution of EOS. Those tokens would normally fall under the jurisdiction of either Ethereum's network agreement or the holder's contract with block.one. Therefore this forum, in general, does not assert jurisdiction over ERC-20.
 - b. The Constitution of EOS, in force from the launching of EOS mainnet, states in article IX that "All disputes **arising out of or in connection** with this Constitution shall be finally settled under the Rules of Dispute Resolution of the EOS Core Arbitration Forum by one or more arbitrators appointed in accordance with the said Rules." The terms **arising out of or in connection with** provide substantial leeway to the Arbitrator to look more broadly.
 - c. The person who initiated the registration, unstaking and/or otherwise attempted to remove the value was not clearly identified as a Member, nor was clearly tagged as using the chain. Yet, the Constitution is written both broadly and exclusively: in order to use the chain in any way, the Constitution probably applies automatically in much the same way that the notice posted at a railway station informs the users of their rights & obligations. The respondent undertook more than one action that would fall within this class, and could not be said to be an accidental trespasser.

- d. The emergency action to freeze the account, pursuant to RDR 3.5 placed the value firmly within jurisdiction, and at the minimum compelled this forum to at least examine the case.

Copies of the main net Constitution and Rules of Dispute resolution can be viewed [here](#).

Thoughts and Suggestions

This sectioning is not to be taken as binding on the actions of future arbitrators nor is it to be considered instrumental in the formulation of this ruling. Instead, I hope that the following provides food for thought and purely represent my personal views.

Whilst the constitution does not explicitly define the term “Member” it does state “This Constitution is a multi-party contract entered into by the Members by virtue of their use of this blockchain”. Likewise, the term “use” is not defined. Use would certainly include any transaction such as staking/unstaking and voting.

It is not applicable to the facts of this case but had the respondent failed to use the private key for any on chain actions I would still interpret “use” as including merely having the potential to use the chain through possession of private keys.

Based on this the owner and/or person(s) in possession of any EOS account in dispute would be classed as a member and be bound by article IX and in turn also bound by ECAF’s rules of dispute resolution.

If ownership can be proven then nothing in the constitution prevents ECAF from ruling on an issue where the true owner has never been in possession of the original private keys. Likewise, any person(s) in possession of private keys to an EOS main net account should, in my opinion, be bound by the constitution and as such to the jurisdiction of ECAF. I would suggest the definition of “use” in the constitution be taken to include potential use through possession of private keys.

Detailed actions ordered

For the above reasons, I order that the disputed account, ha4tamjtguge, be transferred to the Claimant.

EOS Block Producers are ordered to do so by modifying the disputed account’s authorisation to the following values that have been provided by the Claimant:

- New Active Public Key:
EOS87WhcTc4nNjLfHeShznNtFt8KNw4LafDW6kUKtnoEn5VUa1j6g
- New Owner Public Key:
EOS87WhcTc4nNjLfHeShznNtFt8KNw4LafDW6kUKtnoEn5VUa1j6g

Notwithstanding any reasonable technical steps to modify the disputed account's authorisation whilst preserving the EOS tokens held within, once the disputed account has been secured, EOS Block Producers are ordered to allow processing of transactions for that account.

Ben Gates
Arbitrator

Note 2: Please note that the mention of ERC-20 tokens is purely in relation to ERC-20 EOS tokens.