Parameters

- Case Number: #ECAF00000119 (case file: https://eoscorearbitration.io/case-ecaf00000119/)
- Status: Ruling Issued
- Claimant: MR O.A.S (C)
- Respondent: Unidentified person(s) in possession of the private keys to EOS accounts **gq4demryhage**, **q4dfv32fxfkx** and **ktl2qk5h4bor** (R)
- Case Manager: M Tabulo (CM)
- Arbitrator: Ben Gates (A)
- Date of arbitration start: 17/10/2018
- Date of ruling: 28/02/2019
- Case closed: Pending completion of detailed actions ordered
- Complaint: Change of private keys and unauthorized transfer of funds to another account.
- Relief: Return control of the account to the rightful owner ('the claimant') and transfer of the stolen funds back to this account
- Account disputed: **gq4demryhage**

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 then removed. Furthermore the funds removed from account **gq4demryhage** should be returned to it from account **ktl2qk5h4bor.**

The Claimant presented sufficient evidence to establish there was a case to be answered. The respondent(s) 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."

If a respondent in this case becomes known the case can be reopened. If it can be shown that this respondent is the same person who has removed funds without consent they are to be brought to account. Whether by expulsion from the community or another remedy to be

determined by the Arbitrator. The issue of quantum of damages would also be determined should the case ever be reopened.

Pre-Arbitration Events

The Claimant alleged that funds removed from his EOS account **gq4demryhage** were transferred without authorization by a third party.

In detail the Claimant states that:
- The keys to his account were changed by someone other than himself.
- 13,010 EOS were transferred from his account **gq4demryhage** to account **q4dfv32fxfkx** and from there all 13,010 EOS were further transferred to account **ktl2qk5h4bor** where they remain.
- He did not authorize this transfer nor the change of his private keys.

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-002) until such time as ownership could be proven.

Discovery

The Claimant requests full access to account **gq4demryhage** based on the assertion they are the correct owner who has lost access. They further request that the funds contained within account **ktl2qk5h4bor** should be returned to them.

According to [ruling1] the claimant would have to be considered the owner and by this eligible to get the tokens returned, if the following checks are met:

1) Is the claimant the correct account owner even without possession of the private keys?
2) Was the Claimant still the owner at the point in time when the keys were changed and the funds were transferred out of the account?
3) If the Claimant is the owner, is there any reason not to provide him access?

Additional steps necessary for this ruling

4) If the Claimant is the owner, do they still own tokens which have been removed from their account?
5) If the Claimant still owns these tokens, are they traceable?

6) If the Claimant still owns these tokens and they are traceable, is there any reason not to return these tokens to their account?

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

Evidence and Application of Logic

1) Is the claimant the correct owner even without possession of the private keys?

Yes.
According to the questions raised in [ruling 1](#), the Claimant has provided sufficient ownership of the ERC-20 account by means of a signed transaction memo specified by ECAF. The ERC-20 account is linked through registration to EOS account **gq4demryhage.**

The claimant has also demonstrated that they were in possession of the private keys to EOS account **gq4demryhage** until the private keys were changed. They have done so by creating a new account with the original private keys.

2) Was the Claimant still the owner at the point in time when the keys were changed and the funds were transferred out of the account?
Yes.

As above they were still in possession of the private keys to the account up to the point when the keys were changed. No other party has brought forth any evidence to suggest they own the account so the Claimant's claim to title is still superior to anything else we have.

In addition, that no respondent has come forward not only during the notification period but also to dispute the blacklisting of their account in the previous 5 months helps to substantiate the Claimant's assertion that they are still the rightful owner.

3) If the Claimant is the owner, is there any reason not to provide him access?

No.

Again in keeping with Ruling 1, no evidence to the contrary has been presented by any party.

4) If the Claimant is the owner, do they still own tokens which have been removed from their account?

Yes.

In the absence of any evidence to the contrary as they were still the owner when the transfer of funds occured, this transfer was, as such, unauthorized by the Claimant..

Article III of the constitution states that **".....no property shall change hands except with the consent of the owner, by a valid Arbitrator's order, or via community referendum".**

5) If the Claimant still owns these tokens, are they traceable?

Yes.

The block record clearly shows the unstaking of the tokens and their journey through account **q4dfv32fxfkx** before finally ending up in account **ktl2qk5h4bor**, where they remain.

No logical argument can be had that these tokens are not those originally in the possession of the Claimant. All of the Claimant's tokens are still present and unmixed with those belonging to third parties. So in this case, traceability is straightforward to establish.

6) If the Claimant still owns these tokens and they are traceable, is there any reason not to return these tokens to their account?

No.

In this instance there is no evidence to suggest any harm would be done to an innocent third party if the tokens were removed from account **ktl2qk5h4bor** and returned to account **gq4demryhage**.

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:
  EOS8NG3GAE7AKpfA5rWAHtAp5VNJT5gfmQCxQ6GC73feTEG7bqdpz
- New Owner Public Key:
  EOS8NG3GAE7AKpfA5rWAHtAp5VNJT5gfmQCxQ6GC73feTEG7bqdpz

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

Appendix

Thoughts and Suggestions

Traceability of assets may be important in other cases. For example if the funds had been removed to an exchange and other funds placed in the respondent's account in their stead from another location then it may be inequitable to order any of these tokens be transferred to the Claimant. To do this may be to jeopardise the rightful property of an innocent third party.

Obviously if we had reasonable evidence that the account was sold or that the keys were changed by the claimant themself then the ruling may have been decided differently.

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