

## Parameters

- Case Number: #ECAF00000464
- Case file: <https://eoscorearbitration.io/case-ecaf00000464/>
- Status: Ruling Issued
- Claimant: MR E.S.A. (C)
- Respondent: MR B.K. (R)
- Case Manager: M Tabulo (CM)
- Arbitrator: Ben Gates (A)
- Date of arbitration start: 04/10/2018
- Date of ruling: 25/03/2019
- Case closed: Pending completion of detailed actions ordered
- Complaint: Change of private keys. Subsequent removal of funds to other accounts during the recent failure in the frozen accounts list.
- Relief: Return control of the account to the rightful owner ('the claimant') and transfer of the stolen funds back to a new account created by the claimant
- Account disputed: **gm3dcnqgenes**

## 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 **gm3dcnqgenes** 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 **gm3dcnqgenes** should be returned to it from all accounts where they currently vest.

The Claimant presented evidence of ownership of **gm3dcnqgenes**. The respondent(s) was notified and asked to provide any and all relevant evidence that they are the owner of the account **gm3dcnqgenes**. They failed to provide any evidence directly related to ownership of the account.

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 by the change of private keys without their consent.

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.”

## Pre-Ruling Events

The Claimant alleged at the time of filing that he is the owner of **gm3dcnqgenes** and that the keys to EOS account **gm3dcnqgenes** were changed without authorization, by a third party.

In detail the Claimant states that:

- The keys to his account were changed without his consent by someone other than himself.

In detail the Respondent states that:

- He is the rightful owner of the account and that he purchased the private keys in a cash transaction from an intermediary.

During the initial evaluation, the emergency arbitrator found that there was sufficient evidence to implement a [freeze over](#) the EOS account in question until such time as ownership could be proven.

**Furthermore after the initial freezing order listed above the following events occurred:**

- On the 22nd of February the EOS blacklist (freeze over accounts) failed due to a new BP being promoted to the top 21 block producers, but not updating their blacklists to the correct list. Funds contained in account **gm3dcnqgenes** were then removed to multiple other accounts. A further [order](#) was issued by the Arbitrator to preserve the assets originally frozen. The specific instructions of this order would attempt to preserve the assets of all parties that were the subject to active freezing orders.

## Discovery

The Claimant requests full access to account **gm3dcnqgenes** based on his claim that he is the correct owner who has lost access. They further request that the funds contained within **all accounts to which funds from gm3dcnqgenes now sit should be returned to gm3dcnqgenes.**

According to the test laid out in [\[ruling1\]](#) the claimant would 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**

- 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 test established 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 **gm3dcnqgenes**.

The claimant has also demonstrated that they were in possession of the private keys to EOS account **gm3dcnqgenes** 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 the Claimant was still in possession of the private keys to the account up to the point when the keys were changed. There is no evidence of a sale of the account by the claimant. The respondent claims they purchased the keys to the account in cash but has not substantiated this with evidence, nor has the respondent provided any evidence to suggest they are or ever were the rightful owner of **gm3dcnqgenes**. Therefore the Claimant's claim to ownership is superior. It is possible that the respondent is the victim

of a third party who did not possess ownership in the first place to be able to sell the account to the respondent.

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 occurred, 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 from account **gm3dcnqgenes** to the multiple accounts in which they now sit.

No logical argument can be had that these tokens are not those originally in the possession of the Claimant.

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 **accounts in which they currently sit** and returned to account **gm3dcnqgenes**.

## Detailed actions ordered

For the above reasons, I order that the disputed account, **gm3dcnqgenes**, and the funds originating from it, be transferred to the Claimant.

## EOS Block Producers

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:  
EOS7E7i4JrcFcHXYdCRCyKJeH45VYTCTrJCAMPTpG3paa7ws7H1kd
- New Owner Public Key:  
EOS6j4xG4W6mTirULsyKCrwmhJX1fYiwqtxbUobY6GExh83uPjuY

Furthermore, the BPs are ordered to return all funds removed from **gm3dcnqgenes** back to this account. Except where they lie in exchange accounts.

Notwithstanding any reasonable technical steps to modify the disputed account authorisation whilst preserving the EOS tokens held within, once the disputed account has been returned to the control of the claimant via the above key change, EOS Block Producers are ordered to allow processing of transactions for that account.

## Exchanges

Exchanges should treat this ruling as proof of ownership and return any funds originating from **gm3dcnqgenes** to **the following EOS account** (this new account has been created by the claimant and uses the same permissions as those that have been directed to the BPs above):

punjabimunda

As members of the EOS ecosystem exchanges are also bound by the constitution and should respect the validity of this ruling.

Ben Gates  
Arbitrator

## Thoughts and Suggestions

This case may have been ruled differently had the respondent been able to present clear evidence that they had an ownership claim to the account **gm3dcnqgenes**. There is no concrete evidence to suggest the respondent is responsible for any wrongdoing. This case is purely an issue of ownership of property, both accounts and funds.

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