



ABSTRACT

Online bidding platforms have been all the rage since they first appeared a couple of decades ago. Giving users the ability to connect with each other to buy and sell directly without a middleman, they quickly became wildly popular, as well as part of the established culture of the Internet. With time though, a number of niggling and persistent problems with their operational models began to show up.

First of all, the use of such platforms to perpetrate fraud is nothing short of notorious. One of the most common scams in existence a few years ago was to offer an item for sale, accept a winning bid and then request payment before delivery. Upon delivery, the poor buyer would discover that they had received something altogether different from what they ordered, usually a cheap knockoff or a poorly-done fake.

Another popular scam was to bid for an item and win, after which the fraudster would then present proof of payment to the seller which was either forged or invalid. The seller, not knowing any better and eager to please an ostensibly paying customer, would then deliver the usually expensive item, only to find out after a few days that no payment was ever made, and they had in fact been rumbled.

These experiences negatively colored the experience of online peer-to-peer ecommerce, and even briefly threatened the existence of some of the largest auction sites. In 2018, following recent advances in the use and application of blockchain technology, all these need not be the case. It is now possible to enjoy the experience of a practically fraud-free platform that does not charge listing fees and goes out of its way to make the process of carrying out peer-to-peer business an easy, straightforward and risk-free one.

With consistent emphasis on use of smart contracts across the platform for a variety of functions, this also aims to be a 100% transparent platform which keeps no secrets from its user community and is in fact owned by them through the issue of its platform-specific cryptocurrency called EBY.

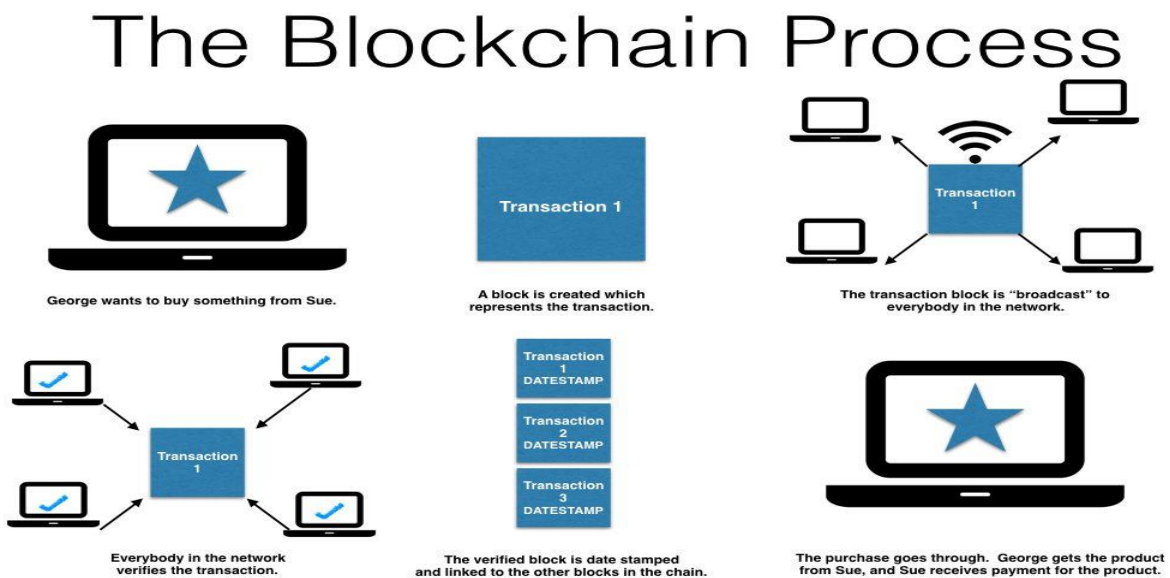
Ethbay is an online marketplace that is closely similar to eBay, permitting users to buy or sell tangible or intangible items using Ethereum. At a price of just 1%, Ethbay charges a substantially lower fee than eBay or any other standard fiat marketplace. Ethbay charges no listing fees for sellers on the platform, opening up the space to free listings, which is in stark contrast to the accepted industry standard. Best of all, holders of the EBY token are entitled to proportional shares of whatever fees are generated on the platform.

The ambition of Ethbay is to become a world-leading innovation in the online commerce space. The case for this innovation and its proposed business model and operational philosophy are what will be dealt with in this paper.

INTRODUCTION

To establish a background for the ideas that will be explored in the course of explaining how Ethbay works and the usefulness of its features, it is instructive to first of all look at a few definitions of some terms that will be used throughout this paper.

Blockchain: A blockchain is a distributed transaction ledger containing bits of information called 'blocks'. It is a method of storing and processing information that has taken the world by storm because of its unmatched security potential. Unlike regular centralized storage, information on a blockchain is not stored in one single location but is rather present in full on every single client along the blockchain network, where it is constantly updated. This makes it a decentralized, distributed network, which is free of the risk of having one single potential failure point. In essence, once information is stored on a blockchain, it is effectively impossible to alter, as the technology to compromise millions of users at once and gain access to specific information does not yet exist. Thus, transactions conducted on blockchain networks are essentially immutable and impervious to interference. Below is a basic pictorial representation of how blockchains work.



Courtesy: Blockgeeks.com

Cryptocurrency: A cryptocurrency, also known as a 'Token' is a representation of a digital asset which is stored on a blockchain. Unlike regular (fiat) currencies, cryptocurrencies are not centrally issued or managed, and they contain no information that can be used to identify individual users. The types and applications of cryptocurrencies vary, but the cryptocurrency discussed in this paper (EBY) is based on the Ethbay platform's business operation. Unlike BTC and ETH, which are general-purpose cryptocurrencies, EBY is currently only traded on the Ethbay platform.

Fiat Currency: A fiat currency is the money most people are familiar with, i.e. money which is issued and backed by a government institution and generally regulated by a central bank. Unlike cryptocurrencies,

fiat currencies (even when stored electronically) contain identifying information and are stored in centralized silos, making them a constant target for hackers and fraudsters.

Smart Contract: A smart contract is a means of exchanging anything of value between two parties by using the blockchain as a validator and escrow, which avoids the need for a middleman and the associated risk and financial implications. When two parties conduct a transaction using a smart contract protocol, usually using the Ethereum blockchain, the corresponding values being exchanged are not released to either party until they are both satisfied.

For example, in a transaction where cryptocurrency is to be exchanged for an item, the buyer pays their cryptocurrency, but it is not released to the seller until the buyer confirms that they have received their order and they find it satisfactory. If this condition or any other conditions coded into the smart contract are not satisfied, the buyer's tokens are refunded to them. This ensures that the anonymous nature of cryptocurrency does not make it a preferred tool for scammers and advance-fee fraudsters.

PROBLEM STATEMENT

Users of online auction platforms and bidding sites like eBay face 3 major issues/challenges that detract from the value they are getting from the service. These issues are as follows:

- Excessive fees for transactions and listing. Despite collecting transaction fees worth up to 9% of the sale amount, many existing platforms also charge listing fees. So a user of one of such services basically has to pay twice to make use of a service that they do not even want to pay for in the first place. After paying a fee for the item to be listed, they also must cough up as much as a tenth of the item's value in fees to the auction platform.

- Lack of security in carrying out transactions. As noted at the outset, the general lack of security and preponderance of fraud on these platforms has severely affected customer experiences of online auctions for the worse. One of the commonest types of fraud on the Internet is advance-fee fraud, also known as 419. Online auction sites permitted this type of fraud to remain and thrive because there was no real mechanism for preventing buyers or sellers from handing over their money or goods to people they do not know. Till date, doing business on some of these platforms can be likened to gambling, because there is never any sort of guarantee that the desired goods will actually show up in exchange for the money, or that the money will show up when it is supposed.

- Lack of any long-term reward for platform loyalty. Some online auction sites have been in existence since the late 1990s and yet have never come up with any meaningful way to reward, recognize or appreciate their long-standing users who have contributed to the success of the platform.

Ethbay takes these three problems head on with an innovative solution that eliminates listing fees, radically reduces transaction fees to just 1%, incorporates an ultra-secure Ethereum smart contract escrow solution, and even includes a platform-specific cryptocurrency that tracks the value and popularity of the platform, rewarding its holders with substantial returns on their investment.

ETHBAY FRAMEWORK

Now that the problems necessitating the establishment of a third way have been established, how then does Ethbay work, and does it really satisfy the requirement for being a third way?

To begin with, at the point of registration on the platform, anyone from any country can register onto the site. No user information is required. An account ID will be generated that users will be asked to save. They will be asked to set a password for their account and will be given a 12-word mnemonic phrase that can be used to reset their password if they forget it. Buyers may add their email address to receive notifications from the site regarding their orders or sales if they wish but it is not required. In keeping with the blockchain's theme of anonymity, this platform attempts to place as little focus as possible on centralization of any sort.

Two factor authentication will also be available (but is not required) for added account security through scanning a QR code with a mobile device or having a text message sent to your phone number with a 6 digit code to validate any login attempts. Changing this phone number will require the entering of the user's 12-word phrase so hackers won't be able to easily change the user's phone number.

Sellers can list any item they wish to sell, except for fraud or drug-related items as well as any other items that are illegal to own. Sellers will need to provide an Ethereum address where they want to receive payments for any sales they make. Items can be listed as either an auction with the start time and duration indicated by the seller or as a fixed price listing. A search function will be available, so buyers can search for the seller's item based on keywords. Buyers can also select a category to search under and can browse items under a certain category with or without entering a key word. When searching, the buyer can select items for sale to be sorted by best match to the key words searched, price (high to low or low to high), or time listed (most recently listed or time ending soonest).

When a buyer has found an item they wish to purchase, they can enter their maximum bid amount for auctions in a similar way bids are submitted on eBay. If the buyer's maximum bid is higher than the previous bid, the bid will only show the minimum amount required for the buyer to be the high bidder based on the previous high bid and bid increments. And if new bids are submitted that are outbid by the maximum bid, the original bidder's maximum bid will also only increase by the minimum amount required to remain the high bidder. Once the auction ends, the winning bidder will be given an escrow address (all transactions are protected under escrow) to send the Ethereum to. Once the Ethereum transaction is confirmed, the order is officially confirmed. This same checkout process is also used for fixed price listings after the buyer commits to buy the seller's item.

Once the buyer receives their order and are satisfied with their purchase, they can release the escrow to the seller. If the escrow is not manually released by the buyer, it will automatically be released to the seller after 30 days. However, the seller can file a dispute requesting an earlier escrow release if they feel the buyer is unfairly holding their funds or is being non-responsive to the seller's messages. Released escrow payments are automatically transferred directly to the seller's Ethereum address they have on file (this can be updated at any time). There is a 1% escrow fee deducted from the sale amount when the escrow is released to the seller. These escrow fees are shared among the token holders. There are no listing fees, fees are only charged after the transaction is completed. In the event of a dispute

(the buyer didn't receive the item, or the item was different than what was described in the listing), the buyer will be allowed to file a dispute within 30 days of the purchase. The buyer and seller will be asked to work together to come to an agreement to resolve the dispute. If no agreement is reached or if one party fails to follow through on an agreement, the case can be submitted for review to the Ethbay team.

Ethbay may request additional information from each party and will then thoroughly review all information provided and decide based on the supplied evidence as well as the buying and selling history of the parties involved. If the case decision involves a refund to the buyer, the buyer will be returned their original payment to the Ethereum address that they indicate. No escrow fees will be charged. If the decision involves the funds being released to the seller, the standard 1% escrow fee will be imposed on the funds the seller receives. Sellers with numerous disputes filed against them or buyers found to be abusing the dispute system will be suspended.

ETHBAY EXPANSION PLANS

As time passes and the platform gains popularity and consumer traction, the plan is to launch a solution called "Ethbay Services". This will be a section of the Ethbay Marketplace devoted to offering services in exchange for payments in Ethereum. Those familiar with non-blockchain marketplace platforms like Upwork and Fiverr will recognize the basic concept whereby service providers can connect with their market through a safe and secure platform, with the added bonus of an extra layer of security provided by the Ethereum smart contract framework.

Also planned for future addition is the "Ethbay Classifieds" section, which will be a peer to peer platform where people can buy and sell items or services locally using Ethereum as a base currency. Much like the widely-available local classifieds listings which connect businesses to potential customers in their immediate geographical locations, Ethbay Classifieds will provide a platform for consumers to find sellers of goods and services in their locale, but with the twist of using ETH as the trading currency, rather than fiat. This platform will also integrate the extra security of the Ethereum smart contract framework.

Ethbay android and IOS apps are under construction, and in due course will be released on the Google Play Store and the iTunes store. The apps will provide the full and unrestricted functionality of the Ethbay platform available on the desktop, but with several optimizations for mobile devices.

To ease and facilitate the process of carrying out transactions on Ethbay, there are also plans to launch an on-site currency exchange to enable users quickly and easily buy Ethereum to be used on the site using fiat or a large variety of cryptocurrencies. Ethereum purchased from the exchange will be sent directly to the user's Ethereum wallet. There will be a small fee charged to use the exchange which will be shared with Ethbay token holders.

Eventually, the goal is to implement the acceptance of Ethbay tokens in exchange for goods or services offered on the site or through Ethbay classifieds. As the platform gains user volumes and becomes stronger, its native cryptocurrency will also witness an upward tick in its value relative to other cryptos

and fiat. At a certain level of valuation, it will be possible to activate the use of Ethbay tokens on the Ethbay platform as a medium of exchange for the goods and services offered on the site.

ICO DETAILS & ROAD MAP

The Ethbay ICO will begin June 7 at 10:00 AM UTC and end August 7 at 10:00 AM UTC. The total available Ethbay token supply is 100 million EBY. Of this number, 80 million EBY or 80% of the available total will be reserved for platform investors during the ICO, while the remaining 20% will be reserved for the Ethbay team.

*If the ICO does not sell out the total number of tokens retained by the Ethbay team will be reduced to 20% of the total supply based on the number of tokens actually sold. The remaining tokens will be burned.

Price: 1 ETH= 5000 EBY tokens

ICO Investment address: 0xDFB4524b1C1fE01075FAB0bB4E16Db991D58A3Bd

Users who wish to add the token to their Ethereum wallets are advised to enter the following information after clicking the designated link to add a token:

Symbol: EBY

Contract Address: 0x12110e20309491db874219613f597de587861b57

Decimals: 18

Tokens will immediately be sent to the same Ethereum wallet the user makes the Ethereum contribution from after the Ethereum is sent to the ICO address.

There will be a 25% bonus for investments made within the first 48 hours, 15% for investments made in the first 7 days, 10% for investments made in the first 14 days.

The fees generated from the site are shared proportionally with token holders and only the token holders receive a share of these funds. Site profits will be paid in Ethereum on a monthly basis through the creation of a smart contract specifically designed to pay token rewards. Profits will begin being paid after beta testing is complete and the alpha version of the site is launched. More information on how to claim rewards will be available closer to the first round of payments. Token holders will also be able to vote on site proposals and token holders can also submit their own proposals for voting. Users must have a minimum of 200,000 tokens to submit a proposal. This voting system will be available at a later time.

60% of ICO funds will be used for the creation and maintenance of the site, including bug bounties

20% of ICO funds will be used for marketing

20% of ICO funds will be used for future site development

June 2018: Begin ICO, collect funds for platform production and marketing

- August 2018: Begin marketing campaign, members can earn rewards for promoting Ethbay and referring users to the site

November 2018: Beta launch of platform, bug bounty program

- December 2018: Implement enhanced two factor authentication for increased account security

February 2019: Alpha (Main) Launch of platform

- February 2019: Creation of rewards contract to pay profits to token holders

March 2019: Launch Ethbay android and IOS app

- April 2019: Launch Ethbay Services

April 2019: Implement voting system, users can create and vote on site proposals

- May 2019: Implement cryptocurrency exchange for purchases to accept almost any cryptocurrency (automatically exchanged for ETH when transferring funds to the seller)

July 2019: Start accepting Ethbay tokens on the platform

- August 2019: Implement fiat exchange: Buy Ethereum to use on the site with fiat, will be sent directly to the user's Ethereum wallet

October 2019: Launch Ethbay Classifieds

TEAM

Founders

Brett Murphy

James Fuller

Philip Warren

Advisors

Peter Romero (Sales Acquisition Manager, eBay Inc.)

Sophie Fuller (Product Engineering Manager, Etsy)

Joseph Martinez (Business Development Manager, Amazon)

Ralph Ryan (Executive Assistant, eBay Inc.)

Site Developers (will create and maintain the platform)

Grace Jordan

Maxine Lopez

Oscar Stone

Jon Hawkins

Fund Managers (will create budgets and manage ICO funds)

James Nichols

Courtney Graham

Lester Harper

John Flores

Mike Flemming

Security Analysts (will protect the platform from DDOS attacks and other malicious behavior as well as keep user's accounts secure from hackers)

Daniel Camacho

Oscar Johnston

Kay Butler

Martin Hall

Mediations experts (will assist in resolving disputes between buyers and sellers and will assist users experiencing issues with the site)

Thomas Yeager

Harvey Gordon

Alexa Mitchell

Carlos Lewis

CONCLUSION

Ethbay is the online retail platform of the future which will merge the functionality of a peer-to-peer bidding website with the functionality of a contracting or freelancing platform, alongside the security and safety benefits of Ethereum smart contract frameworks. With Ethbay, users can:

- Bid for items and buy and sell without restriction within the boundaries of legality
- Avoid listing fees and other hidden unpleasant surprises common with other platforms
- Pay for items and services using Ethereum instead of fiat, which comes with the security advantage of the Ethereum smart contract protocol. If items or services are not delivered, or are not of an acceptable standard, users do not lose their money because the contract conditions are preset and immutable. If they are not fulfilled, the user simply receives an automatic refund of their ETH.
- Take advantage of future launch of Ethbay Services, which allows service providers, freelancers and virtual assistants to connect with their market, protected by the security of Ethereum smart contracts.
- Use Ethbay Classifieds to find local businesses and organizations of interest to them and transact business with them using ETH instead of fiat.
- Invest in the Ethbay platform by buying EBY tokens and potentially receive exponential returns on their investment as the platform rapidly grows bigger.

DISCLAIMERS

The ETHBAY service and the ETHBAY platform are provided strictly on an “as available” and “as is” basis. No assurances or representations of any type, direct or otherwise, are made regarding the operation of the service or the content, information, materials, or products displayed on the website.

No express or implied representations or warranties regarding the ETHBAY service and website, or the products or services provided therein are made. Therefore, any implied warranties of ETHBAY merchantability, fitness for a particular purpose, and non-infringement are expressly disclaimed and excluded. In addition, we make no representation that the operation of our service will be uninterrupted

or error free, and we will not be liable for the consequences of any interruptions or errors be they direct, secondary, related, penal, or consequential.

ETHBAY, its officers, representatives, employees, managers, and salespersons, shall not in any way hold any liability for any loss/damages (direct or indirect) rising out of or in connection with your use of or your inability to use the ETHBAY service and website, even if we have been duly advised of the possibility of such damages.

EBY is not an investment. There is no guarantee that the EBY you purchase will increase in value and/or provide any return.

ETHBAY does not confer exclusive ownership or arbitrary right to control. Possession of EBAY tokens does not grant the holder exclusive ownership or sole equity in the ETHBAY platform as a whole. No one individual has exclusive rights or power over the ETHBAY platform.

The purchaser's EBY can only be accessed with login credentials selected by the purchaser. The loss of these credentials will result in the loss of EBY. To prevent such a situation, it is strongly recommended that the holder should safely store credentials in one or more backup locations that are geographically separated from the working location and are accessible in the event of an emergency.

As they grow in popularity and application, Blockchain technologies have also become subject to regulatory attention and action by government and financial industry organizations around the world. The functioning of the ETHBAY platform and EBY tokens could thus be impacted by any regulatory inquiries or actions, including but not limited to restrictions on the use or possession of digital tokens like CIN, which could impede or limit the development of the ETHBAY platform.

Following the token sale and the development of the initial version of the ETHBAY platform, it is possible that blockchain-based platforms could be established, which operate using same open source code and open source protocol underlying the ETHBAY platform. The ETHBAY platform may have to compete with these alternative platforms, which could potentially negatively impact the performance of the ETHBAY platform and EBAY.

It is possible that the ETHBAY platform will not be used by large numbers of individuals, and that there will be limited public interest in the creation and development of distributed applications. Such a lack of interest could impact the development of the ETHBAY platform and therefore the potential uses or value of EBY.

The ETHBAY platform is presently under development and may undergo significant changes before its full release. Any expectations regarding the form and functionality of EBY or the ETHBAY platform held by the purchaser may not be met upon release, for any number of reasons including a change in the design and implementation plans and execution of the ETHBAY platform.

Hackers or other groups or organizations may attempt to interfere with the ETHBAY platform or the availability of EBY in any number of ways, including without limitation denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks.

The ETHBAY platform consists of software that is based on open-source software. There is a risk that the ETHBAY team, or other third parties may intentionally or unintentionally introduce weaknesses or bugs into the core infrastructural elements of the ETHBAY platform.

Advances in cryptography, or technical advances such as the development of quantum computers, could present risks to crypto currencies and the ETHBAY platform, which could result in the theft or loss of ETH and/or EBY.

While EBY should not be viewed as an investment, it may return value over time. That value may be limited if the ETHBAY platform lacks use and adoption. If this becomes the case, there may be few or no profits to draw from, or even a loss of your initial investment.

It is possible that the ETHBAY platform malfunctions in an unfavorable way, including but not limited to one that results in the loss of information or data.

Crypto-currency is a relatively new and untested technology. In addition to the risks set forth here, there are risks that the ETHBAY team cannot anticipate. Risks may further materialize as unanticipated combinations or variations of the risks set forth here.