

How would you like a **super secure** passive return on your investment? If your answer is yes, then read on!

## Eve Financial Service Bond Issue

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### Chapter 1 - Summary of Eve Financial Services

It is clearly evident from all the IPOs of late that many people are looking for some form of passive investment. However the problem in Eve is a lack of any real enforcement of agreements and the subsequent ease of scamming. As a solution to this Eve Financial Services (EFS) will be launching secured, fixed return bonds.

For those not familiar with bonds, they are a form of fixed return investment. You buy a bond from an institution and the institution pays you a fixed return on these bonds, while they still maintain their initial value.

EFS will pay an absolute minimum of 4% per month interest on bonds **plus** a bonus amount depending on how well the corp is doing. This is equivalent to minimum of 60% return per annum effective, or 1.5 years to double your money (if re-invested) guaranteed! This is competitive compared to most IPOs and it is the **only** secured investment that we are aware of.

With the unknown effect of future patches and market changes we feel that 4% is realistic long term. However whilst profits are as high as they currently are, we expect to pay well in excess of this and much closer to 6%. Please note that it will likely take a month or two to get all the invested Isk working and hence it is likely that the first month or so bonus amount will not be significant. Please plan for 4% only for the next two months.

The investment will be secured against assets held in Trust by third parties such that they exceed invested capital by 120%. These will be sold off by the Trust to cover any losses by investors if for any reason the business plan fails.

At present the third parties that make up the trustees of the Trust are **EMFi Auditor** and **Femintaki**. They have complete control over all the assets in the Trust and hold 100% of the shares.

## Chapter 2 - Background on origins, concepts and current business

I am a successful T2 producer that is looking to expand my interests into capital ship production as well as increase my existing T2 production portfolio. My expected market activity will approximately be:

Trade – 20%

Production – 70%

Market Speculation – 10%

Of course any new venture carries risk, and while I believe they will be successful, it is not fair for me to expect investors to share this risk. However, I have a solution to this problem.

The solution is to take control of assets completely out of my hands and put it in the hands of a Trust. I will not have any shares at all in the Trust, and will only have the role of director. Hence it would not be possible for me to unlock any BPOs or kick all the corp members from the Trust and effectively be left with control of the BPOs. The power to do this would reside entirely with the trustees of the Trust.

If I do not honour the agreement with investors, the trustees can sell off the assets to cover the investors.

Of course to make the investment “scam proof”, there are additional checks and balances that are needed.

1. To cover such contingencies such as errors in valuations or fluctuations in the value of assets, the assets will have to secure more than the invested capital. The value of assets held by the trust will have to exceed the invested capital by at least 120%.
2. To ensure that the assets held in trust really secure the invested capital by 120%, the assets will be valued by the trustees with consideration to past auctions, profit and any expert consultation they may find necessary.
3. To ensure that more bonds are not sold than what the assets cover, the number of shares will be limited to prevent this from happening. If more shares are needed once more capital secures them, they will be issued after approval by the third party. Obviously more shares can only be issued if the shareholders uphold the vote to do so. Subsequently if a legitimate share issue is approved by the trustees and proposed as a vote, shareholders agree to vote in favour of the proposal. If this is blocked by the shareholders, payment of interest will be withheld until this legitimate vote is passed. It should be noted that additional shares will in no way whatsoever affect the guaranteed return of existing shares in any way.

### Chapter 3 - Corporate Governance

Eve Financial Services will operate as a shell company whose only purpose is to manage issued bonds and distribute interest (as dividends) each month. As such, Eve Financial Services will not hold any assets besides Isk in its wallet. All assets will be held by a second company (the Trust) with 100% of the shares held by the Trustees.

This makes it impossible for me to gain access to any corp assets that are being used as surety, and thus offers total protection for all investors.

The trustees will be “EMFi Auditor” and “Femintak”. They have been chosen because:

1. They both have a long track record of being trustworthy.
2. I believe that they have higher goals than just Isk in Eve.
3. I trust them to be fair and keep to this agreement without scamming me.
4. They are both within travelling distance of me to visit with a large bat in case of scamming :o)

EFS will only issue as many shares as its surety (held by the Trust) covers. This makes it impossible to oversell shares at all, and even prevents me from issuing any more shares without approval from both the Trust and from the bond holders.

With me effectively carrying all the risk here, I will make all the decisions as to how the Isk will be invested, and I have proven to be quite capable in this regard already. However, remember that whatever happens, the investment will remain secure. In fact I will loose out quite badly if I do not honour this agreement.

If I screw up and loose everything, then the surety will cover all of the invested money.

## Chapter 4 - The Agreement

This will constitute the entire agreement between Eve Financial Services and its Investors.

1. To allow accurate auditing and simplicity of operation the bonds will be issued as EFS shares
  - 1.1. Each share will represent a bond value of 10,000 Isk.
  - 1.2. Interest equal to 4% of the bond value will be paid on the last day of every month plus a discretionary bonus depending on corporation performance. We currently expect this bonus to be in the region of 2% within the next two months once all the invested capital is working but this is not a guaranteed payment and investors should not rely on it.
  - 1.3. If investors would like to re-invest then they may do so by buying more bonds (subject to availability) with their interest payment.
  - 1.4. If there is an expected problem paying on the last day (due to real life commitments) the interest will be paid before the due date
  - 1.5. If a real life emergency prevents payment, payment will be allowed as much as 7 days late with double interest accruing during this time period.
  - 1.6. If 7 days have elapsed without payment, the third party will sell off enough assets to buy back all bonds, effectively paying off the investors. Any assets left over after first paying off all investors will be returned to myself.
  - 1.7. As a disinvestment option, we will set a buy order with the EGSE for 1 Bill Isk, or 5% of the invested capital (whichever is the greater) each month.
  - 1.8. The buy order will be for 95% of the initial value of the shares (i.e. 9,500 Isk).
  - 1.9. The buy order will only be place if there is demand on the waiting list as at the last day of the previous month.
  - 1.10. The buy order will be placed around the middle of the month.
  - 1.11. Any EGSE brokers fees will be paid by the sellers.
2. Assets equal to 120% of the issued value of all bonds (shares) will be held in trust by third parties acting as trustees.
  - 2.1. The trustees will be: "Femintaki" and "EMFi Auditor"
  - 2.2. The value of all assets held as surety will be valued by the Trustees with consideration to past auctions, profit and any expert consultation they may find necessary
3. A thread in the Market Discussion section of the Eve-Online forums will be kept up to date and will be used for:
  - 3.1. All reports by the Trustees.
  - 3.2. General communication between EFS and its investors.
4. Changes to this agreement are possible subject to the following conditions:
  - 4.1. A change to the interest rate is only allowed subject to an offer to buy back all bonds from any investors that choose to cash in their bonds rather than accept the change.
  - 4.2. A general change to all other terms in this agreement is possible subject to a simple majority vote by the EFS shareholders (or bond holders)
  - 4.3. A vote as describes in 4.2. will last for a minimum of 7 days.

## **Chapter 5 - Disclosure of Main and Alts**

My main is Eefrit. Although he is a 3 year old character, I have only been playing Eve for about 18 months, and have been using Eefrit as my main for the last year. I will be using "EFS Manager" as the face of EFS for primarily practical reasons. Another reason I'll be using EFS Manager as the face of the company is to allow some distance from the politics that my alliance is involved with and the business of Eve Financial Services.

Please note that any mail sent to Eefrit regarding EFS business will be deleted. All inquiries should be either eve-mailed to EFS Manager or posted in this forum thread.

For security purposes, all my alts will not be divulged as some of them will be involved in moving large volumes of expensive equipment around the galaxy. This will however be disclosed to the trustees subject to a confidentiality agreement

## Chapter 6 - Exit Strategies

### 1) If the business plan fails:

The trustees (EMFi Auditor and Femintaki) will sell off enough assets to completely pay back all investors. This will occur by public auction and any Isk or assets remaining after all investors have been repaid will be returned to myself.

It should be noted that the business plan is not entirely dependent upon the value of BPOs always being in excess of the Invested capital - the 120% rule is only there to hold myself accountable to investors. If the value were to fall below 120% but the interest payments are still being met, the Exit Strategy will not be called for subject to trustee approval.

For example, the monthly profit may still exceed any interest payments, in which case any future bond issues will be frozen until assets have been acquired to a level that keeps to the 120% rule.

### 2) If for any reason investors would like to disinvest:

Lets say that for some reason you as an investor want to disinvest (get your money out), because you need the Isk, or you are no longer happy with the level of the guaranteed return. EFS do not want to lock people's money away if they are not happy with the investment, and as such we offer a non-forced exit strategy as follows. This is of course only if you choose not to sell your shares on the open market or the EGSE (which is recommended).

After the first 3 months of operations, we will create a thread where investors can post on a waiting list to have their shares bought out by EFS under the following conditions:

1. A buy order will be placed for a minimum of 1 Bill Isk or 5% of the invested capital (whichever is the greater) with the EGSE every month pending the other conditions.
2. The buy back rate will be 95% of the initial selling price (i.e. 9,500 Isk)
3. This will be subject to demand on the waiting list. So if there is nobody on the waiting list, then we will not post any buy orders with the EGSE.
4. We will look at the waiting list as of the last day of the previous month. So the buyback for March will be based on the demand on the waiting list as at the last day of February.
5. The listing will be done at about the middle of the month.
6. Any broker's fees will be paid for by the sellers.

We are offering this disinvestment option to investors as a protection to them in case of any unforeseen circumstances and not as a way to get Isk out quickly. We believe that this further reduces any risks as unlike other IPOs thus far, we will not lock investors into poor returns.

## Chapter 7 – Bond Issue Phases, Market Cap

Total number of shares: 12,000,000

Shares allocated for initial bonds: 12,000,000

Current value of assets held as surety: 150 Billion Isk

Price per share: 10,000 Isk

Anticipated market capitalization: 120 Billion Isk

Guaranteed return per share: 4% or 400 Isk per month

Current expected bonus per share: 2.0% or 200 Isk per month within the next 2 months.

Total expected return per share: 6.0% or 600 Isk per share per month, which equates to 101% effective return per year if re-invested. Please note that the bonus payment is not guaranteed and will be paid solely on performance of the invested capital.

The bond issue will be continuous as, with bonds being issued subject to capital needs, with the proviso that capital held as surety will always exceed bonds issued by at least 120% based on independent market valuations. This 120% rule will of course take into effect any asset value fluctuations over time.

Phase 1 will be for the release of 3,000,000 shares with a market value of 30 Billion Isk. For instructions on how to buy bonds please see Chapter 12 – How to buy EFS Bonds (as shares)

Phase 2 will be for the release of all remaining shares as and when the additional working capital is needed. This means that from time to time there will be an announcement that EFS has released 'x' number of additional shares for public sale.

Official shares will only be sold in bulk (i.e. 50 Mill Isk or more) by "EFS Manager" and in smaller denominations by the EGSE brokers (a list of brokers can be found at <http://eve.hubau.be>). Investors are free to resell their shares for whatever amount they like on the open market.

## Chapter 8 - Full Disclosure of Risks

1. The surety does not cover at least the full value of all invested capital. For this to happen, the Trustees (EMFi Auditor and Femintaki) would all have to regularly be giving false information.

It should be restated that the business plan does not work or fail based entirely on the value of BPOs. The value of BPOs only affects the surety that is being given to investors. Compare this to every other IPO this far which has had 0% surety.

2. More bonds (as shares) could be issued than the assets held in trust cover. This would not be possible as any increase in bonds (shares) would be subject to approval by the Trust and the bond holders. It would not be possible to create additional shares without their express permission.

3. There is an assumption that T2 BPOs will not significantly depreciate with Kali. There exists a possibility that the depreciation may be greater than the 20% buffer given, and if this occurs the assets held in trust will not secure the invested capital. This places additional risk on investors recovering their investment in the unlikely event that an Exit Strategy is implemented. However EFS do not believe this to be likely, and strongly suggest that any prospective investors look into this themselves.

It is worth restating that the business plan does not depend entirely on the value of BPOs. Only the value of the security does, which is provided only as additional security to investors that this is not a scam. No other IPOs have any form of surety.

4. The Trust CEO decides to run off with all the BPOs. This is really the one risk that can not be avoided in Eve. At some point someone has access to all corps assets, and that person could in theory run off with them. In this case it is just as much a risk to myself as it is to any potential investors, as I have over 100 Billion Isk in assets to loose.

This begs the question of whether or not the trustees (EMFi Auditor and Femintaki) can be trusted. The biggest criteria here is whether I can trust the trustees or not, as an investor may lose some of their Isk if he (or her) turns out to be a scammer, while I will loose more than the combined total of all investments into EFS.

This is the primary reason that EMFi and Femintaki are trustees – I trust them. I also believe that it is fair to expect other players in Eve to trust them as well. They are both among the most trusted players in Eve and have been (and still are) trusted with billions of Isk in the past

In the end if you do not trust that EMFi Auditor and Femintaki will not run off with the assets, it is advised that you do not invest in Eve Financial Services.



## **Chapter 9 – Explanation of terms and roles**

**Bonds:** they are essentially like shares but do not give ownership of the company but rather a monthly interest payment. In Eve to facilitate this, they are shares in a shell company, namely Eve Financial Services.

**Trust:** a legal entity that is run by people that do not own it, and administered along the lines of a predetermined agreement. In eve it is essentially a corporation that hold assets as surety to protect investors against any potential scams.

**Trustees:** EMFi Auditor and Femintaki are the two current trustees. The trustees will have 100% ownership of all shares in the trust between them and their role is to enforce the agreements of this document as an unbiased third party. They do not own the assets being held as surety but look after them under specific terms laid out under this agreement.

**Third Party:** see Trustees

## **Chapter 10 – How you can benefit from helping EFS**

The largest form of investment that EFS is involved in is tech 2 production, and a large part of the success of this is determined by access to good T2 BPOs. In an attempt to help both us and the general public have started an affiliate program.

If you refer someone to us that is selling a T2 BPO and we purchase the T2 BPO from them, we will pay you 5% of the purchase price in cold hard Isk. So if a friend of yours who is selling a T2 BPO is referred to us by you, and we buy the T2 BPO for say 20 Billion Isk, then we will transfer to you 1 Billion Isk.

Of course, you either need to get your friend to tell us that you referred him to us, or you need to email myself (Eefrit or EFS Manager) with the details. That is the name of the character selling the T2 BPO; which T2 BPO it is; and what price he (or she) is asking for it (a ballpark figure will do).

This does NOT apply to current auctions or WTS spams on the Blueprints channel.

## Chapter 11 – FAQ

Q: Will EFS ever buy back the bonds?

A: We may at some point in the future buy back the bonds, but that is not expected in the near future, nor is it planned. We do offer a method for buying back bonds if investors wish us to do so which is outlined in Chapter 6 – Exit Strategies.

Q: What assets make up the 150 Billion Isk?

A: The exact assets will not be publicly disclosed; they will however be visible and locked down by the trustees.

Q: How does a 4% return compare to other IPO returns.

A: It is not just 4% though - 4% is the guaranteed minimum return that we will give. Which in and of itself compares favourably with the real returns of past IPOs. I do not want to use any specific examples as it may come across as me running them down, but I suggest you look at the market discussions forum where most companies post their results.

Also remember that this is not the same as 100% of all the other IPOs I am aware of where there is no collateral put down at all. We are offering a secure investment for consistent guaranteed growth.

## Chapter 12 – How to buy EFS Bonds (as shares)

### If you would like to purchase 50 Mill Isk or more in shares

1. Post in the sales thread on the Eve-Online forums stating how many shares you would like
2. Transfer the Isk according to a. and b. below
  - a. If it is an individual, transfer the Isk to “EFS Manager”
  - b. If it is a corp, have the corp transfer the Isk to “Eve Financial Services”
3. EFS Manager will normally check the wallet within 24 hours and transfer the shares to either the person who sent the Isk or the corp that bought the shares.

### If you would like to purchase less than 50 Mill Isk in shares

1. Open IGB (ingame-browser) and go to the URL “eve.hubau.be”
2. Select FIN on the bar of tickers (at the top)
3. Under sell orders, press “buy it” from the broker you want to buy (lowest price is listed at the top)
4. Type amount you want to buy
5. Press “next”
6. Check the amount & price and if correct press “yes”, otherwise “no” to cancel
7. Follow the prescribed procedure, e.g. sent the required cash to the broker named (preferably making a screenshot of this for later reference)
8. Wait for your shares to arrive (should take no more than 24 hours after payment, if it does contact the broker involved)

## **Comments**

I would like to thank Hexxx for his past and continuing consulting and for his work on the IPO template which this document was initially based on.

I would also like to thank EFMi Auditor and Femintaki both for being trustees and for advice on changes to the business plan which was redone over a dozen times. Although EFMi was rather hard to please, I do feel that the final business plan is as secure as possible for any potential investors.