

$$\text{Enc}(\beta, i_3, n_3) = c_{3\beta} = (E_{3\beta}, D_{3\beta}) = (n_3 \cdot \beta^{i_3}, g^{i_3}) \bmod p$$

$$\text{Enc}(\beta, i_4, n_4) = c_{4\beta} = (E_{4\beta}, D_{4\beta}) = (n_4 \cdot \beta^{i_4}, g^{i_4}) \bmod p$$

$$c_{3\beta} \cdot c_{4\beta} = c_{34\beta} = \text{Enc}(\beta, i_{34}, n_{34}) = (E_{34\beta}, D_{34\beta}) = (n_{34} \cdot \beta^{i_{34}}, g^{i_{34}}) = c_{34\beta}$$

$$i_{34} = (i_3 + i_4) \bmod (p-1)$$

$$n_{34} = n_3 \cdot n_4 \bmod p$$

$$C_{34\beta} = (E_{34\beta} \bmod p, D_{34\beta} \bmod p)$$

$$C_{34\beta} = (E_{3\beta} * E_{4\beta} \bmod p, D_{3\beta} * D_{4\beta} \bmod p)$$

If transaction balance is valid: $m_1 + m_2 = 2000 + 3000 = 1000 + 4000 = m_3 + m_4$

Then since: $n_{12} = n_1 \cdot n_2 = g^{m_1} \cdot g^{m_2} \bmod p = g^{m_1 + m_2} \bmod p$

$n_{34} = n_3 \cdot n_4 = g^{m_3} \cdot g^{m_4} \bmod p = g^{m_3 + m_4} \bmod p$

} $n_{12} = n_{34} = n$

Incomes

```

>> m1=2000; >> m2=3000; >> E12a=mod(E1a*E2a,p)
>> n1=mod_exp(g,m1,p) >> n2=mod_exp(g,m2,p) E12a = 52532683
n1 = 28125784 >> n2=222979214 >> D12a=mod(D1a*D2a,p)
>> i1=int64(randi(p-1)) >> i2=int64(randi(p-1)) D12a = 32918394
i1 = int64(207414820) >> i2 = int64(67446699)
>> a_i1=mod_exp(a,i1,p) >> a_i2=mod_exp(a,i2,p)
a_i1 = 192148999 >> a_i2 = 211790072
>> E1a=mod(n1*a_i1,p) >> E2a=mod(n2*a_i2,p)
E1a = 207347548 >> E2a = 77938423
>> D1a=mod_exp(g,i1,p) >> D2a=mod_exp(g,i2,p)
D1a = 202537833 >> D2a = 82080815

c1a = (E1a, D1a) c2a = (E2a, D2a)
Verification: Dec(x, c1a) = nn1 Verification: Dec(x, c2a) = nn2
>> mx=mod(-x,p-1) mx = 48335866
>> D1a_mx=mod_exp(D1a,mx,p) >> D2a_mx=mod_exp(D2a,mx,p)
D1a_mx = 75547583 >> D2a_mx = 57701660
>> nn1=mod(E1a*D1a_mx,p) >> nn2=mod(E2a*D2a_mx,p)
nn1 = 28125784 >> nn2 = 222979214

>> n12=mod(n1*n2,p)
n12 = 143845522

```

Expenses

```

>> m3=1000; >> m4=4000; >> E34beta=mod(E3beta*E4beta,p)
>> n3=mod_exp(g,m3,p) >> n4=mod_exp(g,m4,p) E34beta = 57420210
n3 = 260099963 >> n4 = 246637967 >> D34beta=mod(D3beta*D4beta,p)
>> i3=int64(randi(p-1)) >> i4 = int64(randi(p-1)) D34beta = 107062668
i3 = int64(137379932) >> i4 = int64(225960178)
>> beta_i3=mod_exp(beta,i3,p) >> beta_i4=mod_exp(beta,i4,p)
beta_i3 = 14259017 >> beta_i4 = 159771180
>> E3beta=mod(n3*beta_i3,p) >> E4beta=mod(n4*beta_i4,p)
E3beta = 167897317 >> E4beta = 195130083
>> D3beta=mod_exp(g,i3,p) >> D4beta=mod_exp(g,i4,p)

```

```

beta_i3 = 1425901 /
>> E3beta=mod(n3*beta_i3,p)
E3beta = 167897317
>> D3beta=mod_exp(g,i3,p)
D3beta = 65145889

beta_i4 = 195130083 /
>> E4beta=mod(n4*beta_i4,p)
E4beta = 195130083
>> D4beta=mod_exp(g,i4,p)
D4beta = 229603826

C34beta=(E3beta*E3beta,
          D3beta, D4beta)

Verification: Dec(z, c34beta) = nn34
>> mz=mod(-z,p-1)
>> D34beta_mz=mod_exp(D34beta,mz,p)
D34beta_mz = 169945498
>> nn34=mod(E34beta*D34beta_mz,p)
nn34 = 143845522

Verification: Dec(z, c3beta) = nn3
>> mz=mod(-z,p-1)
mz = 218684080
>> D3beta_mz=mod_exp(D3beta,mz,p)
D3beta_mz = 258869169
>> nn3=mod(E3beta*D3beta_mz,p)
nn3 = 260099963

Verification: Dec(z, c3beta) = nn3
>> mz=mod(-z,p-1)
mz = 218684080
>> D4beta_mz=mod_exp(D4beta,mz,p)
D4beta_mz = 218460911
>> nn4=mod(E4beta*D4beta_mz,p)
nn4 = 246637967

```

```

>> n34=mod(n3*n4,p)
n34 = 143845522

```

```

>> nn12=mod(nn1*nn2,p)
nn12 = 143845522

n12 = n = n34 = 143845522

>> nn34=mod(nn3*nn4,p)
nn34 = 143845522

```

\mathcal{A} : must prove to the net, that C_{12a} and $C_{34\beta}$ encrypted the same value $n_{12} = n_{34} = n$; \longrightarrow Ciphertexts Equivalency Proof.

The statement st for this proof is the following:

$$st = \{C_{12a}, C_{34\beta}, a, \beta\}; \text{ For example: } a = g^x \text{ mod } p$$

$Pub = a$ is a statement for x .

For proof \mathcal{A} randomly generates integers u, v and $(-v) \text{ mod } (p-1)$

```

u ← randi(L_{p-1}); L_{p-1} = {0, 1, 2, ..., p-2}
v ← randi(L_{p-1})
-v mod (p-1) → >> mv = mod(-v, p-1)

>> u = int64(randi(p-1))
u = 234711265
>> v = int64(randi(p-1))
v = 223454508
>> mv = mod(-v, p-1)
mv = 44980510

```

1. The following commitments $\{t_1, t_2, t_3\}$ are computed:

```

t1 = g^u mod p
t2 = g^v mod p
t3 = (D12a)^u * beta^-v mod p

>> t1=mod_exp(g,u,p)
t1 = 160710747
>> t2=mod_exp(g,v,p)
t2 = 131605032
>> D12a_u=mod_exp(D12a,u,p)
D12a_u = 46284380
>> beta_mv=mod_exp(beta,mv,p)
beta_mv = 81562027
>> t3=mod(D12a_u*beta_mv,p)
t3 = 8217992

```

2. The following h -value is computed using secure h -function H :

$$h = H(a || \beta || t_1 || t_2 || t_3)$$

a β t_1 t_2 t_3 $t_3 = 8217992$

```

>> hsymb='174059961||213338364||160710747||131605032||202608126'
hsymb = 174059961||213338364||160710747||131605032||202608126
>> h=hd28(hsymb)
h = 264802094

% t3 in hsymb is incorrect
% leave this h=264802094
% for further computations

```

3. A having her $P \cdot K = x$ and $i_{34} = (i_3 + i_4) \bmod (p-1)$ computes r and s

$$r = (x \cdot h + u) \bmod (p-1)$$

$$s = (i_{34} \cdot h + v) \bmod (p-1)$$

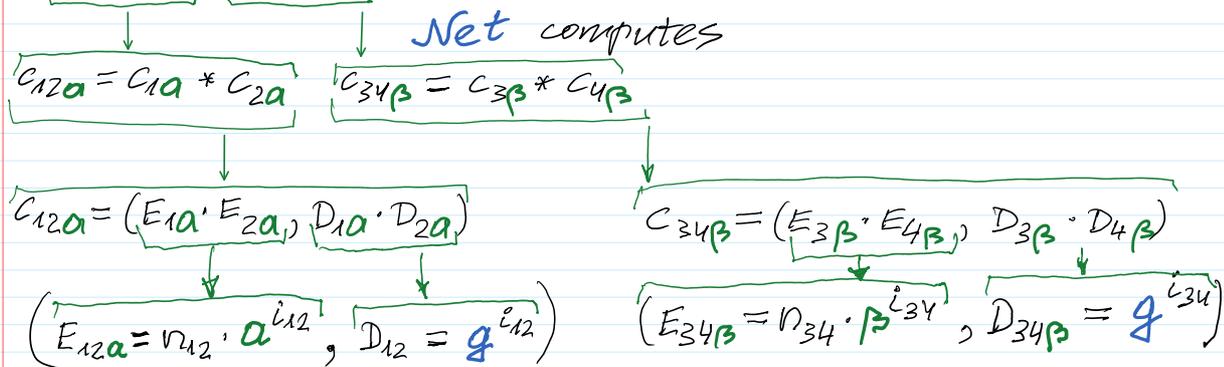
```
>> xh=mod(x*h,p-1)
xh = 2537232
>> r=mod(xh+u,p-1)
r = 237248497
```

```
>> i3
i3 = 137379932
>> i4
i4 = 225960178
>> i34=mod(i3+i4,p-1)
i34 = 94905092
```

```
>> i34h=mod(i34*h,p-1)
i34h = 50935534
>> s=mod(i34h+v,p-1)
s = 5955024
```

A : declares the following set of data to the Net

$\{C_{12a}, C_{2a}, C_{3\beta}, C_{4\beta}\} \cup \{a, \beta, t_1, t_2, t_3, r, s\} \longrightarrow Net$



Net verifies transaction correctness by verifying the following identities

$$g^r = a^h \cdot t_1 \bmod p \quad // A \text{ proves that she knows her } P \cdot K = x$$

$$g^s = (D_{34\beta})^h \cdot t_2 \bmod p \quad // A \text{ proves that she knows her random parameter } i_{34} \text{ used for encryption}$$

$$g^r = g^{xh+u} = g^{xh} \cdot g^u = (g^x)^h \cdot g^u = a^h \cdot t_1 \bmod p;$$

$$g^s = g^{i_{34}h+v} = g^{i_{34}h} \cdot g^v = (g^{i_{34}})^h \cdot g^v = (D_{34\beta})^h \cdot t_2 \bmod p;$$

$$(E_{34\beta})^h \cdot (E_{12a})^{-h} \cdot (D_{12a})^r \cdot \beta^{-s} = t_3 \bmod p$$

A proves that based on her knowledge of x and i_{34} , the ciphertexts C_{12a} and $C_{34\beta}$ are equivalent.

$$(E_{34\beta})^h = (n_{34} \cdot \beta^{i_{34}})^h = (n_{34})^h \cdot \beta^{i_{34}h}.$$

$$(E_{12a})^{-h} = (n_{12} \cdot a^{i_{12}})^{-h} = (n_{12})^{-h} \cdot a^{-(i_{12}h)} \bmod p;$$

$$(D_{12a})^r = (g^{i_{12}})^r = (g^{i_{12} \cdot x^h + i_{12}u}) = (g^x)^{i_{12}h} \cdot (g^{i_{12}})^u = a^{h \cdot i_{12}} \cdot (g^{i_{12}})^u = a^{i_{12}h} \cdot (D_{12a})^u \bmod p;$$

$$\beta^{-s} = \beta^{-i_{34}h-v} = \beta^{-i_{34}h} \cdot \beta^{-v} = \beta^{-i_{34}h} \cdot \beta^{-v} \bmod p;$$

$$\begin{aligned} & (E_{34\beta})^h \cdot (E_{12a})^{-h} \cdot (D_{12a})^r \cdot \beta^{-s} \pmod{p} \\ \equiv & (n34)^h \cdot \beta^{i34*h} \cdot (n12)^{-h} \cdot a^{-(i12*h)} \cdot a^{i12*h} \cdot (D_{12a})^u \cdot \beta^{-i34*h} \cdot \beta^{-v} \pmod{p} \end{aligned}$$

If balance equation is valid, then $n34 = n12 = n \pmod{p}$ then $(n34)^h \cdot (n12)^{-h} = n^h \cdot n^{-h} = 1 \pmod{p}$.

$$\begin{aligned} & (n34)^h \cdot (n12)^{-h} \cdot (D_{12a})^u \cdot \beta^{-v} \pmod{p} \\ \equiv & 1 \cdot (D_{12a})^u \cdot \beta^{-v} \equiv (D_{12a})^u \cdot \beta^{-v} = t_3. \end{aligned}$$

Net

```
>> p=int64(268435019)
p = 268435019
>> g=2;
```

$$\{ \{C_{1a}, C_{2a}, C_{3\beta}, C_{4\beta}\} \cup \{a, \beta, t_1, t_2, t_3, r, s\} \}$$

$$g^r = g^{xh+u} = g^{xh} \cdot g^u = (g^x)^h \cdot g^u = a^h \cdot t_1 \pmod{p};$$

$$g^s = g^{i34*h+v} = g^{i34*h} \cdot g^v = (g^{i34})^h \cdot g^v = (D_{34\beta})^h \cdot t_2 \pmod{p};$$

$$(E_{34\beta})^h \cdot (E_{12a})^{-h} \cdot (D_{12a})^r \cdot \beta^{-s} = t_3 \pmod{p}$$

```
>> h = int64(264802094)
h = 264802094
>> mh=mod(-h,p-1)
mh = 3632924
>> beta = int64(213338364)
beta = 213338364
>> r = int64(237248497)
r = 237248497
>> s = int64(5955024)
s = 5955024
>> ms=mod(-s,p-1)
ms = 262479994

>> E34beta = int64(57420210)
E34beta = 57420210
>> E12a = int64(52532683)
E12a = 52532683
>> D12a = int64(32918394)
D12a = 32918394

> t1 = int64(160710747)
t1 = 160710747
>> t2 = int64(131605032)
t2 = 131605032
>> t3=mod(D12a_u*beta_mv,p)
t3 = 8217992
```

```
>> E34beta_h=mod_exp(E34beta,h,p)
E34beta_h = 187587888
>> E12a_mh=mod_exp(E12a,mh,p)
E12a_mh = 166027856
Ver1=mod(E34beta_h*E12a_mh,p)
Ver1 = 137483493

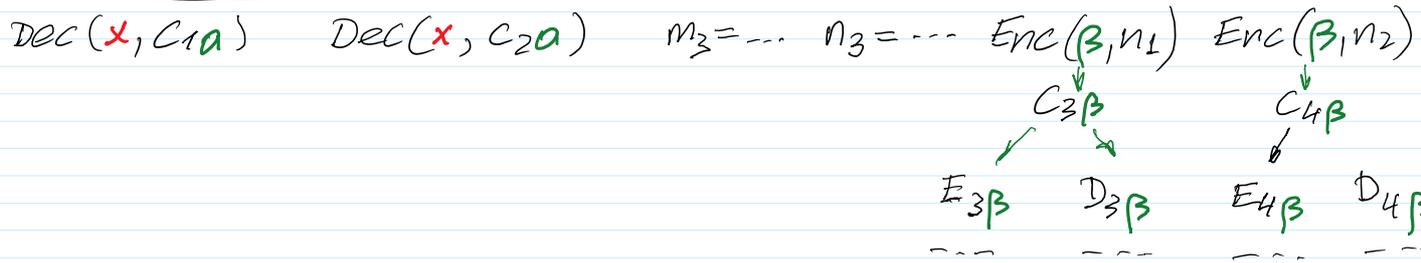
>> D12a_r=mod_exp(D12a,r,p)
D12a_r = 81546199
>> beta_ms=mod_exp(beta,ms,p)
beta_ms = 104897990
>> Ver2=mod(D12a_r*beta_ms,p)
Ver2 = 179105215

>> Ver=mod(Ver1*Ver2,p)
Ver = 8217992
```

Bobs actions

B1		B2	
		C1a	
M1 = ...	N1 = ...	E1a	D1a

Alice actions



The correctness of (30), (31) is proved by the following identities:

$$g^r = g^{xh+u} = g^{xh} \cdot g^u = (g^x)^h \cdot g^u = a^h \cdot t_1; \quad (33)$$

$$g^s = g^{lh+v} = g^{lh} \cdot g^v = (g^l)^h \cdot g^v = (\delta_{\beta,E})^h \cdot t_2. \quad (34)$$

The correctness of (32) is proved by considering every multiplier separately:

$$(\epsilon_{\beta,E})^h = (E \cdot \beta^h)^h = E^h \cdot \beta^{lh}; \quad (35)$$

$$(\epsilon_{a,I})^{-h} = (I \cdot a^k)^{-h} = I^{-h} \cdot a^{-kh}; \quad (36)$$

$$(\delta_{a,I})^r = (g^k)^r = (g^{kxh+ku}) = (g^x)^{hk} \cdot (g^k)^u = a^{hk} \cdot (g^k)^u = a^{hk} \cdot (\delta_{a,I})^u; \quad (37)$$

$$\beta^s = \beta^{-lh-v} = \beta^{-lh} \cdot \beta^{-v}. \quad (38)$$

Notice that k is not known to Alice and is included in $(\delta_{a,I})$. If the transaction is honest, then the transaction balance (1) is satisfied and $I=E$ since. Then $E^h \cdot I^{-h} = 1 \pmod p$, and putting it all together, we obtain:

$$E^h \cdot \beta^{lh} \cdot I^{-h} \cdot a^{-kh} \cdot a^{hk} \cdot (\delta_{a,I})^u \cdot \beta^{-lh} \cdot \beta^{-v} = (\delta_{a,I})^u \cdot \beta^{-v} = t_3. \quad (39)$$

This is the proof to the Net that the balance equation (1) is valid.