



## **ROSS ULBRICHT CONVICTION: END OF THE 'SILK ROAD' OR A NEW BEGINNING?**

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The entrepreneurial streak among some of the computer geeks, fanned by growing consumerism, has manifested itself into establishment of online shopping portals catering to the needs of consumers demanding myriad goods and services delivered at their doorsteps. The proliferation of specialist online stores has changed the retail landscape completely which, not in the distant past, was mostly populated by bricks and mortar retailers. This new venture however, in spite of its technical sophistication, ease of **convenience** and exponential growth, could not insulate itself from human vices and follies and became prey to profiteering, black marketing and hoarding. The cyberspace, on which the entire premise of online shopping has been established, offered opportunities to many unscrupulous actors to remain anonymous or to cover tracks of their nefarious activities. The dark web, The Onion Router (TOR) and transaction through Bitcoin have collectively fuelled the proliferation of dark market offering sale of illicit goods and services.

**Silk Road** was one such online black market for selling illegal drugs. Operated by Ross William Ulbricht with the pseudonym "Dread Pirate Roberts", Silk Road soon became a favorite among drug vendors and customers. Drug dealers were presented with an opportunity to be disassociated with the "systemic violence" inherently linked with the distribution and storage of narcotics. While buying drugs from Silk Road, consumers also felt a lot safer, due to their reduced interaction with law enforcing agencies and potentially violent drug gang enforcers. Ulbricht saw his venture as a logical extension of services



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being provided by eBay or Alibaba and as a company that provides a platform for interaction between consumers and providers. The growth of Silk Road did not go unnoticed by the U.S. government agencies and some U.S. senators clamoured for closure of Silk Road. Federal agents in Maryland and Chicago, in a bid to tighten the noose against Ulbricht, start tracking online activities of Silk Road. By July 2013, by masquerading the online identity of a member of the Silk Road staff, one agent was deep inside the Silk Road system.

The meteoric rise of Silk Road came to its dead end on October 1, 2013, when Federal agents trailing Ulbricht arrested him, while he was chatting online with one of his employees in the library, who was, in fact, an FBI agent. With Ulbricht logged on to his computer at a table in the science fiction section of library, two agents raised a commotion behind him and when Ulbricht turned to watch them, a third agent grabbed his open laptop and seized it. This was followed by Ulbricht's trial, which soon became a tragic display of how a young man with **unparalleled potential** squandered away his brilliance to set up a **cyber drug cartel based on his beliefs in free markets and internet privacy**.

The trial also revealed some of the methods employed by FBI to fish out Ulbricht from the Dark Web. First, FBI agents hacked into Silk Road after locating its servers in Iceland and then created fake personas to interact with the site's administrator. In the summer of 2013, one agent posing as an employee crawled to the top echelons of the Silk Road operation. Once the direct links were established with Ulbricht through false identities, it was only a matter of time before they could conclusively establish his identity and whereabouts. Ulbricht's trial began on 13 January 2015 in the Federal Court in Manhattan. During trial, prosecutors accused Ulbricht of conceiving and operating Silk Road as it grew into a \$1.2 billion drug cartel with buyer ratings and money-back guarantees. Ulbricht's attorneys argued that investigators may have violated Fourth



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Amendment protections to Ulbricht against unreasonable search and seizure by conducting warrantless surveillance of Ulbricht's activities on Tor. In their efforts to gather collaborative evidence to strengthen their case, FBI agents gathered related metadata, trawled through Ulbricht personal email, chats, photographs and Dread Pirate Roberts's chat logs. Ensnared by his online activities, FBI was able to conjure up an image of Ulbricht as a narcotics-trafficker, money-lauder and computer-hacker. During the trial, Ulbricht admitted to founding the Silk Road website but claimed that soon after he founded it, he transferred control of the site to other people. Ulbricht's lawyers claimed that 'Dread Pirate Roberts' online pseudonym was used by someone else to set up Ulbricht as a fall guy. On 4 February 2015, the jury convicted Ulbricht of seven charges including charges of engaging in a criminal enterprise, narcotics-trafficking, money-laudering and computer-hacking and was sentenced to 30 years of imprisonment.<sup>1</sup> Manhattan federal Judge Katherine Forrest, who was overseeing the trial and subsequently sentenced him, became the centre of wrath of online community bearing allegiance to Ulbricht. She received chilling online death threats and her home address, Social Security number and other personal details, including her photo along with ominous derision was posted on the Hidden Wiki.<sup>2</sup>

The closure of Silk Road and conviction of Ulbricht has prompted an unusual debate about the efficacy of these measures in containing the activities of organized drug cartels and purging the society of scourge of online crimes. It is being argued that shutting Silk Road is akin to taking one drug dealer off the streets which drove inveterate addicts to other sites. As the trail unfolded, other web sites learned more about acts of sheer folly which brought the downfall of Ulbricht and Silk Road and took measures to cover their tracks more effectively and expertly. The Silk Road bust informed millions of new customers new ways of buying drugs online, which are lot more safer and peer-reviewed. The publicity garnered by Silk Road during trial has inspired many sites to emulate its functioning and offer new portals to buy drugs illegally. It is also being claimed that Silk



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Road, in a way, reduced many harms associated with illegal drug market such as supply adulterated of product and open sale of drugs.<sup>3</sup>

Despite the spectacular success of U.S. law enforcement agencies in taking down Silk Road, the challenge to regulate and control dark markets is of gargantuan proportion. In online drug trading, financial transactions are hidden, dealers and customers never meet and drugs arrive in post, making it extremely to track and comprehend the culprits. Anti-narcotics and law enforcement agencies are only peripherally aware of functioning and development of dark markets and Bitcoin transactions. Hopefully, the Silk Road episode will add to the ever growing repertoire of capabilities acquired by law enforcement agencies in dealing with online black markets.

***(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])***

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<sup>1</sup> "Man Behind Silk Road Website Is Convicted on All Counts", *The New York Times*, February 4, 2015, <http://www.nytimes.com/2015/02/05/nyregion/man-behind-silk-road-website>

<sup>2</sup> "[Judge in Silk Road case gets death threats](http://nypost.com/2014/10/24/hackers-threaten-federal-judge-in-silk-road-founder-case/)", *The New York Post*, November 02, 2014, <http://nypost.com/2014/10/24/hackers-threaten-federal-judge-in-silk-road-founder-case/> Calder, Rich

<sup>3</sup> "Convicting the Silk Road founder won't stop the booming digital drug trade", *The Guardian*, January 30, 2015, <http://www.theguardian.com/commentisfree/2015/jan/28/silk-road-trial-stop-the-booming-digital-drug-trade>

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