

# “Dread Pirate Roberts” and the Silk Road

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By Steven W. Hooper

Have you ever wondered about what kind of investigations they are working on at U.S. Customs successor agency, Homeland Security Investigations (HSI)? Well, the answer is they are busy with cases in many of the same priority areas as U.S. Customs along with new responsibilities that include immigration related investigations. One new skill that is required by today's special agents is a knowledge of bitcoin, the Dark web, and the Darknet. Hang on to your hat while we explore an investigation involving these elements that has more twists and turns than a roller coaster ride.

The Silk Road was the name of a Darknet online trading platform where customers could buy and sell illicit drugs and other contraband anonymously using bitcoin. The illicit items were delivered to the buyer's door via the postal service. The site was conceived and launched in 2011 by a 26-year-old former Eagle Scout and college graduate in his bedroom at his parents' home located in a wealthy suburb of Austin, Texas.

The site's owner, Ross Ulbricht, went by the online pseudonym “Dread Pirate Roberts” (or DPR), a name he borrowed from the 1987 cult classic movie *Princess Bride*. Ulbricht's goal for his website was to become the “Amazon of illicit drugs” while keeping his identity and the identity of buyers and sellers hidden from authorities.

As Ulbricht's Silk Road empire rapidly expanded, he was forced to hire assistants and add other types of contraband items to those traded on the site. Soon counterfeit documents, currency, poison and even hitmen were for sale on the site. By 2012, it was estimated that the website was facilitating nearly \$45 million in transactions per year. Ulbricht was now a multi-millionaire but was forced to live on the run and operate his empire from his laptop computer. He was in constant fear of betrayal by his associates and discovery by law enforcement. When he perceived things had gotten so bad, he began placing murder-for-hire contracts on those he believed were stealing from him or might betray him.

The beginning of the end for Ulbricht began at a foreign mail examination facility near Chicago's O'Hare International Airport on October 5, 2011. Customs and Border Protection (CBP) Officer Mike Weinthalar had discovered a small pink pill

in an envelope arriving from the Netherlands. Officer Weinthalar contacted rookie HSI Special Agent Jared Der-Yeghiayan who responded to the airport. After examining the evidence, Agent Der-Yeghiayan decided to interview the addressee on the envelope.

When Agent Der-Yeghiayan arrived at the Chicago address on the envelope, the intended recipient was not there. But the roommate of the recipient did agree to answer a few questions. When Agent Der-Yeghiayan asked the roommate where the drugs received by mail had been obtained, he was told the “Silk Road website” on the Dark web.

Special Agent Ulbricht’s pursuit of the Silk Road quickly grew from his solitary pursuit to one involving at least four HSI SAC offices, HSI Attaché offices in Europe and Asia, the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), the Internal Revenue Service (IRS), the United States Postal Service (USPS), and the United States Secret Service (USSS), as well as three United States Attorney’s offices, and cybercrime units at both the Department of Justice and Homeland Security.

With all these agencies working on the same case using different investigative methods and targeting different laws, what could possibly go wrong?

Interoffice and interagency rivalries and fights to control the investigation began almost immediately. As a result, a task force of the agencies was formed to coordinate the investigation. This helped to focus the investigation until a DEA agent assigned to the case decided to go rouge and conduct his own independent investigation. Eventually, this agent and another task force agent from the Secret Service pled guilty to stealing bitcoin from the Silk Road website and the government.

Despite all the distractions, Special Agent Der-Yeghiayan, FBI Special Agent Chris Tarbell, IRS Special Agent Gary Alford and others were able to solve one of the most difficult and complex criminal investigations in American history. In October of 2013, Federal agents arrested Ulbricht in a San Francisco, California library as he was posting on the Silk Road website as “Dread Pirate Roberts”. Agents quickly seized the Silk Road website and the bitcoin associated with the site.

There is no way to get the full sense of the drama and excitement generated by this case without reading a detailed description of the investigation like that

contained in the *New York Times* bestseller *American Kingpin* by Nick Bilton. If you do not have time to read the book, you can view a three-minute HSI video on the case at <https://www.ice.gov/features/darknet>. If you would like a bit more information about the case and want to hear from case agent Der-Yeghiayan, watch an episode of the CBS television program *The FBI Declassified* at <https://www.cbsnews.com/news/ross-ulbricht-dread-pirate-roberts-silk-road-fbi/>.

On February 4, 2015, Ulbricht was convicted of seven charges related to the Silk Road website in U.S. Federal Court in Manhattan and was sentenced to life in prison without the possibility of parole. In November of 2020, the United States government seized more than \$1 billion worth of bitcoin connected to the Silk Road website.

As Vizzini (a character in the movie *Princess Bride*) might say, this case was “Inconceivable!”

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