

Man convicted of operating underground website Silk Road

February 4 2015, by Larry Neumeister And Tom Hays

A San Francisco man was swiftly convicted Wednesday of creating and operating an underground website that prosecutors said enabled drug dealers around the world to reach customers they would never find on the street.

Ross William Ulbricht was convicted of seven drug and conspiracy counts. The jury's verdict in federal court in Manhattan came after little more than three hours of deliberations and one day after prosecutors urged jurors to follow Ulbricht's "digital fingerprints."

The government said drug dealing made up nearly all of Silk Road's sales during its nearly three years in business, which ended with Ulbricht's October 2013 arrest. Prosecutors also discounted defense claims that Ulbricht was framed by others in a murky Internet world where nothing is what it seems.

Prosecutors said Ulbricht enabled more than 1 million drug deals on Silk Road and earned about \$18 million in bitcoins. Sales of illegal drugs of every type were delivered through the website, representing at least \$180 million in sales, they said.

Ulbricht had several supporters among the spectators. When the verdict was announced, his father dropped his head in his hands. Later, a male spectator shouted out, "Ross is a hero!" Another called out to him: "It's not over Ross. We love you." As Ulbricht was led out of court, he waved toward the spectator section.

Lyn Ulbricht, his mother, exited the courtroom complaining that the defense had been barred from putting on evidence that would help her son.

"It was not a fair trial. It was not an even playing field, and I think that's a tragedy," she said.

U.S. Attorney Preet Bharara said the conviction "should send a clear message to anyone else attempting to operate an online criminal enterprise. The supposed anonymity of the dark web is not a protective shield from arrest and prosecution."

The government said the fallacy of Ulbricht's promise of anonymity in the dark corners of the Internet as a reason for customers to peddle their illegal merchandise online was exposed by numerous trial witnesses, including the first: Homeland Security Agent Jared Der-Yeghiayan.

He testified that shipments originating on the website first came to his attention in June 2011 when X-rays and canine detection dogs at Chicago's O'Hare Airport turned up envelopes from the Netherlands containing Ecstasy pills wrapped in vacuum seal and foil. Soon, the drugs were being sent through many countries.

By late September, Der-Yeghiayan said he learned about Silk Road and began infiltrating it, taking over staff member accounts each time one was arrested or agreed to cooperate.

The agent testified that the website's online boss went by the alias Dread Pirate Roberts, a reference to the swashbuckling character in "The Princess Bride," and prosecutors presented numerous instant message conversations involving a person using that persona.

Defense attorney Joshua Dratel insisted evidence proved Ulbricht was

not Dread Pirate Roberts.

But Der-Yeghiayan said he was the agent who was communicating online with Ulbricht when he was arrested while sitting at his computer at San Francisco's Glen Park Library. Agents, he said, were instructed to snatch the laptop before arresting Ulbricht.

On it, he said, they discovered that Ulbricht was signed in as Dread Pirate Roberts and was immersed in a chat with Der-Yeghiayan.

During closing arguments Tuesday, Dratel said his client quit Silk Road soon after creating it to sell anything on the Internet and before the website was overrun by drug dealers.

But Assistant U.S. Attorney Serrin Turner said Ulbricht operated the site from beginning to end and was willing to do anything to protect it. He cited emails that he said showed Ulbricht was willing to spend hundreds of thousands of dollars to kill as many as five people he thought were threats to his operation.

Ulbricht faced no murder charges in New York, but still awaits trial in Baltimore in a murder-to-hire plot.

His sentencing in New York is scheduled for May 15, and some of the charges carry a maximum of life in prison.

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