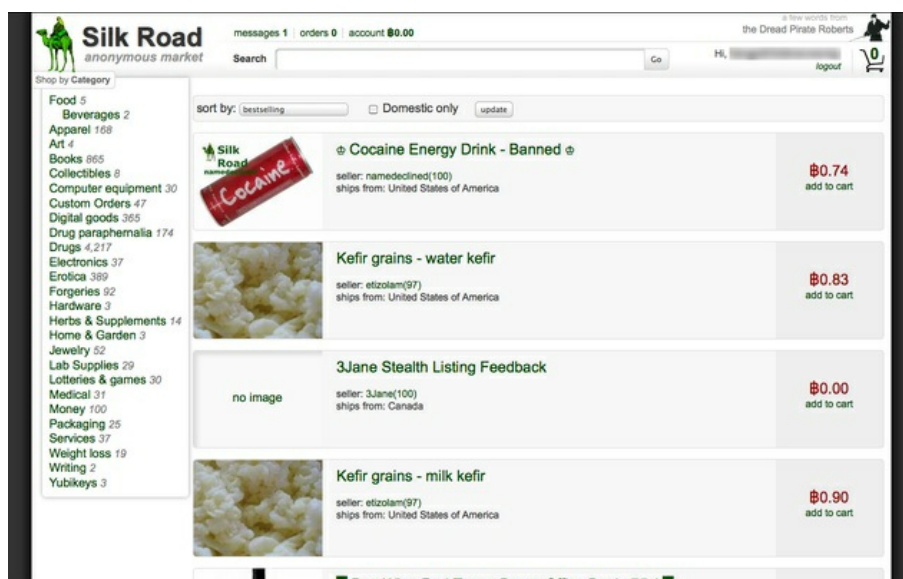# LAW & DISORDER / CIVILIZATION & DISCONTENTS

How the feds took down the Dread Pirate Roberts

What he wouldn't give for a holocaust cloak.

by Nate Anderson and Cyrus Farivar Oct 3 2013, 6:00am CEST

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A sample of the good available through Silk Road.

"I wouldn't mind if he was executed"

While this was going on, the FBI was tearing into the mirrored server, where it found all sorts of incriminating information. For one thing, the server had been set up to accept encrypted SSH logins, and the server's public key ended with "frosty@frosty." In addition, a lightly modified version of the code posted to StackOverflow was being used on the server—apparently with its errors corrected. Private messages from the Silk Road forums showed that Dread Pirate Roberts had mentioned his interest in acquiring fake identification documents during the month before Ulbricht's own fake IDs had been seized at the border.

But in the private forum messages, the feds found something even worse: an alleged murder-for-hire scheme.

This is the point at which an already-crazy story runs right off the rails and into the ditch, because not only did Roberts want someone killed—he didn't know enough about what he was doing to make sure it happened. Indeed, it certainly looks like the Dread Pirate got bilked out of $150,000.

On March 13, 2013 Roberts was approached through Silk Road's private messaging feature by "friendlychemist," who failed to live up to his nickname and instead tried to extort Roberts. Friendlychemist had, he said, hacked into one of the computers of a major Silk Road dealer and obtained information on buyers, information he would release to the world unless Roberts paid up. And who would use Silk Road if it wasn't secure?

Friendlychemist needed $500,000, he said, to pay off his own drug suppliers, with whom he had fallen behind. On March 20, Roberts wrote Friendlychemist, asking to be put in touch with these suppliers. Someone named "Redandwhite" messaged him on March 25, saying, "I was asked to contact you. We are the people Friendlychemist owes money to. What did you want to talk to us about?"

Roberts tried to convince Redandwhite to start doing business on Silk Road but then added on March 27, "In my eyes, Friendlychemist is a liability and I wouldn't mind if he was executed." Roberts then provided an address in White Rock, British Columbia, where Friendlychemist allegedly lived with his "wife + 3 kids." When Friendlychemist threatened to release his information within 72 hours if he wasn't paid, Roberts went back to Redandwhite, saying, "I would like to put a bounty on his head if it's
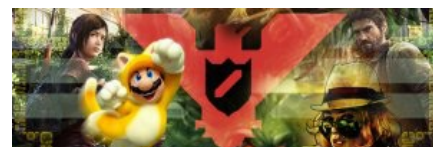
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not too much trouble for you. What would be an adequate amount to motivate you to find him?"

The story then went full-on *Breaking Bad* nuts, with Redandwhite demanding $150,000 for a "non-clean" kill and $300,000 for a "clean" version. Roberts said that he knew the value of such things; he claimed to have paid $80,000 for a previous "clean" hit, and he wanted a discount.

Did I say earlier that the story had already gone off the rails into Crazytown? Reader—I was wrong. Because a federal indictment unsealed separately today in a Maryland court says that Roberts *had in fact* arranged such an $80,000 hit just a few weeks earlier. Not crazy enough? Turns out that the "hitman" in this first attempt was actually a federal agent.

Roberts was upset that one of his employees—records show these employees were paid between $1,000 and $2,000 a week—had stolen from Roberts and eventually managed to get himself arrested by dealing with an undercover agent. Roberts wanted the employee tortured so that he would return the missing Bitcoins. Not knowing much about hitmen, Roberts ended up talking to the very undercover agent who had helped bust his employee.

On January 26, 2013, Roberts asked that the former employee get "beat up, then forced to send the bitcoins he stole back." A day later, afraid that his former employee would squeal to the police, Roberts asked if it was possible to "change the order to execute rather than torture?" Roberts said he had "never killed a man or had one killed before, but it is the right move in this case." The agent offered to do the job for $80,000.

The agent was actually paid a $40,000 advance from an Australian bank account. He soon provided the "proof of death" Roberts wanted, first feeding Roberts an elaborate story about assassins and how the employee was "still alive but being tortured" and then later sending staged photos of the alleged torture. Roberts said he was "a little disturbed... I'm new to this kind of thing." The agent then said the employee had died of a heart problem under torture, and he sent along a fake picture of the "dead man."

"I'm pissed I had to kill him... but what's done is done," Roberts replied. "I just can't believe he was so stupid... I just wish more people had some integrity." On March 1, Roberts wired the second $40,000 to the undercover agent.

Fast forward two weeks, and Roberts, who believed he had just killed a man, was ready to do it a second time—but he didn't understand why he had to pay so much. The two sides agreed on $150,000, and Roberts provided a sequence of random numbers, meant to be written on a card that would be placed next to Friendlychemist's dead body and photographed. Roberts' Bitcoin transaction logs showed that he did in fact send this amount of money to Redandwhite.

On April 1, Redandwhite responded, "Your problem has been taken care of... Rest easy though, because he won't be blackmailing anyone again." Redandwhite apparently sent the requested photo, too, because on April 5, Roberts said that he had "received the picture and deleted it. Thank you again for your swift action."

Bizarre and brutal—but was it real? Redandwhite does not appear to have been a federal agent, since FBI agent Christopher Tarbell—who was also involved in bringing down Hector "Sabu" Monsegur from Anonymous—called up the Canadian police to find out if a murder had really happened. According to Tarbell, the Canadians have "no record of there being any Canadian resident with the name DPR passed to Redandwhite as the target of the solicited murder-for-hire. Nor do they have any record of a homicide occurring in White Rock, British Columbia on or about March 31, 2013." The truth of the situation remains murky, but it sounds a lot like the Dread Pirate Roberts got scammed... in two very different ways.

Setback

THIS HIDDEN SITE HAS BEEN SEIZED
by the Federal Bureau of Investigation,
in conjunction with the IRS Criminal Investigation Division,
ICE Homeland Security Investigations, and the Drug Enforcement Administration,
in accordance with a seizure warrant obtained by the
United States Attorney's Office for the Southern District of New York
and issued pursuant to 18 U.S.C. § 983(j) by the
United States District Court for the Southern District of New York

The federal seizure notice that appeared on Silk Road.

The feds arrested Ulbricht yesterday and charged him with being the Dread Pirate Roberts, they seized the Silk Road domain name, and they grabbed all the Bitcoins the site held. This particular economic experiment is now over. But the libertarianism of Dread Pirate Roberts/Ulbricht isn't an anomaly in tech circles; indeed, it has a long pedigree, with many geeks (notably the "cypherpunks") believing that strong cryptography and good technical design would help digital systems massively expand human freedom, even in ways that nation-states dislike or outlaw.

Perhaps the most perfect previous realization of this vision was HavenCo, the quixotic "data haven" that set up shop on a rusting World War II sea fort off the English coast as a way of evading national law in the early 2000s. Servers would use crypto so good that not even HavenCo's operators would know what their clients were doing on the machines, and the goal was similar to Silk Road's: freedom. The venture never attracted much more than some online gambling outfits hoping to find a safe place from which to reach countries like the US, but its romantic location and big dreams made the company a media superstar.

Ryan Lackey was the key implementor of HavenCo, and he lived aboard the fort for weeks and even months at a time, trying to turn his libertarian principles into practical reality. Ten years on from the HavenCo experiment, I asked Lackey what the Silk Road takedown meant for the movement.

"Obviously in the short run it's a setback," he told me, because "Silk Road was the main example of a long-running 'hated by the government' service which was able to use technical means to operate, profitably, with a lot of users. I can't condone illegal activity, and it looks like Silk Road/DPR may have engaged in violent activity over and above just flouting drug laws, but Silk Road was technically a really interesting system."

To Lackey, the best way forward for those concerned with using tech to advance human freedom is to start with something legal. "It would be a lot better to work on the technology in explicitly legal and protected areas, like 'an anonymous way to organize political movements in the US,' versus a drug/murder for hire market," he adds. And what's needed is a new generation of protocols, "asynchronous, message-based, and fully pseudonymous, with the ability for users to build reputation independent of the transport." In Lackey's view, no one worked hard on these problems for the last decade because "no one believed NSA/FBI/etc. would seriously go after users; that has been conclusively disproved."

Now, with the Edward Snowden leaks and Silk Road's demise, security and anonymity have become hot topics once again—and they may spur a renewed interest in making the 'Net less traceable.

A scene from one of Ulbricht's sketch books.

Dread pirates

René Pinnell was one of Ulbricht's best friends. The pair knew each other since they were kids in Austin, and it was Pinnell who encouraged Ulbricht to move to San Francisco. (Pinnell appears to be the "friend" listed in the FBI complaint. You can watch Pinnell and Ulbricht chat about their upbringing in a long YouTube video.) When we spoke to Pinnell today, he was hesitant to say anything without speaking further with Ulbricht's lawyer, but he did tell *The Verge*, "I don't know how they messed it up and I don't know how they got Ross wrapped into this, but I'm sure it's not him."

Who knows—nothing has yet been proven. Indeed, in an interview conducted with *Forbes* this summer, the (current) Dread Pirate Roberts maintained that he was not actually the creator of the Silk Road as the FBI believes. Like his namesake in *The Princess Bride*, the Dread Pirate Roberts was a role that had been handed down from one man to the next, he said. In this telling, the current Roberts found Silk Road soon after it launched in 2011, identified a flaw in its Bitcoin handling, earned the trust of the site's owner by helping him fix it, and eventually became a business partner who finally bought out the original owner.

Whatever the truth of this origin story, a good Dread Pirate Roberts never wants to be the *last* Dread Pirate Roberts. He knows when he's been in the job too long—and he gets out before he loses his edge. If the feds are right, however, Ulbricht was actually making sloppy mistakes from the start. And it didn't take technical back doors to find him; it just took a lot of solid detective work, some subpoenas, and a search engine.

As for what comes next for Ulbricht, his backers have already begun spinning out elaborate scenarios. One popular thread in the Silk Road sub-Reddit today offers the wild suggestion that jury nullification could keep him Ulbricht out of prison even if the evidence goes against him. But among most Silk Road users, the concern has been more personal: could the feds be coming after me?

Which, after two years of being taunted by Silk Road and its operator, is exactly what the feds want them to think.

READER COMMENTS 178

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