



Case Law Database



Participation in an organized
criminal group

Offences

- Agreement to commit a serious
crime (conspiracy)



Cybercrime

Computer-related acts for
personal or financial gain

- Fraud

Keywords

- Electronic Evidence

United States of America v. Wheeler, No. 1:17-CR-00377 (N.D. Ga. Jul. 31, 2018)



[United States of America](#)



Fact Summary

This case involved Ronald L. Wheeler, an “employee” of the dark net site “AlphaBay” who was involved in, inter alia, moderating the AlphaBay subreddit, moderating the AlphaBay message board forums, and mediating sales disputes, under the monikers “Trappy” and “Trappy_Pandora.” From 2016 through July 2017, AlphaBay was the world’s largest online black market, and shortly before its shut down in 2017, hosted approximately 368,810 listings for the sale of various illicit goods, approximately 350,000 active buyer accounts, and over 9,000 active vendor accounts.

AlphaBay was created by Alexandre Cazes, who was prosecuted separately before committing suicide while in custody, in or around July 2014. The marketplace was designed to enable users to buy and sell illegal goods, including controlled substances, stolen and fraudulent identification documents and access devices, counterfeit goods, malware and other computer hacking tools, firearms, and toxic chemicals. Numerous vendors used AlphaBay to distribute controlled substances and illegal goods and services to buyers throughout the world and to launder hundreds of millions of dollars gained from these illegal transactions. At the time of writing, the site is known to have facilitated the distribution in excess of 90kg of heroin, 450kg of cocaine, and 45kg of methamphetamine.

The only way to access AlphaBay was through The Onion Router (“Tor”) network. This network anonymized the Internet Protocol (“IP”) addresses of its underlying servers and allowed vendors and buyers to hide their true identities. Additional measures were also taken to keep identities hidden as AlphaBay required its users to transact in digital currencies, including Bitcoin, Monero, and Ethereum, and did not allow for transactions in official, government-backed currencies. By only accepting digital currencies, AlphaBay and its users were able to bypass the traditional financial systems. AlphaBay was set up like a conventional e-commerce website, as a search tool allowed users to choose the type of illegal goods or services they wished to purchase, and users were able to sign up for free by choosing a screen name and

password for their account. Furthermore, users could also search by price ranges, popularity of items, vendors, origin or shipping country, and payment types.

On 25 May 2015 at the latest, the defendant began working for AlphaBay as a public relations specialist. His duties included moderating the AlphaBay subreddit on the website reddit.com, moderating the AlphaBay message board forums, mediating sales disputes among AlphaBay users, promoting AlphaBay online, and providing non-technical assistance to AlphaBay users. The defendant was paid in Bitcoin for his services. His work continued until the website was shut down.

The defendant was charged with conspiracy to commit access device fraud. He pleaded guilty in March 2018 and was sentenced to three years, 10 months in prison to be followed by three years of supervised release on 31 July 2018.



Commentary and Significant Features

This case is significant due to the size of AlphaBay, which the defendant Ronald L. Wheeler III was an “employee” of. When AlphaBay was shut down and Wheeler was indicted, it was the largest criminal marketplace on the Internet and had been operating for several years. When AlphaBay was seized, there were over 250,000 listings for illegal drugs and toxic chemicals, and over 100,000 listings for stolen and fraudulent identification documents and access devices, counterfeit goods, malware and other computer hacking tools, firearms and fraudulent services (for comparison: the Silk Road, which was thought to be the largest dark net marketplace back in 2014, had approximately 14,000 listings at the time of its seizure by law enforcement in November 2014). In addition to the large assortment of illicit goods and services available for purchase on the site, there have also been severe consequences from the purchase of these illicit goods. The investigation into AlphaBay revealed that numerous vendors sold fentanyl and heroin on the marketplace and multiple overdose deaths across the U.S. have been attributed to purchases from this site. At the time of writing, AlphaBay remains the largest dark net marketplace that has ever been seized by authorities.

While the case does not expressly refer to the United Nations Convention against Transnational Organized Crime, it does possess numerous elements covered by the convention, in particular in relation to the inherently transnational nature of cybercrime and the coordinated international effort of law enforcement authorities that lead to the successful prosecution of numerous associates of AlphaBay. This case serves as a prime example of how organized crime will present itself in the future and how to effectively combat it.

Sentence Date:

2018-07-31



Cross-Cutting Issues

Liability

... for

- completed offence

... based on

- criminal intention

... as involves

- principal offender(s)

Offending

Details

- involved an organized criminal group (Article 2(a) CTOC)

Involved Countries:

Investigation Procedure

Involved Agencies

- Federal Bureau of Investigation (United States of America)
- Drug Enforcement Administration (United States of America)
- Department of Justice (United States of America)
- International Revenue Service (United States of America)
- Royal Thai Police
- Dutch National Police
- Lithuanian Criminal Police Bureau (LCPB)
- Royal Canadian Mounted Police (RCMP)
- United Kingdom’s National Crime Agency
- Europol
- French National Police
- Philadelphia United States Attorney’s Office

Confiscation and Seizure

Seized Money:

140000 USD

Legal Basis

18 U.S.C. § 982

Conviction Basis:

Conviction based

Comments

At his sentencing, the defendant was ordered to forfeit USD 140,000 in cash and Bitcoin.

Special investigative techniques

- Special investigative techniques
- Undercover operation(s)/ Assumed identities/ Infiltration

Comments

The investigation and international cooperation measures of this case are closely related to a strategy developed by, inter alia, the FBI, the DEA, the Dutch Police and Europol to take down the dark net markets AlphaBay and Hansa. In July 2017 the Royal Thai Police with assistance from the FBI and the DEA executed an arrest warrant for Alexandre Cazes, the founder of AlphaBay, at his residence in Bangkok, Thailand. At the time of his arrest, law enforcement

discovered Cazes’s laptop open and in an unencrypted state. With the evidence collected from the data on the computer, U.S. authorities continued their investigation into additional administrators, members and associates of AlphaBay, including the defendant of this case.

International Cooperation

Involved Countries

-  Canada
-  France
-  Lithuania
-  Netherlands (Kingdom of the)
-  Thailand
-  United Kingdom of Great Britain and Northern Ireland
-  United States of America

Measures

- International cooperation for confiscation/asset recovery
- International law enforcement cooperation (including INTERPOL)
- Joint Investigation

Electronic Evidence

- Electronic Evidence/Digital Evidence



Procedural Information

Legal System:

Common Law

Latest Court Ruling:

Court of 1st Instance

Type of Proceeding:

Criminal

Accused were tried:

separately (parallel trials)

Proceeding #1:

Stage:

first trial

Official Case Reference:

United States of America v. Wheeler, No. 1:17-CR-00377 (N.D. Ga. Jul. 31, 2018)

Court

Court Title

United States District Court for the Northern District of Georgia

- Criminal

Location

City/Town:

Atlanta

Province:

Georgia

Description

The defendant pleaded guilty to conspiracy to commit access device fraud and was subsequently convicted on 8 March 2018. The defendant was sentenced on 31 July 2018.

Decision Date:

31 July 2018

**Defendants / Respondents in the first instance**

Defendant: Ronald L. Wheeler III

Gender: Male

**Charges / Claims / Decisions**

Defendant: Ronald L. Wheeler III

Legislation / Statute / Code:

18 U.S.C. § 1029(a)(2)

Charge details:

Conspiracy to Commit Access Device Fraud

Verdict: Guilty

Term of Imprisonment:

3 years 10 Months

**Court**

United States District Court for the Northern District of Georgia

**Sources / Citations**

[United States of America v. Ronald L. Wheeler III, No. 1:17-cr-00377-LMM, Charges \(N.D. Ga. Nov. 15, 2017\).](#)

U.S. Attorney's Office, Northern District of Georgia, ["AlphaBay spokesperson Ronald L. Wheeler III a/k/a "Trappy" pleads guilty to conspiracy"](#) 8 March 2018.

U.S. Attorney's Office, Northern District of Georgia, ["AlphaBay spokesperson sentenced to federal prison"](#) 1 August 2018.

**Attachments**

[United States of America v. Ronald L. Wheeler III No. 1-17-cr-00377-LMM Charges N.D. Ga. Nov. 15 2017.pdf](#)



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