

Underground Internet Drug Trafficking FEBRUARY 03, 2014

By Dr G Sreekumar Menon, Director General, NACEN

LARGE scale drug trafficking networks have proliferated creating a big online illegal drug bazaar, offering a wide variety of vices including drugs, weapons, forgeries, all in the encrypted online currency i.e., Bitcoins.



Vendors and buyers deal in tens of thousands of dollars worth of bitcoins, keeping their identity and transactions anonymous. Vendors are rated, just like on eBay and buyers leave comments about the quality of the drugs, how quick the shipping was, and how "stealth" the packaging. A program known as Tor hides the identity online by encrypting transmissions and bouncing them between thousands of users around the world. Any one monitoring the communication would be incapable of discovering the location or identity of the sender. The business is operated anonymously, through virtual tunnels and encrypted browsers beneath layers and layers of the internet's surface. The cryptographic complexities and the use of Bit coin – the digital, unregulated and decentralised currency attracts illicit activity. Thus, by using an anonymous browser, untraceable currency, shifting server and an encrypted web address, a thriving illegal underground Internet drug market can be created.

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The Silk Road Drug Wonderland

The Silk Road Drug Market was a site selling heroin, cocaine MDMA, methamphetamine, marijuana and LSD using the digital currency Bit coin.



The inner circle of Silk Road comprised of top sellers, moderators and system administrators. Bit coin exchangers, like Tokyo based Mt. Gox and individual sellers provided exchange services to buyers and sellers. All the funds were held in escrow – a safety mechanism that allowed drug buyers to ensure that they received their shipments before releasing even a tenth of an encrypted bit coin towards their purchase. It is, estimated that nearly a million buyers, and sellers of illegal drugs did transactions of more than USD 1 billion of business, all in the encrypted online currency, bit coins, during its two and a half year run. Security protocols were designed to prevent anyone from stealing another's bit cons. The site boasted that its heavily guarded source code was spread across 500 locations in 17 countries around the world. Download Tor was the only browser that could access Silk Road. One has to choose a member name and password, buy some bit coins, shift them to the Silk Road Wallet and then shop around for a wide variety of contraband. The site was also implementing "multi- signature bit coin cold storage", a voting system wherein multiple admins hold the encryption keys to bit coin wallets. Virtual Private Networks (VPNs) ensured secure browsing.

A site called The Marketplace can be accessed only through an anonymizing network called 12P, comprising a complex layer of stealth for users of Tor. It also requires PGP encryption to register, bans anyone with the vulnerable to attack software Javascript enabled, and functions on an escrow system that can only be released after repeated sign offs from the buyer, seller and the site's administrator.

Silk Road, became the target of a multi agency investigation task force code named "Marco Polo" comprising of investigators from U.S. Department of Homeland Security Customs and Border Protection agents, FBI, DEA, U.S. Secret Service and U.S. Postal Inspection. They discovered that Silk Road was selling apart from Drugs, stolen credit and debit card numbers, fake IDs, counterfeit currencies, hacking tools, and login credentials. They also arrested the brazen owner and operator of the site Dread Pirate Roberts @ Ross Ulbricht, a 29 year old.



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

Investigators could not tackle the use of Tor and Bit coin as this involved a reversal of the usual investigative methods. Anonymous buyers and sellers, unregistered money transmitters, unknown site administrators and operations in multiple countries made the investigation a formidable task. It led to the discovery of more than 957,079 registered users who made USD 1.2 billion transactions between February, 2011 to July, 2013. Estimates indicate Silk Road earned commissions totaling 600,000 bit coins or about USD 80 million.

The Silk Road has broad and major implications involving virtual currency, online privacy, and the international drug trade.

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