



Silk Road

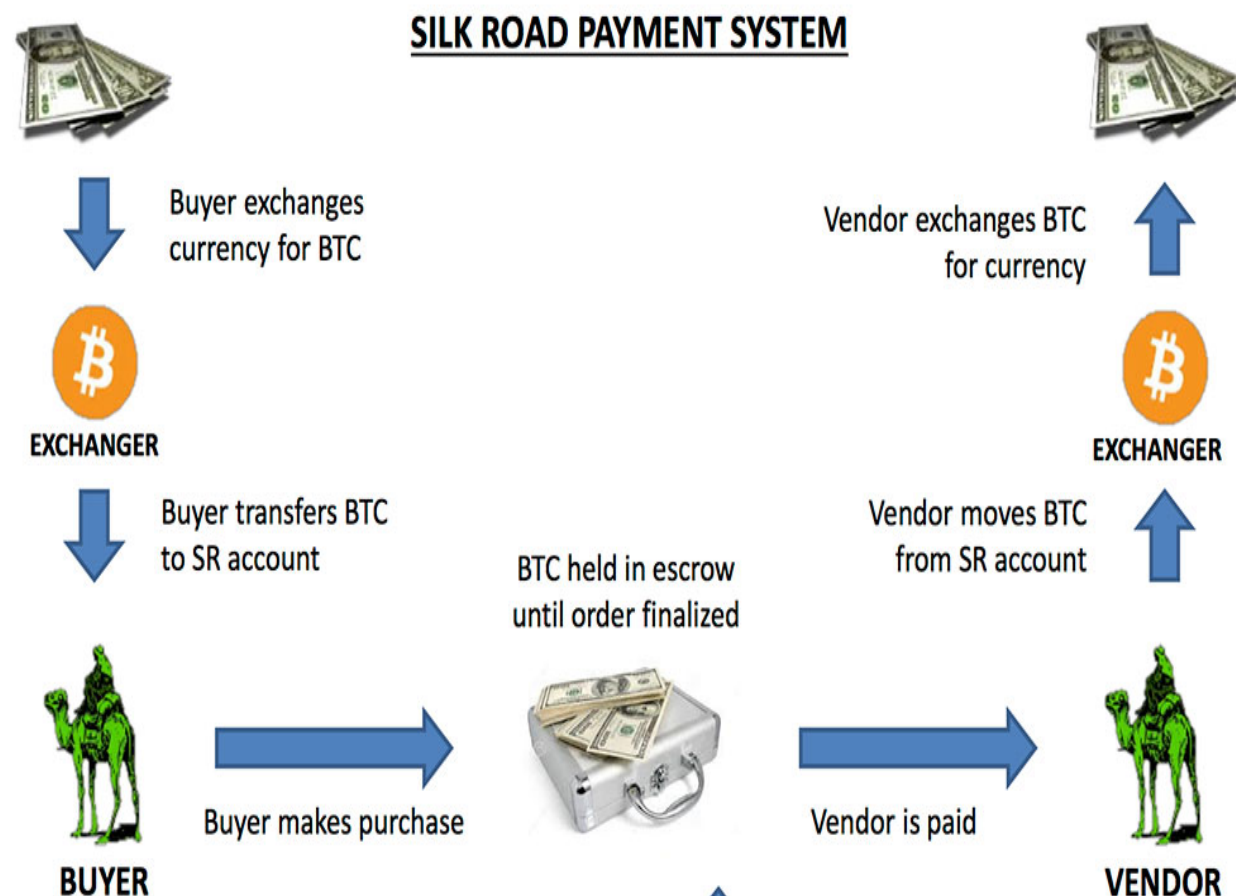
- ▶ The first darknet marketplace that operated like EBAY, where Vendors sold illegal items that included:
- ▶ Illegal drugs of all varieties, fake documents, hacking services, and much more
- ▶ In operation from 2011- 2013
- ▶ Silk Road was Shutdown by law Enforcement in 2013





Payments to Silk Road

- ▶ Virtual Currency is not illegal in the United States, but it is often used to conduct illegal transactions
- ▶ Bitcoin was the only form of Payment accepted on Silk Road
- ▶ Silk Road collected Bitcoin as payment from Buyers for illegal items and was responsible for paying the Vendors





Vendors on Silk Road

- ▶ Did not provide their real names, addresses, and actual information on Silk Road
- ▶ Vendors had to provide their Bitcoin wallet Information in order to get paid for the goods and services sold on Silk Road

Auto-withdraw

To minimize the time between when Bitcoins are credited to your account and when you are able to convert them to your currency of choice, and therefore minimizing your exposure to exchange rate fluctuations, we provide an auto-withdrawal feature. Every time a payment comes into your account your entire balance will automatically be withdrawn to three Bitcoin addresses of your choice. This feature can be enabled on your settings page.

A note of caution: it is possible for an adversary to discover your auto-withdrawal address by looking for a transaction in the block-chain around the time they finalize a transaction with you for an amount similar to what they paid you (adjusted for exchange rate fluctuations if hedging). To help obscure your withdrawals, you must enter three withdrawal addresses. Your withdrawal will then be made in 3 random sized chunks to these three addresses with a small, random delay in-between them. These addresses can all be on the same wallet or exchange account so you don't have to keep track of multiple wallets. This will help them blend in to all of the other transactions, but you should change your withdrawal addresses regularly so that an adversary can't see any patterns over multiple transactions.

Pro-tip: set your auto-withdrawal addresses to deposit addresses at an exchange site and keep an open sell order there that is below the market rate, so as soon as the funds are confirmed there, they will be converted into your currency of choice.

The **Auto-Withdraw** option stated: To help obscure (conceal) your withdrawals, you must enter three withdrawal addresses. Your withdrawals will then be made in 3 random sized chunks to the three addresses with a small random delay between them.



WELCOME TO MIAMI

- Search for Bitcoin ATMS in your Area

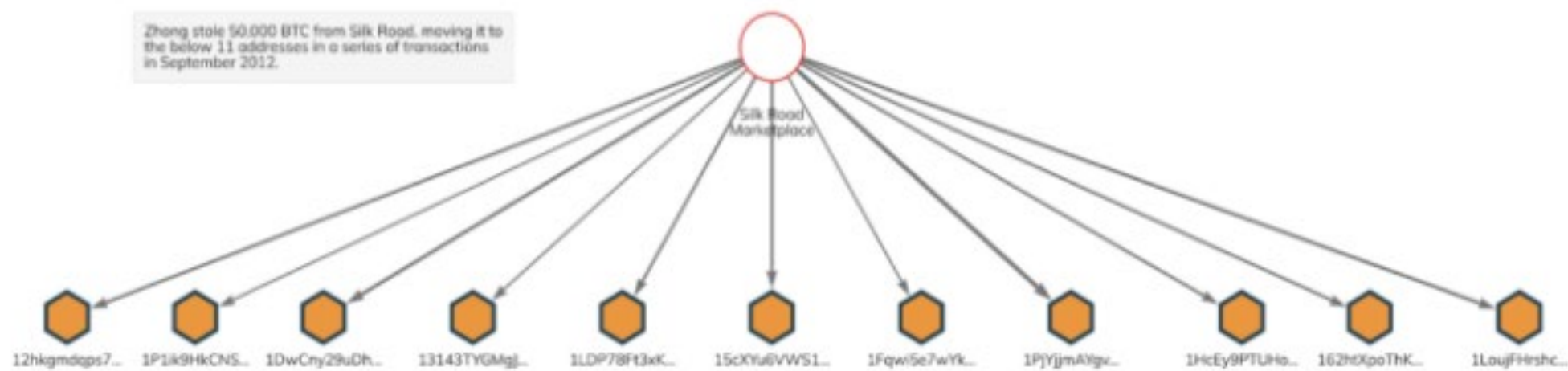
www.coinatmtrader.com





Silk Road Hacker

In September 2012, 50,000 BTC was stolen from Silk Road and sent to 11 different deposit addresses.





Silk Road Hacker Jimmy Zhong

Guy Who Stole Billions in Bitcoin Lived a Sad Life

Noor Al-Sibai

October 21, 2023 · 4 min read



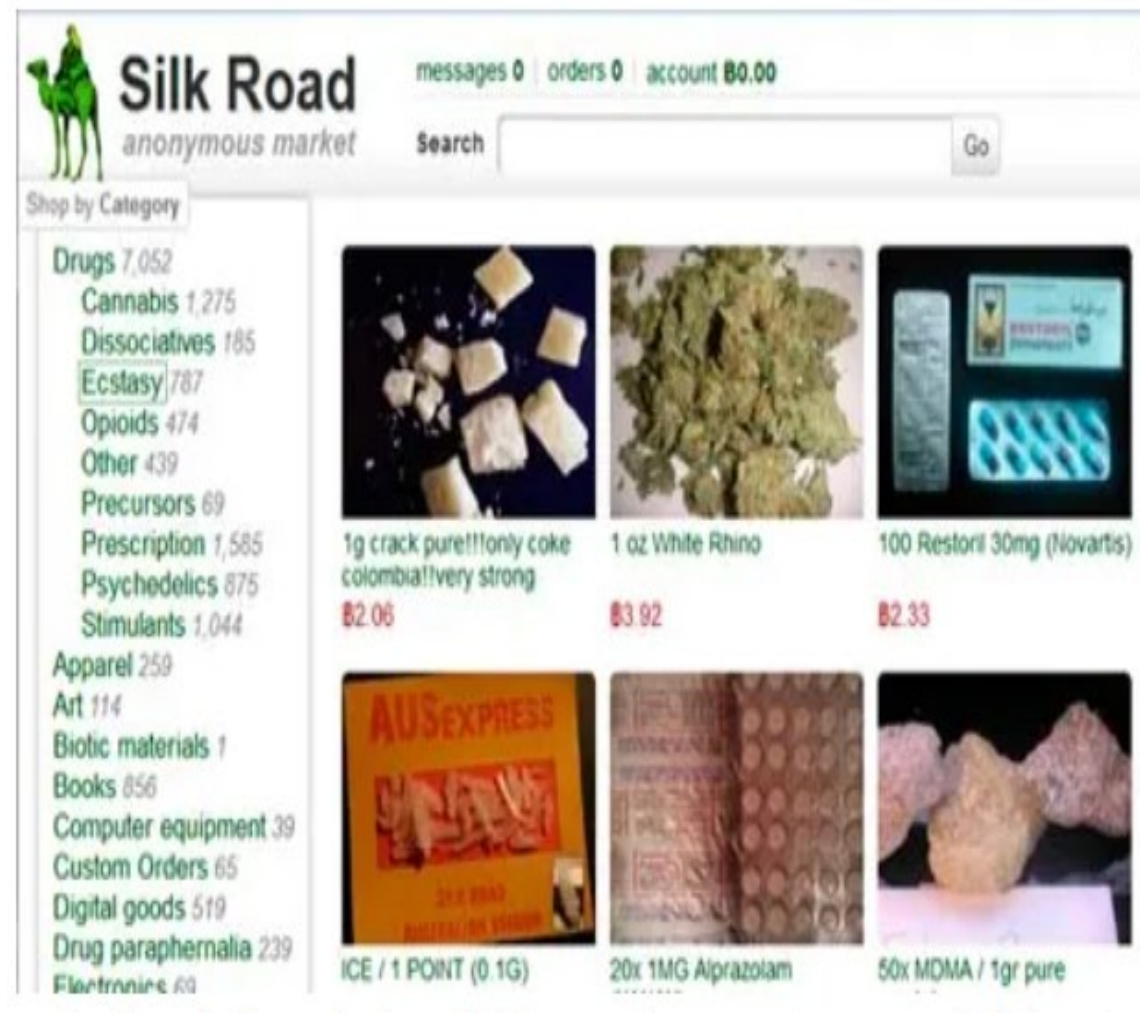
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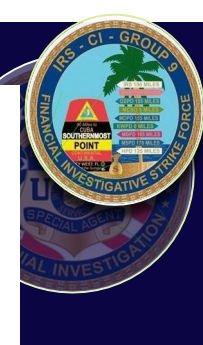




Silk Road Hacker Jimmy Zhong

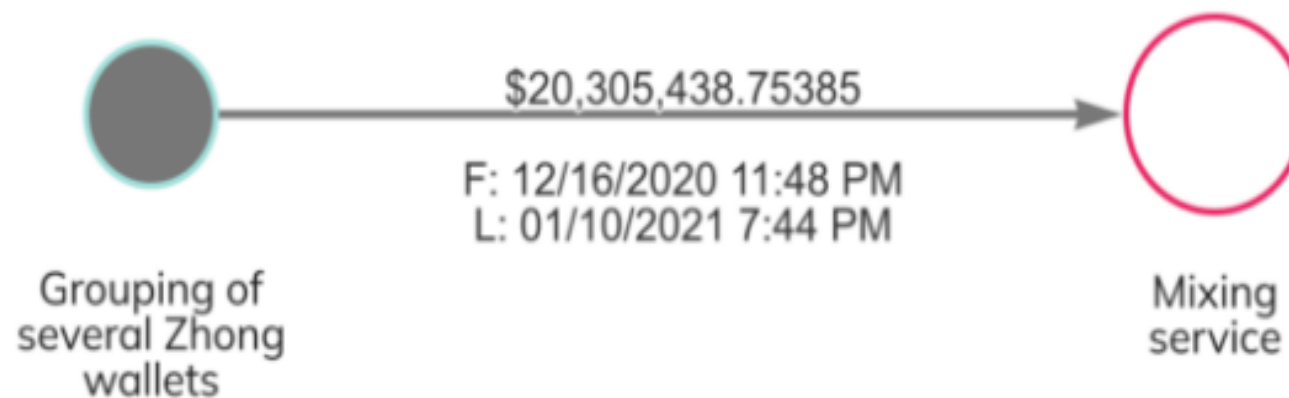
- Zhong Made up Vendor Accounts on Silk Road
- Would than Deposit 200 – 2000 Bitcoin into Vendor Accounts
- Tricked Silk Road into paying out more Bitcoin than they should have





Soon after the theft, Zhong consolidated his 50,000 Bitcoin in two wallets, with 40,000 Bitcoin in one and 10,000 in the other. The funds sat untouched for over a year, until he gradually moved them to new wallets over several years from October 2013 to May 2019. Between December 2020 and January 2021, Zhong also moved a portion of the funds to a mixing service in an effort to obfuscate the flow of funds.

We should also note that Zhong gained an additional 50,000 in Bitcoin Cash — the equivalent of his stolen Bitcoin holdings — when the Bitcoin Cash hard fork occurred in 2017. Soon after, Zhong exchanged that 50,000 Bitcoin Cash for 3,500 Bitcoin, bringing his total illicit holdings to 53,500 Bitcoin, a portion of which was also seized later.





Silk Road Hacker Jimmy Zhong





Jimmy Zhong 911 Call



But the 911 call that came in on the night of March 13, 2019, was unlike anything the Athens-Clarke County Police Department had ever encountered.

On the phone was 28-year-old Jimmy Zhong, a local party boy and Georgia alum who frequented Athens' drinking establishments. He wasn't like the other town rowdies – Zhong was also a computer expert who had an unusually robust digital home surveillance system.

Now, he was calling to report a crime: hundreds of thousands of dollars in crypto currency that he said had been stolen from his home. Thinking of all that lost money, Zhong was distressed.



Silk Road Hacker Jimmy Zhong



Eventually, Zhong attempted to liquidate a portion of the stolen funds at a centralized cryptocurrency exchange in 2020. During that process, an address that had received funds directly from the Silk Road hack was included on the input side of a transaction along with an address easily traced to Zhong, allowing investigators to ascertain that Zhong controlled both. Additionally, the compliance team at that exchange provided law enforcement with the KYC information and IP address linked to the account associated with these transactions, which also led back to Zhong. Agents raided Zhong's Gainesville, Georgia home in November 2021, finding 50,491 Bitcoin on devices hidden in a floor safe and, on the lower end of Zhong's security measures, inside of a popcorn tin stuffed under blankets. Agents also turned up over \$660,000 in cash, precious metals, and 25 Casascius coins, which are physical representations of Bitcoin containing private keys to access actual Bitcoin. Zhong voluntarily turned over another 861 Bitcoin in March 2022 and May 2022. In November 2022, he pled guilty to charges of wire fraud stemming from this theft, and was sentenced to just over a year in prison in April 2023.



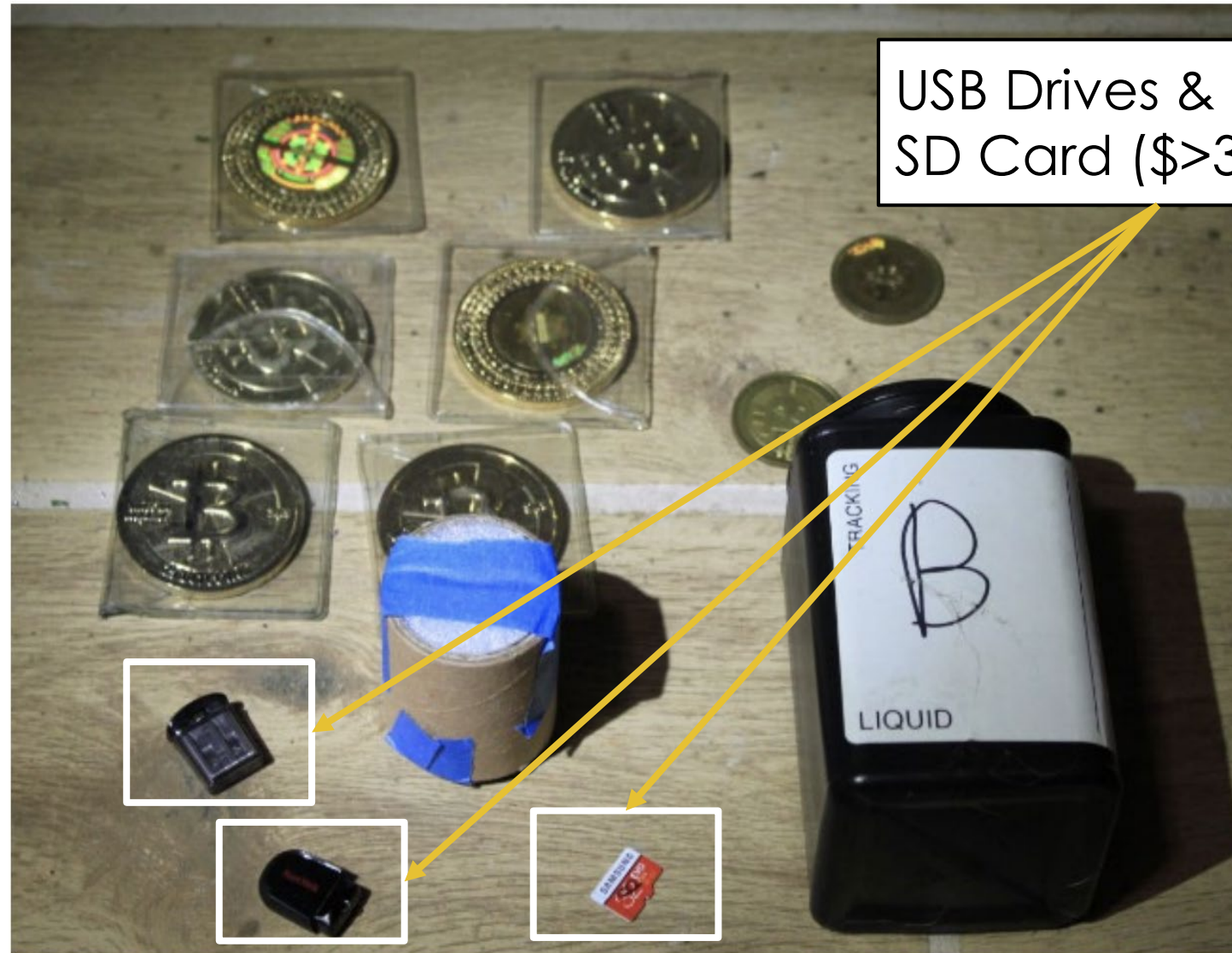
Search Warrants

Floor safe embedded in
concrete hidden under
tile in a basement.





Search Warrants





Sentenced to Wire Fraud

Silk Road Dark Web Fraud Defendant Sentenced Following Seizure And Forfeiture Of Over \$3.4 Billion In Cryptocurrency

Friday, April 14, 2023

For Immediate Release



THANK YOU!

Questions?