

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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:
UNITED STATES OF AMERICA :
:
- v. - :
:
JAMES ELLINGSON, :
a/k/a "redandwhite," :
a/k/a "MarijuanaIsMyMuse," :
a/k/a "Lucydrop," :
:
Defendant. :
----- X

SEALED INDICTMENT

18 Cr. _____

18 CRIM 035

COUNT ONE
(Narcotics Trafficking Conspiracy)

The Grand Jury charges:

OVERVIEW

1. JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, is a Canadian citizen who has lived in or around Vancouver, Canada since approximately September 2009. From at least in or about November 2011, up to and including in or about September 2013, ELLINGSON sold large quantities of narcotics through the "Silk Road" online marketplace under the Silk Road usernames "MarijuanaIsMyMuse" and "Lucydrop." ELLINGSON also used the Silk Road username "redandwhite" to obtain Bitcoins from Silk Road's owner, Ross Ulbricht, a/k/a "Dread Pirate Roberts," in

exchange for purportedly arranging murders-for-hire ordered by Ulbricht.

BACKGROUND ON SILK ROAD AND BITCOINS

2. Silk Road was an online anonymous marketplace for illegal drugs that operated from in or about January 2011 through in or about October 2013. Virtually every kind of illegal drug was available for sale on Silk Road. The website provided an infrastructure similar to online marketplaces such as Amazon or eBay and allowed sellers and buyers to conduct transactions online. However, unlike legitimate websites, Silk Road was designed to facilitate illegal commerce by ensuring anonymity on the part of both buyers and sellers.

3. The primary means by which the Silk Road website protected the anonymity of its users was by operating on the "TOR" network. The TOR network is a special network of computers that transmits communications over the Internet in a way that allows the senders and recipients of the communications to remain anonymous. The TOR network also permits websites to be set up in a manner that makes it difficult to identify the true Internet Protocol ("IP") address or physical location of the computer server that hosts the website. The Silk Road website was one such "hidden" website on the TOR network.

4. Another means by which the Silk Road website protected the anonymity of its users was by requiring all transactions to be paid for through the use of Bitcoins. Bitcoins are a decentralized, peer-to-peer form of electronic currency. In order to acquire Bitcoins in the first instance, a user typically must purchase them from a Bitcoin "exchanger." Bitcoin exchangers accept payments of currency in some conventional form (cash, wire transfer, etc.) and exchange the money for a corresponding amount of Bitcoins (based on a fluctuating exchange rate). Once a user acquires Bitcoins from an exchanger, the Bitcoins are kept in an anonymous "wallet" controlled by the user; each wallet is designated by a string of letters and numbers. The user can then use the Bitcoins to conduct anonymous financial transactions by transferring Bitcoins from his/her wallet to the wallet of another Bitcoin user. All Bitcoin transactions are recorded on a public ledger known as the "Blockchain"; however, the ledger only reflects the movement of funds between anonymous wallets and, therefore, cannot by itself be used to determine the identities of the persons involved in the transactions.

5. A Bitcoin "wallet" can contain multiple Bitcoin addresses. Each Bitcoin address is uniquely identified by an

alphanumeric string, and can be associated with a quantity of Bitcoins possessed by the owner of the wallet file. For example, a user (for the purposes of this example, "Bob") could have a Bitcoin wallet with three Bitcoin addresses ("Bob BTC Address-1", "Bob BTC Address-2" and "Bob BTC Address-3"). Bob BTC Address-1 could be associated with two Bitcoins, Bob BTC Address-2 could be associated with one Bitcoin, and Bob BTC Address-3 could be associated with five Bitcoins. In this example, Bob's Bitcoin wallet file contains a total of eight Bitcoins, spread across the three addresses in his Bitcoin wallet. Each Bitcoin address essentially acts as a separate bank account which can be associated with any number of Bitcoins. The Bitcoin wallet file also contains cryptographic keys (called "private keys") for each Bitcoin address that is associated with the wallet, which allow only the owner of the wallet file to transmit Bitcoins associated with those Bitcoin addresses to other Bitcoin addresses.

6. In order to transmit Bitcoins to another user, an individual needs to know a Bitcoin address associated with the recipient's wallet. For example, if Bob wanted to send six Bitcoins to another user (for the purposes of this example, "Alice"), Alice would provide a Bitcoin address associated with

her wallet file ("Alice BTC Address-1"). Bob would then provide a command to a software program to send six Bitcoins from his wallet to Alice BTC Address-1. The software program would then debit a total of six Bitcoins from Bitcoin addresses in Bob's wallet, and six Bitcoins would be credited to Alice BTC Address-1. The software automatically selects one or more Bitcoin addresses within the wallet (for which the owner of the wallet possesses the private keys) with balances sufficient to cover the total transaction. This transaction is then reflected in the Blockchain, which Bob and Alice could both consult to confirm that the transaction was successful. Although Bob would now be aware of a Bitcoin address associated with Alice (Alice BTC Address-1), Bob could not spend or transmit Bitcoins out of Alice BTC Address-1 because he would not possess the private key associated with Alice BTC Address-1.

7. Customers on Silk Road could deposit Bitcoins to Silk Road-controlled Bitcoin wallets to make purchases from sellers on Silk Road. Likewise, sellers on Silk Road could withdraw Bitcoins associated with their accounts as a result of sales from Silk Road-controlled Bitcoin wallets. The operators of Silk Road charged a commission, in Bitcoin, for every sale conducted through the site.

8. Another feature available to Silk Road users was the ability to communicate with each other using a private messaging system, which was hosted on the servers used to operate the Silk Road website. Any Silk Road user could send a private message to any other Silk Road user on this system, similar to an email, addressed to the recipient's unique Silk Road username. Silk Road also contained a public forum, on which Silk Road users could post messages that could be viewed generally by other Silk Road users.

9. Ross Ulbricht was the owner and operator of the Silk Road website, and ran the website using the online pseudonym "Dread Pirate Roberts," or "DPR" for short. On or about October 1, 2013, Ulbricht was arrested at a public library in San Francisco, California, logged into the Silk Road website using the online handle "Dread Pirate Roberts," while utilizing a laptop computer in his possession (the "Ulbricht Laptop"). The Ulbricht Laptop was seized by the Federal Bureau of Investigation ("FBI") and a search warrant was obtained for its contents.

10. On or about October 2, 2013, the day following Ulbricht's arrest, the FBI seized servers associated with the operation of Silk Road, including the primary server used to

operate the site as of that date, as well as backup servers. As a result of these seizures, the FBI was able to obtain copies of computer databases used to operate the Silk Road website, including databases containing information regarding the illegal transactions that took place over Silk Road, as well as databases containing archived copies of the private messages sent between Silk Road users and Silk Road forum posts.

11. As part of law enforcement's investigation of Silk Road, undercover agents purchased narcotics from Silk Road vendors, which were shipped to the agents at addresses in the Southern District of New York. The undercover agents purchased, among other things, heroin and cocaine. The undercover purchases were reflected in the transaction records maintained in Silk Road's server data.

12. In February 2015, Ulbricht was convicted following a federal jury trial of drug trafficking and other offenses as a result of his operation of Silk Road under the username "Dread Pirate Roberts."

THE DEFENDANT'S SILK ROAD DRUG SALES

A. The MarijuanaIsMyMuse Silk Road Account

13. In or about November 2011, a user using the username "MarijuanaIsMyMuse" ("MIMM") registered an account on the Silk Road marketplace (the "MIMM Silk Road Account").

14. Silk Road server data reflects that from in or about November 2011 up to and including in or about October 2013, the user of the MIMM Silk Road Account sold more than four kilograms of methamphetamine; more than 100 grams of heroin; more than two kilograms of cocaine; approximately one-half gram of lysergic acid diethylamide ("LSD"); approximately 7 kilograms of 3,4-methylenedioxymethylamphetamine, commonly known as "ecstasy" or "MDMA"; and more than 19 kilograms of marijuana, among other narcotics, to customers via Silk Road in exchange for Bitcoins. The Bitcoins were paid by drug buyers into a Silk Road escrow account and then credited to the MIMM Silk Road Account upon finalization of each narcotics transaction.

15. Silk Road records reflect that on or about April 4, 2013, the MIMM Silk Road Account shipped approximately five grams of MDMA to a customer at an address located in New York, New York, in exchange for Bitcoins.

16. On or about August 31, 2013, an account was opened at Bitstamp, a Bitcoin exchanger, in the name of JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant (the "Ellingson Bitstamp Account"). The Ellingson Bitstamp Account was opened with: (1) an email address subscribed to by "james ellingson" that incorporated ELLINGSON's full name in the email address (the "Ellingson Email Account"); (2) ELLINGSON's Canadian driver's license; and (3) a utility bill in the name of "James Ellingson" at a certain address in Vancouver, British Columbia.

17. An analysis of Bitcoin transactions available via the public Blockchain reflects that the user of the MIMM Silk Road Account withdrew Bitcoins credited to the MIMM Silk Road Account to certain Bitcoin addresses (the "Ellingson Intermediary Bitstamp Bitcoin Addresses"). On several occasions in or about October 2013 and February 2014, Bitcoins were then transferred from the Ellingson Intermediary Bitstamp Bitcoin Addresses to the Ellingson Bitstamp Account.

18. On or about May 27, 2013, an account was opened at CaVirtEx, a Canadian Bitcoin exchanger ("Cavirtex"), in the name of JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant (the

"Ellingson Cavirtex Account"). The Ellingson Cavirtex Account was opened using the Ellingson Email Account, ELLINGSON's Canadian driver's license, and a utility bill in the name of "James Ellingson" at a certain address in Vancouver, British Columbia.

19. An analysis of Bitcoin transactions available via the public Blockchain reflects that the user of the MIMM Silk Road Account withdrew Bitcoins credited to the MIMM Silk Road Account to a certain Bitcoin address (the "Ellingson Intermediary Cavirtex Bitcoin Address"). In or about June 2013, the Ellingson Intermediary Cavirtex Bitcoin Address then transferred Bitcoins to the Ellingson Cavirtex Account.

20. Records provided pursuant to a judicially authorized search warrant by the company that maintains the Ellingson Email Account reflect that the username and a password for the MIMM Silk Road Account were contained in an email saved in the Ellingson Email Account. Emails saved in the Ellingson Email Account also contained what appear to be notations of drug weights, names, and prices consistent with narcotics sales on Silk Road. Based on this information and the fact that Bitcoins were transferred from the MIMM Silk Road Account, through the intermediary Bitcoin addresses discussed above, to the Ellingson

Bitstamp Account and the Ellingson Cavirtex Account, JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, controlled the MIMM Silk Road Account.

B. The Lucydrop and Redandwhite Silk Road Accounts

21. In or about April 2012, a user using the username "Lucydrop" ("Lucydrop") registered an account on the Silk Road marketplace (the "Lucydrop Silk Road Account").

22. From in or about October 2012 up to and including in or about March 2013, Lucydrop sold approximately \$285,000 worth of narcotics, including, but not limited to, more than five grams of LSD, to customers via Silk Road in exchange for Bitcoins.

23. Silk Road records reflect that on or about January 26, 2013, the Lucydrop Silk Road Account shipped a quantity of LSD to a customer at an address in New York, New York, in exchange for Bitcoins.

24. Based on Silk Road transactional data obtained from the Silk Road server, from on or about November 14, 2012 up to and including on or about March 13, 2013, Lucydrop made approximately 139 withdrawals totaling approximately 13,820 Bitcoins from the Lucydrop Silk Road Account.

25. Through an analysis of transactions on the Blockchain, it has been determined that the same individual(s) had control and dominion over both the "Lucydrop" and "redandwhite" Silk Road accounts. As described below, these Silk Road accounts were controlled by JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant.

C. Redandwhite and the Murder-for-Hire Plots

26. On or about March 8, 2013, five days before the last recorded activity by Lucydrop on Silk Road on March 13, 2013, a user using the username "FriendlyChemist" ("FriendlyChemist") registered an account on the Silk Road marketplace.

27. Between on or about March 8, 2013 and on or about March 11, 2013, Lucydrop and FriendlyChemist exchanged three messages over the Silk Road private messaging system. On or about March 8, 2013, FriendlyChemist sent a message to Lucydrop asking, in substance and in part, where his money was. On or about March 10, 2013, FriendlyChemist sent a message to Lucydrop, in which he wrote, in part, "why are u and DPR fucking me over like this!?! U said it was guarnteed! now I am in big trouble and u are avoiding me! just give me my money that u owe!! . . . dont make me do something stupid. just give me my money!!! . . . i am going to contact DPR." On or about March

11, 2013, Lucydrop sent a message to FriendlyChemist stating, in substance and in part, that Lucydrop was waiting on Ulbricht to send the money and that FriendlyChemist should be paid in a couple days.

28. Between on or about March 13, 2013 and on or about March 15, 2013, FriendlyChemist contacted Ulbricht over the Silk Road private messaging system. In those messages, FriendlyChemist claimed, in substance and in part, that he had been Lucydrop's supplier, that he had provided Lucydrop with approximately \$900,000 worth of narcotics on consignment, and that he had only received \$200,000 from Lucydrop. FriendlyChemist further claimed, in substance and in part, that he had only provided Lucydrop with such a large quantity of narcotics on consignment because he believed Lucydrop and Ulbricht to have a business arrangement. FriendlyChemist urged Ulbricht, in part, to pay Lucydrop or to tell Lucydrop to pay FriendlyChemist, noting that FriendlyChemist knew the identities of a number of vendors and customers using Silk Road and might publicly disclose those identities if he was not paid. Specifically, on or about March 14, 2013, FriendlyChemist sent a message to Ulbricht in which he threatened to release the identities of Silk Road users if he was not paid and stated, in

substance and in part, "what do you a[nd] lucydrop think will happen if thousands of usernames, ord[e]r amounts, addresses get leaked? all those people will leave sr [Silk Road] and be scared to use it again . . . those vendors will all be busted and all there [sic] customers will be exposed too and never go back to sr [Silk Road]."

29. On or about March 19, 2013, JAMES ELLINGSON, the defendant, registered an account with the username "redandwhite" ("Redandwhite") account on the Silk Road marketplace.

30. On or about March 25 and 26, 2013, approximately ten days after FriendlyChemist threatened to release the names of Silk Road vendors and customers unless he was paid, Redandwhite contacted Ulbricht via private message on Silk Road. Redandwhite informed Ulbricht, in substance and in part, that Redandwhite was FriendlyChemist's supplier for narcotics, that FriendlyChemist owed Redandwhite money for narcotics supplied by Redandwhite, and that Redandwhite had control over most drug trafficking in Western Canada.

31. Between on or about March 25, 2013 and on or about April 2, 2013, Redandwhite and Ulbricht exchanged messages in which they discussed a murder-for-hire scheme, the target of which was FriendlyChemist, whom Redandwhite claimed was living

in British Columbia, Canada. On or about March 27, 2013, Ulbricht sent a message to Redandwhite stating, in part, "In my eyes, FriendlyChemist is a liability and I wouldn't mind if he was executed, but then you'd be out your \$700k. I don't think he is going to come up with the money because he seems very desperate. I'm not sure how much you already know about the guy, but I have the following info and waiting on getting his address" Ulbricht continued to provide personal identifiers for the individual he believed to be FriendlyChemist.

32. On or about March 29, 2013, FriendlyChemist sent another threatening message to Ulbricht, stating, "u leave me no choice i want 500k usd withn 72hrs or i am going to post all the info i have. i cant go back to my home and i had to move my kids and wife somewhere and i need the money so i can move my family and start a new life. i hate to do this but i need the money or im going to release it all. over 5000 user details and about 2 dozen vender identities wats it going to be?"

33. On or about March 29, 2013, after Ulbricht received the above-described threat from FriendlyChemist, Ulbricht sent a message to Redandwhite stating his desire to commission a murder-for-hire on FriendlyChemist. Ulbricht stated, in part, "[FriendlyChemist] is causing me problems . . . I would like to

put a bounty on his head if it's not too much trouble for you. What would be an adequate amount to motivate you to find him?"

34. On or about March 30, 2013, Redandwhite sent a message to Ulbricht stating, in part, that the "[p]rice for clean is 300k+ USD," while the "[p]rice for non-clean is 150-200k USD depending on how you want it done." Redandwhite further explained, in part, that "[t]hese prices pay for 2 professional hitters including their travel expenses and work they put in." After negotiating the price for the murder of FriendlyChemist, Ulbricht agreed to pay Redandwhite approximately \$150,000 to have FriendlyChemist killed.

35. On or about March 31, 2013, Redandwhite sent a message to Ulbricht, in which he provided a certain Bitcoin address to which Ulbricht should send \$150,000 worth of Bitcoin to pay for the murder-for-hire. Redandwhite further asked Ulbricht, in part, that "if [you] want picture confirmation of the job afterwards, give me random numbers and I will have them write them beside him and take a picture for you." Ulbricht responded by providing, in part, an eight-digit code for a picture ("Code-1") and confirming that he sent 1,670 Bitcoins to Redandwhite, which were worth approximately \$150,000 at the time based on the

prevailing exchange rate. Data on the public Blockchain indicate that this transaction took place.

36. On or about April 1, 2013, Redandwhite sent a message to Ulbricht stating, in part, that Ulbricht's "problem had been taken care of" and that Ulbricht could "[r]est easy though, because he [FriendlyChemist] won't be blackmailing anyone again. Ever." Ulbricht responded by asking Redandwhite, in substance and in part, to send the picture confirmation of the murder.

37. On or about April 4, 2013, Redandwhite sent a message to Ulbricht stating, in part, that he sent the picture and requesting Ulbricht to "[p]lease delete the picture as soon as you take a look at it."

38. On or about April 5, 2013, Ulbricht sent a message to Redandwhite stating, in part, "I've received the picture and deleted it." A thumbnail of a deleted photograph purporting to depict a male individual lying on a floor in a pool of blood with tape over his mouth was recovered from the Ulbricht Laptop by law enforcement. A piece of paper with Code-1 written on it is shown in the photograph next to the head of the purportedly dead individual.

39. Between on or about April 2, 2013 and on or about April 8, 2013, Ulbricht and Redandwhite exchanged messages

discussing an additional murder-for-hire scheme targeting four additional individuals whom Redandwhite claimed were associated with FriendlyChemist and also lived in Canada.

40. On or about April 8, 2013, Ulbricht sent a message to Redandwhite ordering the murders of those four additional individuals associated with FriendlyChemist and agreeing to pay Redandwhite \$500,000. Ulbricht further confirmed that he sent 3,000 Bitcoins to Redandwhite, which were worth approximately \$500,000 at the time based on the prevailing exchange rate. Data on the public Blockchain indicate that this transaction took place.

41. On or about April 12, 2013, after Redandwhite informed Ulbricht that the price of Bitcoins decreased from approximately \$166 on or about April 8, 2013 to approximately \$90 per Bitcoin on or about April 12, 2013, Ulbricht sent an additional 2,555 Bitcoins to Redandwhite, which were worth approximately \$230,000 at the time based on the prevailing exchange rate. Data on the public Blockchain indicate that this transaction took place.

42. On or about April 20, 2013, Redandwhite sent Ulbricht a message and informed Ulbricht that the alleged murders were successful, stating, in part, that "[m]y crew did their job."

43. The investigating law enforcement agencies do not currently possess evidence that the murders discussed by Redandwhite and Ulbricht as described above in paragraphs 31 through 42 actually occurred. The Lucydrop and Redandwhite Silk Road usernames and the associated Bitcoin addresses are believed to have been used by JAMES ELLINGSON, the defendant, among others, to defraud Ulbricht in connection with the purported murders.

D. Redandwhite and Silk Road Vending

44. On or about June 1, 2013, Redandwhite sent a message to Ulbricht stating, in part, that Redandwhite had "some news regarding our organization selling on here. A bunch of chapter leaders flew in to town for a meeting and the main topic of discussion was actually [Silk Road]."

45. On or about June 6, 2013, Redandwhite sent Ulbricht a message stating, in part, that he had "been having a lot of problems connecting to TOR." Redandwhite further stated that he would "be heading to the UK so help the other side set up their stuff for this so I may not have access to silk road for a while."

46. On or about June 24, 2013, Redandwhite sent Ulbricht a message stating, in part, that he had "fixed my problem with

Tor." Redandwhite further stated: "I also wanted to ask about your insurance you offered. I have a guy who is willing to take 4000 coins at 100/each. Would you be able to make up the difference so I can unload the coins at once? I believe it was 120 or 121 when you initially sent them. If you can, please send them to [a certain Bitcoin address]." Finally, Redandwhite stated, in substance and in part, that he had an "Update on the operation: UK guy is fully set up and ready to go. I just landed a few days ago so it will take me a week or so to have my warehouses set up and everybody trained I want to launch it all at the same time and make a big entrance. Are you ever planning on adding litecoins to your site? Just want to know so I can train my guys on that side ahead of time."

47. On or about June 24, 2013, Redandwhite responded to Ulbricht and stated, in part, that he "already [has] my team packaging the entire amount of product we got. We won't do custom orders on SR [Silk Road] but we will have every size amount anybody could want."

48. Between on or about June 3, 2013 and on or about June 24, 2013, Ulbricht transferred a total of approximately 5,000 Bitcoins to Redandwhite (the "June 2013 Bitcoin Transfers"), which were worth approximately \$585,000 at the time based on the

prevailing exchange rate. Based on messages between Ulbricht and Redandwhite and a text file titled "log" maintained on the Ulbricht Laptop ("the "Log File"), these transfers appear to have been designed to assist Redandwhite in beginning to operate as a vendor on Silk Road. Specifically, the Log File stated the following, in part: "06/02/2013 loaning \$500k to r&w to start vending on SR." In order to receive these Bitcoins, Redandwhite provided Ulbricht with certain Bitcoin addresses. There were no further communications from Redandwhite to Ulbricht until in or about September 2013.

49. A file recovered on the Ulbricht Laptop titled "r&w vending" contained a notation stating, in part, as follows: "\$500k lent to r&w[.] \$750k return from initial profits[.] \$500k from UK partner[.] \$1m from r&w[.] another 850 btc sent on 6/24/2013[.] product purchased before bitcoins converted? why does he need my money?[] 4150 btc sent on 06/02/2013."

E. Cancellation of the MIMM Silk Road Account

50. On or about September 12, 2013, Ulbricht canceled the MIMM Silk Road Account for threatening a Silk Road customer. Ulbricht later agreed to reinstate the MIMM Silk Road Account on or about September 22, 2013.

51. On or about September 21, 2013, before Ulbricht agreed to reinstate the MIMM Silk Road Account, Redandwhite sent Ulbricht a message on Silk Road stating, in part, that "I have a ton of pictures for you" and asking where he should upload them. Later the same day, Ulbricht sent Redandwhite a message on Silk Road stating, in part, that he had "come up with a way to get you the \$500k in btc [Bitcoins]" and attempting to arrange a private chat.

52. Multiple photographs were recovered from a folder titled "save_red" (the "Save_Red Folder") on the Ulbricht Laptop that appeared to depict large quantities of packaged narcotics, as well as large quantities of Canadian currency. One such photograph depicted what appears to be packaged narcotics in front of a piece of paper on which was written "DPR" on top of "R+W," which is believed to be a reference to Redandwhite. Another such photograph depicted what appears to be packaged narcotics on a table in front of a whiteboard on which was written "SILKROAD PROOF SEPT 20 DPR." Two other such photographs depicted large amounts of Canadian currency with envelopes on which a six-digit code is written ("Code-2").

53. On or about September 22, 2013, Ulbricht transferred approximately 4,664 Bitcoins to Redandwhite, which was worth

approximately \$569,000 at the time based on the prevailing exchange rate (the "September 2013 Bitcoin Transfers"). Based on the Log File found on the Ulbricht Laptop, this transfer appears to have been made by Ulbricht because "red got in a jam and needed \$500k to get out." The September 2013 Bitcoin Transfers were sent to the same Bitcoin addresses Redandwhite provided in connection with certain of the June 2013 Bitcoin Transfers.

54. On or about September 22, 2013, Redandwhite sent a message to Ulbricht stating, in part, that Redandwhite "got the funds" and asking Ulbricht the following question: "Did you hear anything else about when your guy is landing for the collateral?" Later the same day, Ulbricht sent Redandwhite a message on Silk Road stating, in part, that "[m]y guy is on his way and should be available to accept the cash late afternoon tomorrow. I . . . will relay the time/place to you as soon as I have it." Ulbricht sent another message to Redandwhite stating, in part, that "after talking with my agent, he'd like to see your picture ahead of time so he can confirm it's you when you hand him the bag and not accept anything from anyone else in case of a set up of some kind. Is that ok?"

55. A photograph was recovered from the Save_Red Folder on the Ulbricht Laptop that depicts JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, standing near a building with columns behind him and holding an envelope with Code-2 written on it (the "Ellingson R&W Photo"), which appears to have been used in order to verify ELLINGSON's identity as Redandwhite to Ulbricht. The person depicted in the Ellingson R&W Photo is the same person depicted both in a photograph of ELLINGSON maintained by Canadian law enforcement authorities and ELLINGSON's driver's license photograph, referenced above in paragraphs 16 and 18 of this Indictment.

56. On or about September 23, 2013, Ulbricht sent Redandwhite a message stating, in part, that "[m]y agent is in Vancouver and I'm standing by to get his location and a good time for the hand off to give to you."

57. Based on information found on the Ulbricht Laptop and travel records, on or about September 23, 2013, an associate of Ulbricht's ("CC-1") traveled to Vancouver, Canada via Vancouver International Airport. Based on the Silk Road messages exchanged between Redandwhite and CC-1, CC-1 arrived in

Vancouver to accept currency from Redandwhite as payment for the Bitcoins provided by Ulbricht.

58. On or about September 25, 2013, Ulbricht sent Redandwhite a message stating, in part, that "I feared the worst for you because the bitcoins haven't moved and I hadn't heard from you. I sent my agents to look for you at your address about 12 hours ago, saw where you took the pic, but I think they just missed you." A photograph with a date modified of September 24, 2013 was recovered from the Ulbricht Laptop, which depicted the same building with columns that was behind JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, in the Ellingson R&W Photo.

59. The Log File found on the Ulbricht Laptop had the following entry relating to the events above that took place in or about September 2013 between Ulbricht and Redandwhite: "09-19 - 09/25/2013 red got in a jam and needed \$500k to get out. ultimately he convinced me to give it to him, but I got his ID first and had cimon send harry, his new soldier of fortune, to vancouver to get \$800k in cash to cover it. red has been mainly out of communication, but i haven't lost hope."

60. On or about September 26, 2013, Redandwhite sent messages to Ulbricht stating, in part, "I was moving my family

out of the city because I have reason to believe I have been green lit by my club. . . . I'm going to switch spots, and I will message you from a new account. . . . Do not worry as you saw I have your money in cash to cover everything. I just had to get my family to somewhere safe. I will message you tomorrow."

STATUTORY ALLEGATIONS

61. From at least in or about November 2011, up to and including in or about September 2013, in the Southern District of New York and elsewhere, JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, and others known and unknown, intentionally and knowingly did combine, conspire, confederate, and agree together and with each other to violate the narcotics laws of the United States.

62. It was a part and an object of the conspiracy that JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, and others known and unknown, would and did distribute and possess with intent to distribute controlled substances in violation of 21 U.S.C. § 841(a)(1).

63. The controlled substances that JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, conspired to distribute and possess with intent to

distribute were: (i) 500 grams and more of mixtures and substances containing a detectable amount of methamphetamine, its salts, isomers, and salts of its isomers; (ii) 100 grams and more of mixtures and substances containing a detectable amount of heroin; (iii) 500 grams and more of mixtures and substances containing a detectable amount of cocaine; (iv) one gram and more of mixtures and substances containing a detectable amount of LSD; (v) a quantity of mixtures and substances containing a detectable amount of 3,4-methylenedioxymethylamphetamine, commonly known as "ecstasy" or "MDMA;" and (vi) a quantity of marihuana, in violation of Title 21, United States Code, Section 841(b)(1)(A), (b)(1)(B), (b)(1)(C), and (b)(1)(D).

(Title 21, United States Code, Section 846.)

COUNT TWO

The Grand Jury further charges:

64. The allegations contained in paragraphs 1 through 60 of this Indictment are repeated and realleged as if fully set forth herein.

65. From at least in or about November 2011, up to and including in or about September 2013, in the Southern District of New York and elsewhere, JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, and

others known and unknown, intentionally and knowingly did combine, conspire, confederate, and agree together and with each other to violate the narcotics laws of the United States.

66. It was a part and an object of the conspiracy that JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, and others known and unknown, would and did import into the United States and into the customs territory of the United States from a place outside thereof controlled substances, in violation of Title 21, United States Code, Sections 952(a) and 960(a)(1).

67. The controlled substances that JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, conspired to import into the United States and into the customs territory of the United States from a place outside thereof were: (i) 500 grams and more of mixtures and substances containing a detectable amount of methamphetamine, its salts, isomers, and salts of its isomers; (ii) 100 grams and more of mixtures and substances containing a detectable amount of heroin; (iii) 500 grams and more of mixtures and substances containing a detectable amount of cocaine; (iv) one gram and more of mixtures and substances containing a detectable amount of LSD; (v) a quantity of mixtures and substances containing a

detectable amount of 3,4-methylenedioxyethylamphetamine, commonly known as "ecstasy" or "MDMA;" and (vi) a quantity of marihuana, in violation of Title 21, United States Code, Section 960 (b) (1) (H), (b) (2) (A), (b) (2) (B), (b) (2) (E), (b) (3), and (b) (4).

(Title 21, United States Code, Section 963.)

COUNT THREE
(Money Laundering Conspiracy)

The Grand Jury further charges:

68. The allegations contained in paragraphs 1 through 60 of this Indictment are repeated and realleged as if fully set forth herein.

69. From at least in or about November 2011, up to and including in or about September 2013, in the Southern District of New York and elsewhere, JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, and others known and unknown, knowingly and intentionally did combine, conspire, confederate, and agree together and with each other to violate Title 18, United States Code, Section 1956(a)(1)(A)(i) and (a)(1)(B)(i).

70. It was a part and an object of the conspiracy that JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, and others known and unknown,

in offenses involving and affecting interstate and foreign commerce, knowing that the property involved in certain financial transactions represented proceeds of some form of unlawful activity, would and did conduct and attempt to conduct such financial transactions, which in fact involved the proceeds of specified unlawful activity, to wit, conspiracy to import and distribute controlled substances, in violation of Title 21, United States Code, Sections 846 and 963, with the intent to promote the carrying on of such specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

71. It was a further part and object of the conspiracy that JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, and others known and unknown, in offenses involving and affecting interstate and foreign commerce, knowing that the property involved in certain financial transactions represented proceeds of some form of unlawful activity, would and did conduct and attempt to conduct such financial transactions, which in fact involved the proceeds of specified unlawful activity, to wit, conspiracy to import and distribute controlled substances, in violation of Title 21, United States Code, Sections 846 and 963,

knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

(Title 18, United States Code, Section 1956(h).)

FORFEITURE ALLEGATIONS

72. As the result of committing the narcotics offenses charged in Counts One and Two of this Indictment, JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, shall forfeit to the United States, pursuant to Title 21, United States Code, Sections 853(a) and 970, any and all property constituting or derived from any proceeds the defendant obtained directly or indirectly as a result of these offenses and any and all property used or intended to be used in any manner or part to commit or to facilitate the commission of such offenses.

73. As a result of committing the money laundering offense alleged in Count Three of this Indictment, JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any

and all property, real or personal, involved in said offense, or any property traceable to such property.

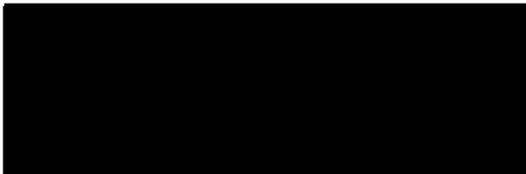
Substitute Assets Provision

74. If any of the property described above as being subject to forfeiture, as a result of any act or omission of JAMES ELLINGSON, a/k/a "redandwhite," a/k/a "MarijuanaIsMyMuse," a/k/a "Lucydrop," the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Sections

853(p) and 970 to seek forfeiture of any other property of the defendant up to the value of the forfeitable property.

(Title 21, United States Code, Sections 853 and 970.)



Geoffrey S. Berman

GEOFFREY S. BERMAN
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

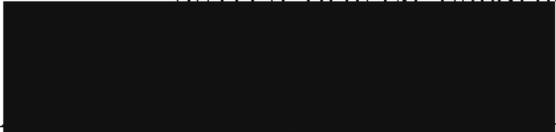
JAMES ELLINGSON,
a/k/a "redandwhite,"
a/k/a "MarijuanaIsMyMuse,"
a/k/a "Lucydrop,"

Defendant.

INDICTMENT

(18 U.S.C. § 1956;
21 U.S.C. §§ 846, 963)

GEOFFREY S. BERMAN
United States Attorney


Foreperson
