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District of Oregon

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Springfield Man Pleads Guilty for Distributing Marijuana on the Dark Web and Laundering Proceeds

PORTLAND, Ore.—On January 18, 2022, a Springfield, Oregon man pleaded guilty for distributing marijuana on the dark web and laundering his cryptocurrency proceeds.

Robert Kelly O'Neill, 59, waived indictment and pleaded guilty to possession with intent to distribute marijuana and money laundering.

According to court documents, beginning around January 2016, Homeland Security Investigations (HSI) and the U.S. Postal Inspection Service (USPIS) began investigating the widespread importation and online distribution of controlled substances on dark web marketplaces. As part of the investigation, HSI and USPIS exposed widespread laundering of illicit digital currency proceeds across the country, including in Oregon.

The investigation uncovered a money laundering operation involving a dark net vendor, GOLD, who exchanged Bitcoin for cash. GOLD received Bitcoin from customers and, in exchange for a fee, would mail or ship cash to a physical mailing address provided by the customer.

As the investigation continued, agents identified an individual using the alias "Resinate" who employed GOLD's money laundering services. Resinate used various addresses, including several Oregon addresses, to receive cash shipments. Following delivery of the cash packages, known and unknown coconspirators would retrieve and deliver the packages to Resinate.

In October 2016, GOLD was arrested and an HSI agent in New York assumed his identity and continued conducting deals with Resinate. Between September 2015 and May 2018, Resinate laundered more than \$725,000 in illicit proceeds through GOLD and another \$167,000 in Bitcoin through a co-conspirator in Springfield. In addition, records from the dark web sites Silk Road and Silk Road 2.0 confirmed that, in 2013 and 2014, Resinate earned \$390,000 in Bitcoin from the sale of marijuana.

In June 2018, law enforcement executed numerous federal search warrants at nominee house addresses and on O'Neill's Springfield residence. Investigators discovered a marijuana processing and packaging operation in O'Neill's garage and seized dozens of computers and electronic storage devices from O'Neill's residence. Agents also found handwritten notes identifying O'Neill as Resinate. A forensic examination of O'Neill's electronic devices returned Bitcoin wallet addresses, images and details of O'Neill's various dark web marketplace vendor

accounts, encrypted emails between O'Neill and the undercover HSI agent, and cryptocurrency wallet backups.

In addition to the electronic and physical evidence, investigators identified and seized more than \$21,469 in U.S. currency, six Bitcoin, and 458 Bitcoin Cash.

On September 3, 2021, O'Neill was charged by criminal information with possession with intent to distribute marijuana and money laundering. He will be sentenced on April 26, 2022 before U.S. District Court Judge Michael J. McShane.

Possession with intent to distribute marijuana is punishable by up to 20 years in prison, a \$1 million fine, and five years' supervised release. Money laundering is punishable by up to 20 years in prison; a fine of \$500,000 or twice the value of the property involved, whichever is greater; and three years' supervised release.

As part of his plea agreement, O'Neill has agreed to forfeit the U.S. currency, Bitcoin, and Bitcoin Cash seized by agents.

U.S. Attorney Scott Erik Asphaug of the District of Oregon made the announcement.

This case was investigated by HSI, USPIIS, IRS Criminal Investigation, in addition to assistance by numerous state and local law enforcement agencies. Assistant U.S. Attorneys Gavin W. Bruce prosecuted the case.

This case is part of Operation Dark Gold, a coordinated, national law enforcement operation, [announced in June 2018](#), that used the first nationwide undercover action to target vendors of illicit goods on the dark web. HSI special agents in New York, in coordination with the U.S. Attorney's Office for the Southern District of New York, posed as a money launderer on dark web market sites, exchanging U.S. currency for virtual currency. Through this operation, HSI New York identified numerous vendors of illicit goods, leading to more than 90 criminal cases across the country.

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