2010

I started the year in the middle of my stint with Good Wagon Books. Donny and I had worked on it the last quarter of 2009 and were trying to ramp up by hiring people to go door-to-door. It was a real struggle and by the end of our trial partnership, it was clear that we hadn't grown the business to the point that it made sense for me to stay on. I also had an offer for a job from Peter and David that sounded great and I was ready to move on and work for them on their private equity venture. Unfortunately, they were all smoke and mirrors and after several weeks of them not returning my calls, I realized there was not an opportunity for me there. This was extremely discouraging. There I was, with nothing. My investment company came to nothing, my game company came to nothing, Good Wagon came to nothing, and then this.

I had to find a job quickly, so I turned to Craig's List and found American Journal Experts. For the next six months, I edited scientific papers written by foreigners. It sucked. The hours were flexible, but it drained me. I hated working for someone else and trading my time for money with no investment in myself.

Up to this point, I had been working on selling my rental house in Pennsylvania. It had helped me stay afloat with around $600/mo in cashflow, but finally the sale came to a close. I made about $30k off the whole thing, and could finally start trading again. I had been practice trading for a while and saw an opportunity to take my $30k and make it as a day trader. $30k isn't alot to start with, and I didn't get off to a very good start with my trading.

Around that time, another opportunity came into my life. Donny had gotten a job offer from his brother in Dallas to be the VP of sales at their milling company. He didn't know what to do about Good Wagon, which he had grown somewhat to the point that he was making around $6k per month in sales. He made me an offer. 50% of the company and a $3k per month salary to take over and run the business going forward. I took the deal and we went to work on it. By the end of the

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year, we had our best month on record with around $10k in sales in December.

While all of this was happening, I began working on a project that had been in my mind for over a year. I was calling it Underground Brokers, but eventually settled on Silk Road. The idea was to create a website where people could buy anything anonymously, with no trail whatsoever that could lead back to them. I had been studying the technology for a while, but needed a business model and strategy. I finally decided that I would produce mushrooms so that I could list them on the site for cheap to get people interested. I worked my ass off setting up a lab in a cabin out near Bastrop off the grid. In hindsight, this was a terrible idea and I would never repeat it, but I did it and produced several kilos of high quality shrooms. On the website side, I was struggling to figure out on my own how to set it up. Driving out to Bastrop, working on Good Wagon, and trying to keep up my relationship with Julia was taking all of my time. By the end of the year, I still didn't have a site up, let alone a server.

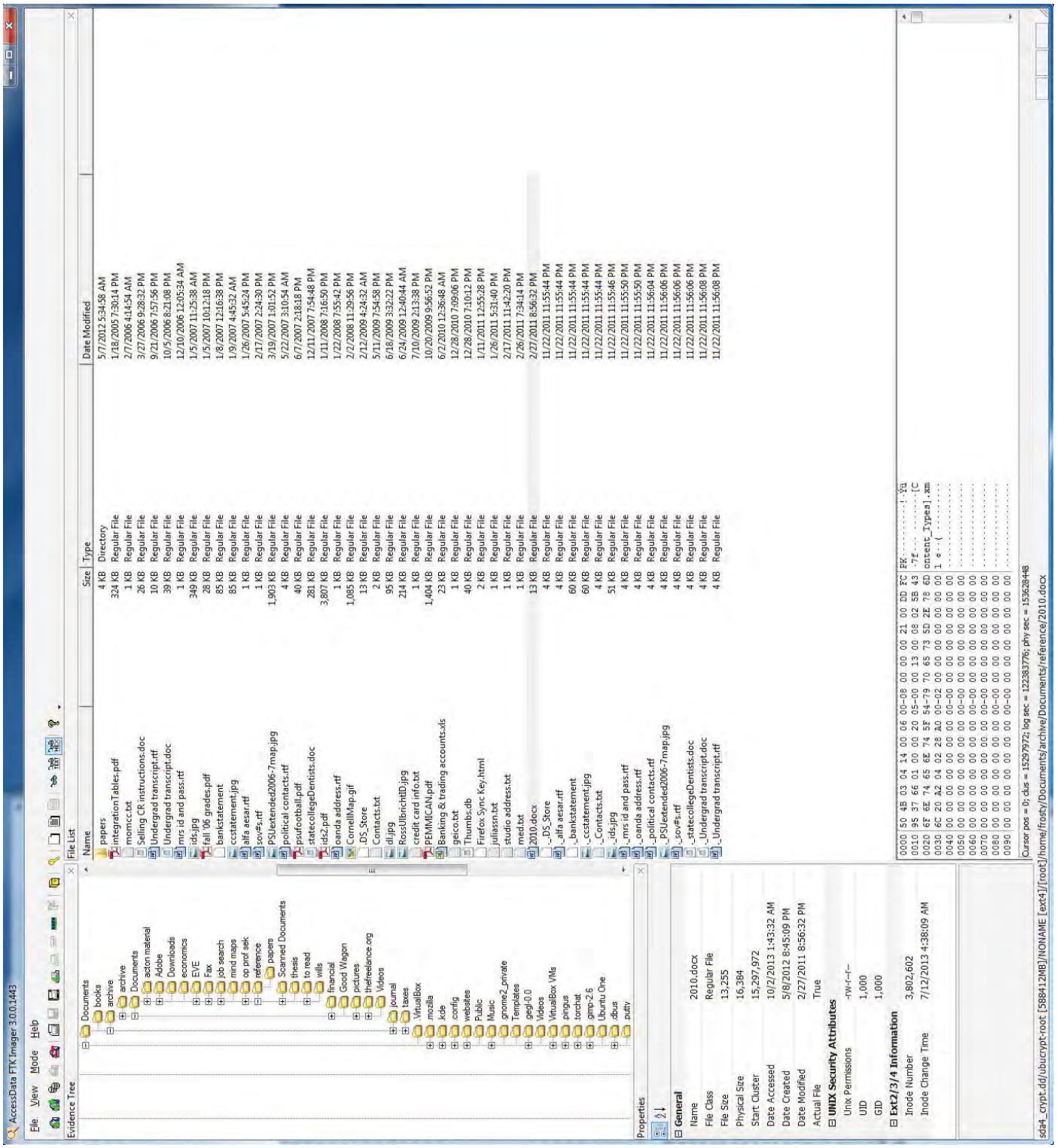
I went through a lot over the year in my personal relationships as well. I had mostly shut myself off from people because I felt ashamed of where my life was. I had left my promising career as a scientist to be an investment adviser and entrepreneur and came up empty handed. More and more my emotions and thoughts were ruling my life and my word was losing power. At some point I finally broke down and realized my love for people again, and started reaching out. Throughout the year I slowly re-cultivated my relationship with my word and started honoring it again.

My relationship with Julia was pretty rocky throughout the year. We even broke up for about a month and half toward the end. I

couldn't even tell you now why it was a struggle, or why we broke up. On my side, I wasn't communicating well at all. I would let little things build up until I got mad. We eventually got back together and even moved in together, and it has been amazingly good since.

In 2011, I am creating a year of prosperity and power beyond what I have ever experienced before. Silk Road is going to become a phenomenon and at least one person will tell me about it, unknowing that I was its creator. Good Wagon Books will find its place and get to the point that it basically runs itself. Julia and I will be happy and living together. I have many friends I can count on who are powerful and connected.

SA-29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SA-30

2011
still working on good wagon books and Silk Road at the same time. Programming now. Patchwork php mysql. Don't know how to host my own site. Didn't know how to run bitcoind. Got the basics of my site written. Launched it on freedomhosting. Announced it on the bitcointalk forums. Only a few days after launch, I got my first signups, and then my first message. I was so excited I didn't know what to do with myself. Little by little, people signed up, and vendors signed up, and then it happened. My first order. I'll never forget it. The next couple of months, I sold about 10 lbs of shrooms through my site. Some orders were as small as a gram, and others were in the qp range. Before long, I completely sold out. Looking back on it, I maybe should have raised my prices more and stretched it out, but at least now I was all digital, no physical risk anymore. Before long, traffic started to build. People were taking notice, smart, interested people. Hackers. For the first several months, I handled all of the transactions by hand. When they came into my local bitcoin client, I matched them up with the amount and time of the purchase and did all of the necessary account adjustments. Between answering messages, processing transactions, and updating the codebase to fix the constant security holes, I had very little time left in the day, and I had a girlfriend at this time! At some point, a hacker found some major flaws in my code. I sent it to him for review and he came back with basically “this is amateur shit”. I knew it too. I tried to work with him but I think he lost interest and since I wasn't charging commission, I only had my shroom money to pay him with. Thankfully that quadrupled from bitcoin increasing in price, little did I know I could've cashed out at 8x higher for a total of 32x! That would have gotten me off to a hell of a start. As it was, I cashed out all the way up and all the way down. I called the peak, my timing was just off. In any case, I decided to rewrite the site in an mvc framework as suggested by my benevolent hacker adviser. So, while still manually processing transactions and responding to a bigger and bigger message load, I learned to use codeigniter and began rewriting the site. At some point around this time, I also learned how to host my own site and was on my own servers. I think I made this plunge because I wasn't sure how much traffic freedomhost could handle, and I wanted control of my .onion domain. So, when I switched I posted a redirect from the old .onion to the new, ianxz6zefk72ulzz.onion. And yea, that was yet another learning curve, configuring and running a LAMP server, oh joy! But I was loving it. My ideas were actually working. Sure it was a little crude, but it worked! Rewriting the site was the most stressful couple of months I've ever experienced. I worked all day everyday, still processing transactions by hand, dealing with scammers, answering messages, meeting new strange people through my site and getting to know them. When I finally got the site ready, there were several new features including a tumbler and automated payment processing. The weekend of the switch was the peak of stress for me. Updating a live site to a whole new version is no easy task. You don't realize how many little pieces lay on top of one another so it works just right (at least when you code poorly like my amateur ass was doing). So for about 48 hours it was stop and start on the switch, but I finally got there and it was working. It looked like I didn't have to process the transactions manually anymore, but then the rot started. Some where, the site accounting wasn't balancing, and I was losing hundreds of dollars every few hours. I started to panic. I tried everything I could think of, but couldn't stop the bleeding. It was getting to be thousands of dollars and I was losing sleep and getting slow. I didn't give up though. I rewrote the entire transaction processor from scratch and some how it worked. To this day I don't know what the problem was. AND in addition to these stressors, Silk Road got its first press, the infamous Gawker article. When you look at the historical #s, you can see right when it happened. A huge spike in signups, and the beginning of an upward trend in commerce that would continue until the time of this writing, and hopefully for much longer. There was really a smattering of press at this time

including the local news in FL! Most interestingly, two US senators came out against the site and against bitcoin. They made a big deal out of it and called for a shutdown of the site. I started to get into a bad state of mind. I was mentally taxed, and now I felt extremely vulnerable and scared. The US govt, my main enemy was aware of me and some of it's members were calling for my destruction. This is the biggest force wielding organization on the planet. Eventually we got through it though and entered a more calm and harmonious phase, there were still the hackers and scammers, and occasional fuck ups by me when trying to add a feature of what not, but in general, working within the CI framework and getting a feel for linux allowed me to take it a little easier and get into a normal work rhythm. Some major advances were price pegging, vendor ranking, a more sophisticated feedback system, buyer stats, transaction logging, and building up the admin toolset. Most importantly, the market began it's path to maturity. Vendors and buyers forged great relationships, more vendors came in to fill holes in the market, others competed and variety, customer service, and professionalism emerged. After making about $100k and up to a good $20-25k monthly, I decided it was time to bring in some hired guns to help me take the site to the next level. This would prove to be the biggest challenge I had ever faced. I actually got to see a fairly wide range of employee types. SYG, the schmoozer who winds up being a waste, DA, the model employee. Super enthusiastic, hard working, and trainable. Then there is utah, professional who does it for the money. Get's the job done, but his heart isn't always in it. First I put up an ad for a system administrator. I needed someone to help me take the back end to the next level in security. I had many candidates duke it out in the forum on many topics from os to isolation to software to security. In the end, I made what I thought was a wise decision. Looking back, I picked the most vocal one who also was on board ideologically. At first he was very good, giving me lots of advise and helping me upgrade the server's security. We spent many hours on torchat configuring the server. We ran it on FreeBSD for the first time and it actually ran pretty well. Getting it set up was a total disaster, though. My host had suddenly stopped paying his upstream provider and dropped it on me that in a few days they would shut off the server. Luckily I had a backup and a spare server ready to go, so we decided to setup freebsd and run it. It was a trial by fire, but we eventually passed. The site was down for almost a week. You can see it die on the historical charts. For the next 3 months, SYG had my full attention. I was basically at his mercy because he knew FreeBSD and I didn't. We kept trying to implement different solutions, but he just kept dragging on and on. He was trying to get his bitcoin exchange thing going through the site at the same time and he just wasn't giving the site everything he had. In the end, he milked me for the last few weeks and eventually I had to let him go. It was a really painful lesson, but one I hopefully won't need to learn again. I eventually moved the site back to ubuntu where I am comfortable. At around the time SYG was falling out of favor, I started looking for someone new and utah was there. I gave him more and more responsibility and he gave me good time estimates and followed through on them. I was still working with SYG, so utah was set to work on rewriting the site. Around this time, Variety Jones showed up. This was the biggest and strongest willed character I had met through the site thus far. He quickly proved to me that he had value by pointing out a major security hole in the site I was unaware of. It was an attack on bitcoind. We quickly began discussing every aspect of the site as well as future ideas. He convinced me of a server configuration paradigm that gave me the confidence to be the sole server administrator and not work with someone else at all. He has advised me on many technical aspect of what we are doing, helped me speed up the site and squeeze more out of my current servers. He also has helped me better interact with the community around Silk Road, delivering proclamations, handling troublesome characters, running a sale, changing my name, devising rules, and on and on. He also helped me get my

head straight regarding legal protection, cover stories, devising a will, finding a successor, and so on. He's been a real mentor. Shortly after I met VJ, I started looking for a right hand man, an administrative assistant of sorts. Someone to answer messages, manage the forum and wiki, and eventually even dispute resolution. I found that man in Digital Alchemy, who was one of the original members of the site, and had been modding the forums for pretty much the whole time. There were lots of applicants, but for some reason DA stuck out as promising, and he has turned out to be invaluable. He quickly learned how to respond to messages and keep things running smoothly. Before long he was managing the forums, the wiki, the messages, the resolution center, scam prevention, and odd jobs for me like mini-research projects and tedious tasks. He works his ass off and will eventually get burnt out, so I need to find him some help at some point.

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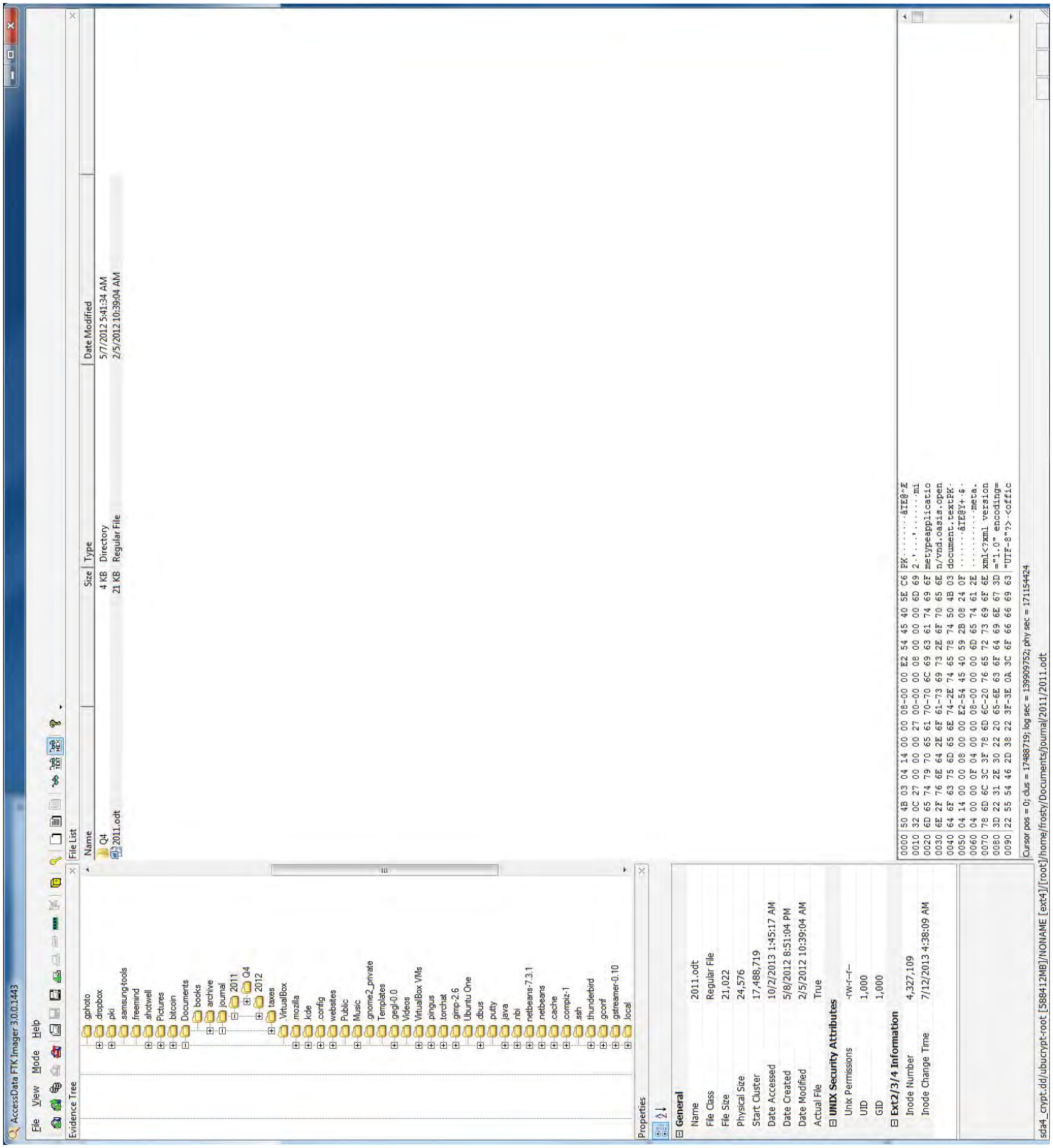
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SA-34

12/29/2011
chatted with VJ again today. Him coming onto the scene has re inspired me and given me direction on the SR project. He has helped me see a larger vision. A brand that people can come to trust and rally behind. Silk Road chat, Silk Road exchange, Silk Road credit union, Silk Road market, Silk Road everything! And it's been amazing just talking to a guy who is so intelligent and in the same boat as me, to a certain degree at least. So, today we talked mostly about the exchange, what to charge, boundary conditions, etc. Then I went for a surf with Billy Becket. Caught a couple of good waves, chatted with him took some wipe outs, and went in. Soon after, I ran around the city with Ashely and Kelly. We drank some beer, walked around the city and botanical gardens. I then went out with Jessica. Our conversation was somewhat deep. I felt compelled to reveal myself to her. It was terrible. I told her I have secrets. She already knows I work with bitcoin wich is also terrible. I'm so stupid. Everyone knows I am working on a bitcoin exchange. I always thought honesty was the best policy, and now I don't know what to do. I should've just told everyone I am a freelance programmer or something, but I had to tell half truthes. It felt wrong to lie completely so I tried to tell the truth without revealing the bad part, but now I am in a jam. Everyone knows too much. Dammit.

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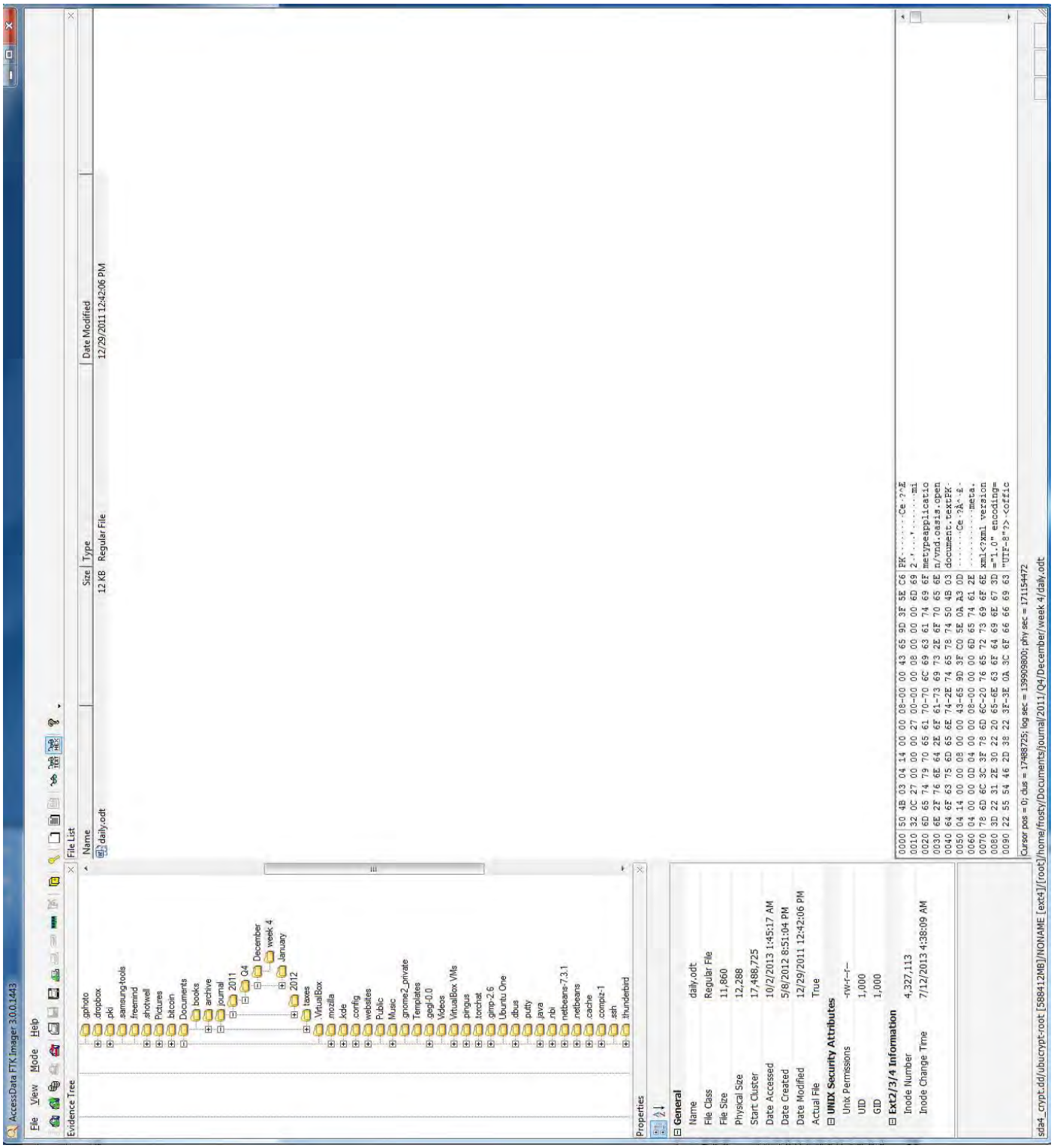
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SA-36

January 1st 2012
Well, I'm choosing to write a journal for 2012. I imagine that some day I may have a story written about my life, and it would be good to have a detailed account of it. I did some work in the morning, can't remember now exactly what it was, but it wasn't long before I was responding to text messages and making plans to hang out on the beach. It was a holiday for everyone, so the beach was as packed as I've ever seen it. A teeming mass of humanity, helicopters flying overhead, waves crashing, a real spectacle. I was offered a ticket to a warehouse party by Nicole, but just couldn't bring myself to accept. I just was not in the partying mood. George also invited me to join him camping for 2-3 nights. I wanted to go, but the swell is low and it's just too much time away from Silk Road, and there is so much to do before the rents get here, and before I leave for Thailand. I need to get DigitalAlch set up handling the resolutions, and it just seems like Variety Jones gives my broad sweeping tasks on a daily basis. Emma, Jessica, Cally, Kim, Tim and a couple others, Mike, were all on the beach with me. Playing paddle ball and soaking up the sun. I've been thinking a bunch about what is next for me. I like my little life here in Bondi, but what if I love Thailand, or want to go on even further? I don't want to go backwards, and while I could see a lot more in Australia, I'm not even taking the opportunities that are coming up as it is. I need to find a place I can work from. Cheap and off the beaten path.

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