

SIXGILL REPORT

The Corona High

COVID-19's Boost to
the Underground
Illicit Drug Economy

MAY 13, 2020

SIXGILL

Corona High: COVID-19's Boost to the Underground Illicit Drug Economy

Executive Summary

- The supply of illicit drugs in the digital underground spiked during the COVID-19 pandemic. Slightly later, and more cautiously, consumer demand of illicit drugs in the digital underground appeared to increase. Meanwhile, trends in malware, phishing-kits and fraud-related products appeared relatively stable.
- The underground illicit drug trade witnessed historic levels of bargains and discounts during the crisis. The price-fall reflected the skewed supply-and-demand equation.
- The supply-side growth reflects a mass shift from street-level dealing to the digital underground in the wake of the pandemic. Emptied streets and public spaces sent vendors online for customers.
- Supply-chain bottlenecks as a result of tightened borders and reduced international traffic presented a greater challenge in economic satellite regions dependent on a single or few overland supply routes than in large urban centers at the economic “center.”
- Shipping delays frayed vendor-customer trust, but appear to have been a temporary setback for the vendors.
- Trends in the underground illicit drug market mirrored those unfolding in legitimate online business-models.
- Whether illicit drugs are “recession-proof” remains to be seen as consumers respond to the unfolding crisis. The report offers a unique angle on this wider question.

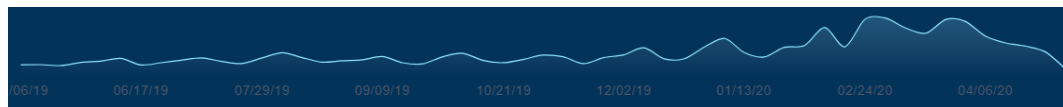
Introduction

One storyline in the ongoing COVID-19 crisis has been of cybercrime feeding on the chaos. Confusion and panic present fertile ground for tricksters, fraudsters and scammers of all stripes. Social distancing enables social engineering. The shift to remote work has proliferated vulnerable endpoints, while widening attack surfaces. In the United States, the FBI Cyber Division warned of coronavirus scams, while European Commission president Ursula von der Leyen warned of cybercrime rising as home-bound hackers spend more hours online.¹

Another storyline, of course, has been the deep and systemic economic fallout: volatile stock markets, record unemployment, and negative oil prices herald the rapid freefall of advanced economies, with the International Monetary Fund calling the present economic plunge the worst since the Great Depression of the 1930s.²

At first glance, it appears that the dark web economy only benefitted from the pandemic—and was seemingly immune to the global economic downturn. While underground markets do not openly report sales, product feedbacks—comments left on items for sale— may be an indication of purchase activities. Accordingly, the trendline of overall product feedbacks over the past year suggests a significant rise in transactions starting in January 2020, as the coronavirus spread worldwide. From some 97,616 total feedbacks on December 23, 2019, the daily output spiked to some 311,1157 by March 23, 2020, with a subsequent decline throughout April as social distancing restrictions began to lift.

Figure 1:
Trendline of
total product
feedbacks
(*type:feedback*)
over the past
year.



Behind this trendline stands a more complicated picture, one in which the two storylines—cybercrime opportunities and economic decline—thickly tangle. First, a closer look at trends suggests that while trade in malware, phishing kits and

¹<https://euobserver.com/coronavirus/147869>;
<https://www.forbes.com/sites/daveywinder/2020/03/21/fbi-coronavirus-warning-significant-spike-in-covid-19-scams-targeting-these-three-states/#5e8cccc043ee>

² <https://www.bbc.com/news/business-51706225>

stolen credit cards/online accounts remained fairly steady, the underground drug market saw sustained and dramatic growth during the crisis.

As this report outlines, we assess that the growth of this underground economy was largely a result, not in spite of the new restrictions placed upon the global economy. As public spaces emptied, planes sat grounded, borders tightened and overland supply chains faced disruptions, some street-dealing was routed towards the digital underground drug economy.

Still, the underground drug economy was not spared the consequences of the crisis. Vendors panicked about a consumer base with less disposable income. Longer delivery times peeved consumers—who then peeved vendors with unfavorable reviews. The pandemic sowed a great deal of uncertainty and mistrust. But the environment appears to have stabilized.

Narrowing in on the dark web drug economy reveals a microcosm of how illicit economies adapt to such crises, showcasing the unique rule of the internet in providing flexibility and resilience to illicit activities.

More demand, and even greater supply

Trendlines suggest that the underground drug market responded more forcefully to the crisis than the online markets for malware, phishing kits, or fraud. Witness the trend-lines on the supply-side of product promotions for malware, phishing kits and fraud-related products, respectively.

The supply of malware products over the past year peaked in mid-September and was fairly stable, if reflective of the natural growth of this market:³



The supply of phishing kits over the past year was stable, except for an anomaly around mid-December, which can be explained by a concentrated spurt of activity in one market:⁴

Figure 2:
Malware
product postings
over the past
year.

³ Type:product AND tags:malware

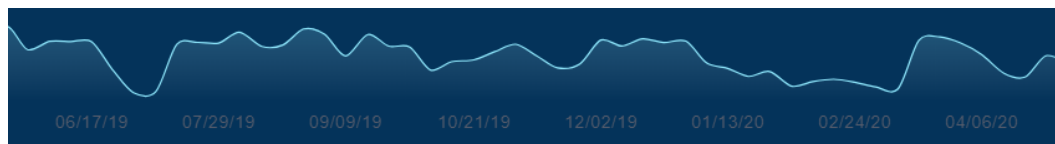
⁴ Type:product AND tags:phishing_site

Figure 3:
Phishing kit
product postings
over the past
year.



The supply of fraud-related products over the past year (online and credit-card fraud) was uneven, but the second half of the year was not distinctly different from the first:⁵

Figure 4: Fraud-
related product
postings over the
past year.



Meanwhile, the trendline in supply of drugs over the past year suggests a clear rise over the early months of 2020 and into the spring—from 4,154 items on December 23, 2019 to 22,445 on February 24, 2020 and 24,719 on April 27:⁶

Figure 5: Drug-
related product
postings over the
past year.



Trendlines in the supply of cannabis, cocaine and MDMA, individually, all follow a similar pattern, with the volume of cannabis product promotions nearly seven times higher—from 896 postings on December 23, 2019 to 5,874 on February 24 and 5,425 on April 27:⁷

Figure 6:
Cannabis-related
product postings
over the past
year.



The supply of cocaine online seemed to increase more sharply, from 140 new posts on December 23 to 1,437 on February 24 and 1,541 on April 27:⁸

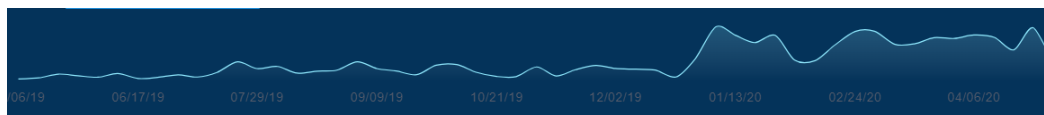
⁵ Type:product AND tags:fraud

⁶ Type:product AND tags:drugs

⁷ Type:product AND tags:cannabis

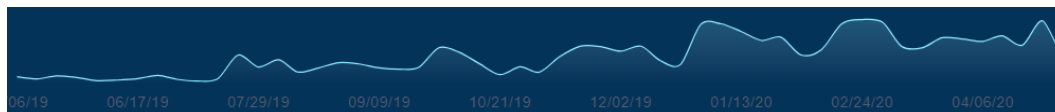
⁸ Type:product AND tags:cocaine

Figure 7:
Cocaine-related
product postings
over the past
year.



The supply of MDMA, unsurprisingly, followed a similar pattern. From 551 new product postings on December 23, this market saw 1,781 postings on February 24 and 1,786 on April 27:⁹

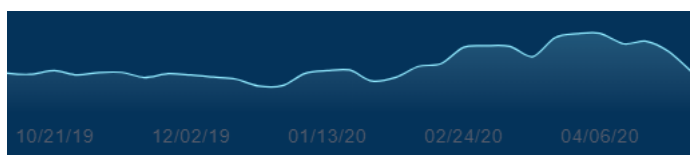
Figure 8:
MDMA-related
product postings
over the past
year.



On the demand-side, although feedbacks are an imperfect metric for purchase volume, their trendlines are a reliable indicator of the rate of transactions. The trendline in quantities of feedbacks for cannabis, cocaine and MDMA all seem to start climbing around mid-to-late February, approximately a month after the rise in offerings on the supply side.

Figure 9:
Feedbacks of
cannabis
products over
the past half
year

Feedback volume of cannabis products nearly doubled over the past half-year:¹⁰



Feedback of cocaine products also nearly doubled over the past half-year:¹¹



Figure 10:
Feedbacks of
cocaine products
over the past
half-year.

Feedback of MDMA also nearly doubled over the past half-year:¹²

⁹ Type:product AND tags:MDMA

¹⁰ Type:feedback AND (cannabis weed hashish indica sativa)

¹¹ Type:feedback AND (coke cocaine)

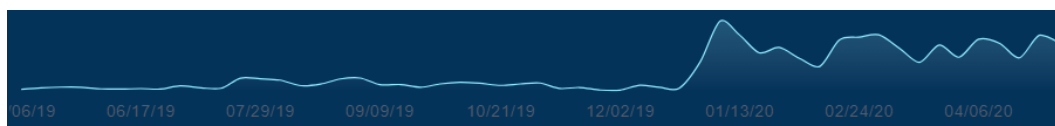
¹² Type:feedback AND (mdma molly)

Figure 11:
Feedbacks of
MDMA products
over the past
half-year.



Figure 12:
Mentions of
bargains and
discounts in drug
product
postings, over
the last year.

As supply and demand appeared to grow during the pandemic—the latter later, and more slowly—mentions of “bargains” and “discounts” in the underground drug market skyrocketed, suddenly growing ten-fold in volume by early 2020.¹³



The historical trend-line is even more remarkable:



Figure 13:
Historical
mentions of
bargains and
discounts in drug
product

What is going on here? The high-level trends suggest a growth in the digital underground’s illicit drug *supply* during the COVID-19 crisis. The accompanying, slower growth in *demand* did not catch up, leaving the price of illicit drugs online to fall to bargain prices.

Figure 14:
Post by
“speed/MDMA/
meth/heroin”
dealer, March
20.

Corona (Covid19) 10% bonus from today till 29-03-2020 on all the products

Figure 15:
March 28, 2020
post by a
cannabis dealer.

Wunderbly breaks the internet *CoronaVirus Sale* \$6.99/G AAA+ US –> US

Behind this supply-and-demand equation lie two major stories. The first, a shift from street-level dealing to the digital underground as a result of the pandemic, which explains the sharp rise on the underground’s supply-side. The second, a more complex story—perhaps explaining the more cautious growth on the

¹³ Type:product AND tags:drugs AND (discount* bargain*)

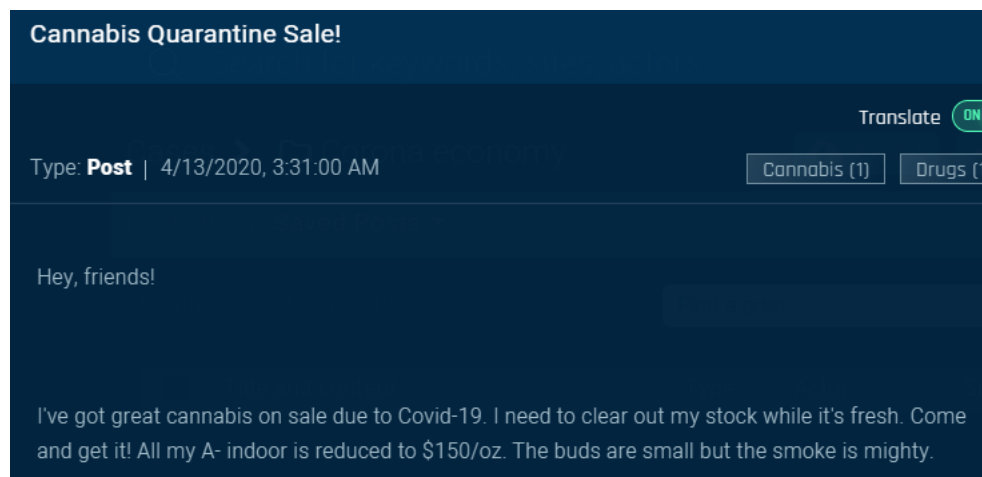
demand-side—sees an underground economy still bruised by the crisis, but also adaptive and resilient in the face of it.

Stranded streets, full forums

Bottlenecks on traditional street-level dealing during the pandemic saw street prices rise in some cases, while online prices plummeted to bargain levels amidst a flurry of activity. Faced with emptied and restricted public spaces during the COVID-19 pandemic, street dealers increasingly turned to online to move their product—and fast.

One vendor articulated this economic logic concisely in an April 13 post: “I’ve got great cannabis on sale due to Covid-19. I need to clear out my stock while it’s fresh.”

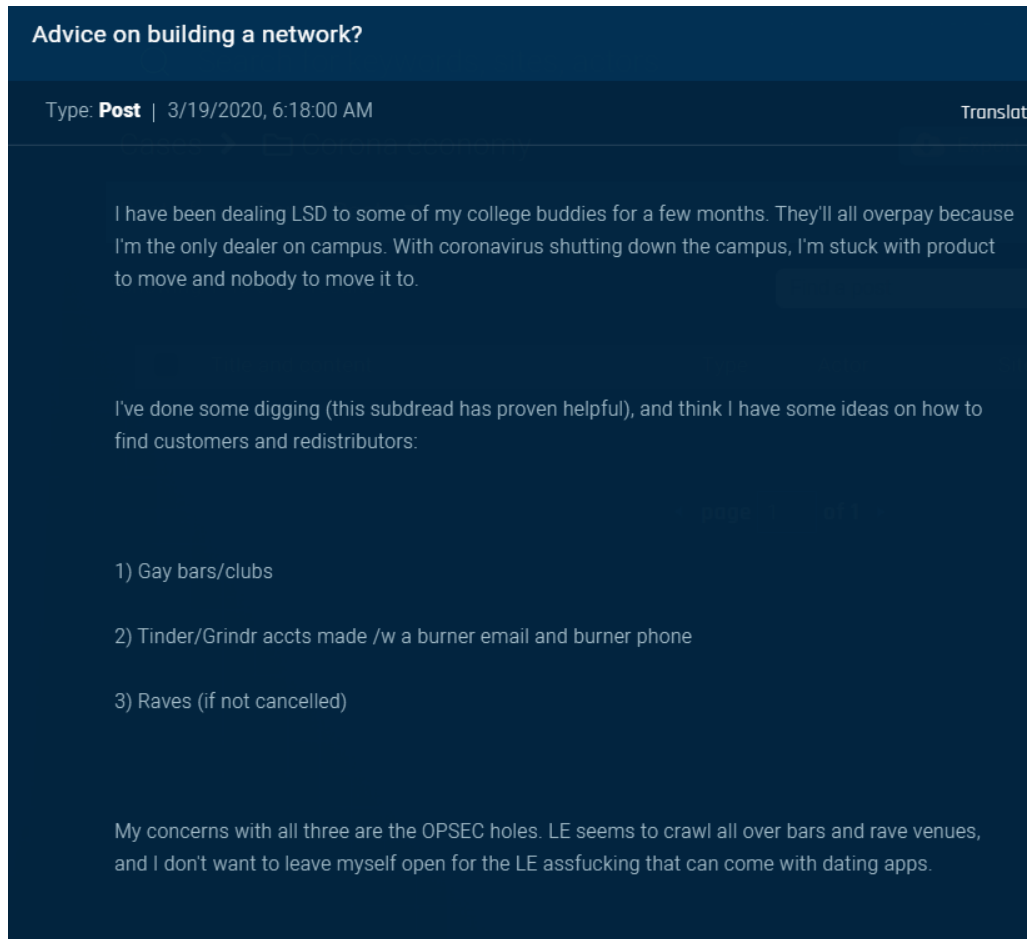
Figure 16:
Cannabis vendor
advertises
clearance sale,
April 13



On March 19, an amateur college LSD dealer turned to a dark web forum for advice on how to regrow his customer base on- and off-line, now that coronavirus had shut down the campus. “I’m stuck with product to move and nobody to move it to.”

Displaying only moderate foresight, the LSD dealer suggested gay bars and clubs and “raves (if not cancelled)” as alternate locations for doing business. He also noted online dating apps Tinder and Grindr as possible tools to find customers.

Figure 17:
College LSD
dealer seeking
expansion
advice, March
19.



On the demand-side, too, the closure of public spaces during the COVID-19 pandemic sent consumers turning to the dark web. Posting on a closed dark web forum in late April, one actor, a long-time drinker and “weed smoker,” asked for advice of ways to “get ‘high’” while homebound in quarantine. Two replies, incidentally, suggested eating nutmeg – an idea that had gone so viral on the TikTok app in April as to prompt public health outcries.

Figure 18: Actor
asks for advice
on getting high
in quarantine,
April 28.

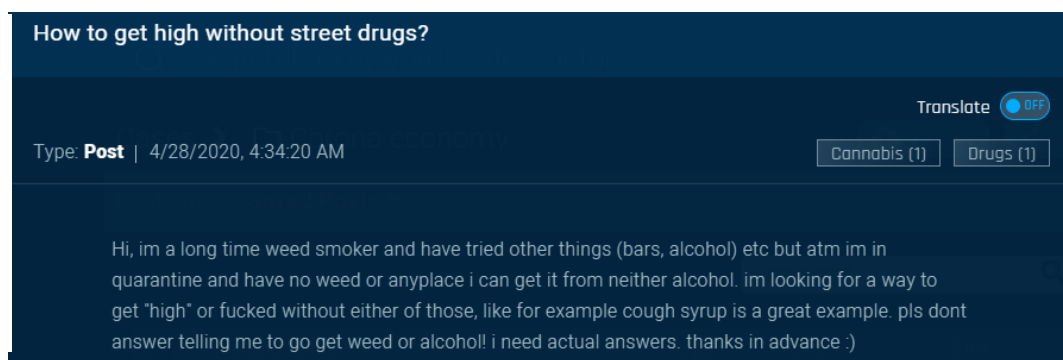


Figure 19: An actor frets that his dealer tested positive for COVID-19, March 9.

Not only drug consumers in quarantine felt the disruptions of COVID-19; so too did consumers whose regular dealers were now in quarantine. On March 9, one actor had turned to a deep web hacking forum for some epidemiological crowdsourcing. “My Dealer Has Corona,” he announced. “What if my weed has corona all over it? Not sure I wanna finish it or not. Would you still smoke it?” he prodded the forum.



Figure 20: Vendor notifies customers that cannabis deliveries will be sterilized, March 23.

Forum members’ responses were divided, but the conversation highlights how growing sensitivities around social distancing pervade even the illicit drug economy. Just like in the broader retail world, fear of physical contact might have driven some consumers away from “hand-to-hand” purchases towards a more sterile online shopping environment.

Advertising their cannabis wares, one vendor noted that to prevent the spread of the coronavirus, all packages are sterilized with disinfectant and bleach prior to shipping.

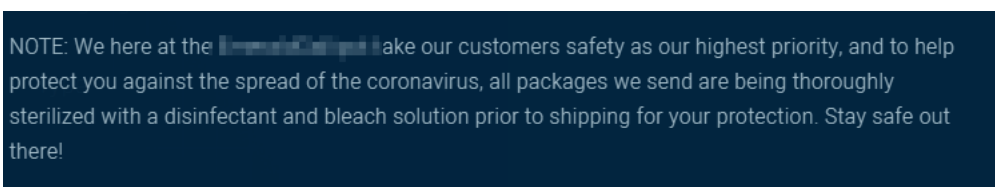


Figure 21:
Methadone user
analyzes the
pandemic's
effects on East
Coast heroin
supply routes
and street sales,
April 2.

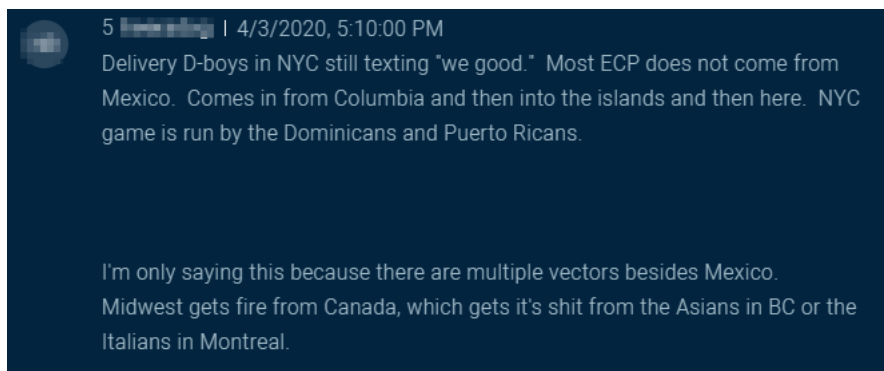
One methadone user mused on a dark web forum about the how open-air heroin markets he once frequented were faring during the current crisis. The delivery guys are still operating, he wrote, under greater risk of being stopped for being “out n about.” From his experience, a dealing “stop” in a major city has around a half-dozen guys working it. “Maybe,” he mused, “if they’ve [sic] cut back to just maybe 2-3 guys, 1 dealer n 2 lookouts, [sic] they can get away still working without drawing attention.”

On the macro-level, the actor expressed concern that overland supply chains of illicit drugs from Mexico might face disturbances—not because of border closures, but because reduced cross-border traffic might make it easier for law enforcement to single out drug traffickers and their illicit goods.



One responder relayed that as of April 3, delivery boys in New York City were still signaling stability of heroin supply. Most “ECP”—or “East Coast Powder”—does not come from Mexico, but from Colombia through the Caribbean, while product in the Midwest comes from Canada through British Columbia (by way of East Asia) or from the Italian mob in Montreal.

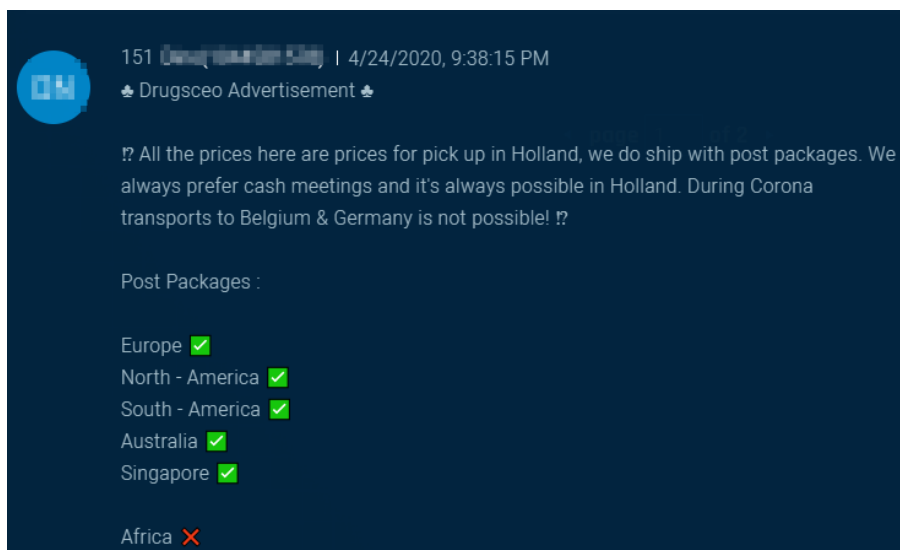
Figure 22: Actor comments that heroin deliveries in New York City running smoothly, April 3.



The exchange sharpens the point that the illicit drug economies in places such as New York— in the global economic “center” and presumably at the intersection of multiple supply vectors— were more resilient to disruptions of overland supply routes during the COVID-19 crisis. These supply bottlenecks were more palpable in economic satellite regions dependent on a single or few overland supply routes.

One Dutch vendor evidenced the acute difficulties of these cross-border “offline” transactions. Despite stating a preference for “cash meetings” over digital transactions, Dino wrote that transport to neighboring Belgium and Germany is impossible “during Corona.” Posting packages to as far away as Australia and Singapore was nevertheless feasible, despite forcing Dino to compromise on an explicit preference for in-person transactions.

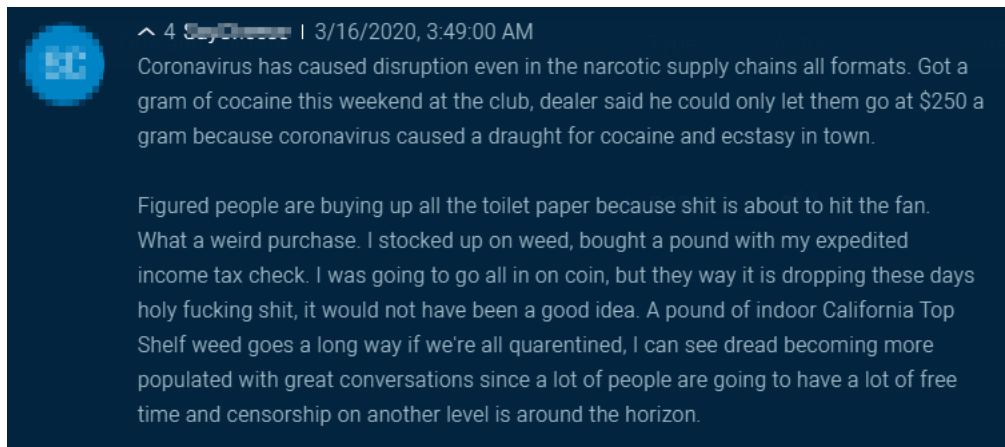
Figure 23: Dutch dealer prefers cash meetings, but unable to transport wares across land borders, April 24.



Anecdotally, underground chatter suggests that some semi-peripheral locales saw a rise in the street price of drugs—at least initially— because of supply-side bottlenecks during the COVID-19 crisis. In mid-March, an actor on one dark web forum commented that he purchased a gram of cocaine at a club for \$250, an

Figure 24: Actor comments that a local “draught” of cocaine and ecstasy raised their street price, March 16, 2020.

unusually high price, which the dealer said was “because coronavirus caused a draught for cocaine and ecstasy in town.”

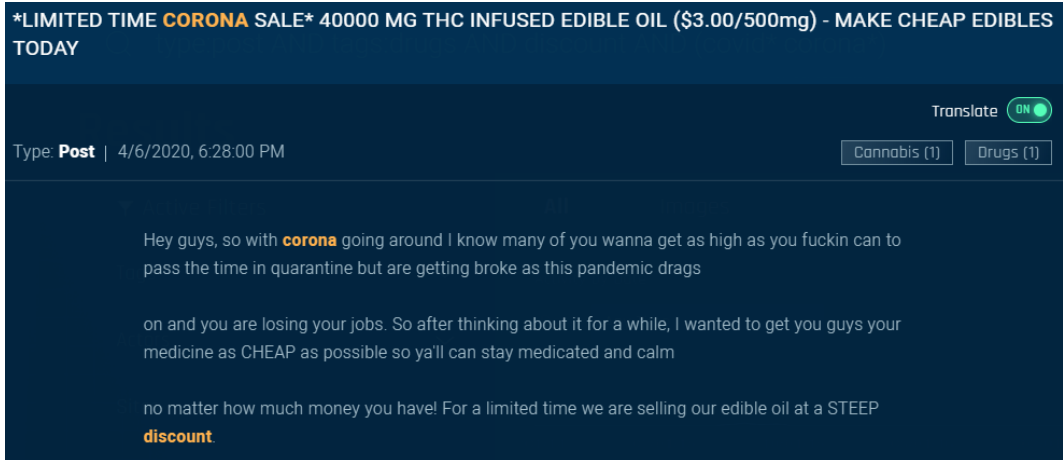


Disruptions, re-alignments: the resilient underground

The coronavirus pandemic accelerated the increasing reliance of both dealers and buyers on online markets and digital transactions. This illicit ecosystem proved largely resilient—but not immune—to the vicissitudes of the crisis.

Vendors fretted that the economic downturn and consumers’ precarious economic situations might dampen demand for recreational drugs. The general economic malaise appears to have driven many vendors’ discount-pricing. “I know many of you wanna get as high as you...can to pass the time in quarantine but are getting broke as the pandemic drags,” a cannabis vendor wrote on a dark web forum on April 6.

Figure 25:
Cannabis dealer
offers discount
for increasingly
“broke”
clientele, April 6.



From a macro-perspective, disruptions in air-mail shipping might have been a temporary bump for the dark web drug economy. Chatter suggests slower delivery times presented a headache for vendors trying to manage their reputations among a cynical consumer-base that is always vigilant for scammers.

A vendor complained in an April 19 post on a dark web forum about the inconsistencies and seeming randomness of shipping times during the pandemic. “We have domestic customers who normally receive their order within 1-3 days, but now have to wait up to 14 days for their orders to arrive. But for example we shipped a KG to Czech past week, and it already arrived. We are living in a weird situation with this COVID-19 bullshit,” they wrote. Searching out other vendors or customers experiencing shipping problems, they pleaded: “Please acknowledge the problem in this thread so all customers and market staff who are handling disputes can see we are all having this problem and it has nothing to

Figure 26:
Vendor
complains of late
shipping times
fraying customer
trust, April 19.

do with us individual (legit) vendors.”

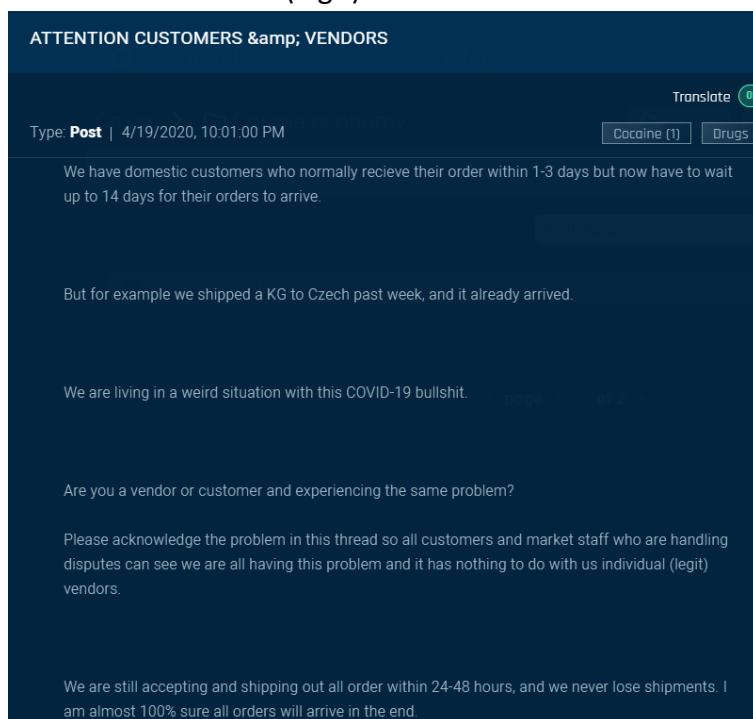


Figure 27:
Mentions of
shipping delays
in vendors’
product postings
over the past
year.

But trendlines in both vendor and consumer chatter about shipping delays suggest these concerns were only a temporary setback.

The trendline of vendors warning about delays in the past year suggests an acute, fleeting moment of collective concern around mid-February.¹⁴



Figure 28:
Mentions of
shipping delays
in customer
feedbacks over
the past year.

The trendline of consumers mentioning delays in their feedback in the past year suggest a rise in such complaints around late January/early February, but is in general consistent with trends earlier in the year.¹⁵



¹⁴ Type:product AND (shipping fedex ups) AND (delay* late)

¹⁵ Type:feedback AND (shipping fedex ups) AND (delay* late)

Figure 29: UK-based drug vendor no longer offers free reships outside the UK, , January 28.

The long-term impact of these shipping delays might be in growing selectivity over where vendors agree to ship their goods. For some major vendors such as a UK-based vendor on one major marketplace, the pandemic's disruption of international shipping apparently led them to assess that offering free reships on unarrived or seized international packages was becoming too risky a proposition. This changing calculus drove the vendor to limit its customer service offering. As of January 28, the vendor posted a notice on a host of products that, "due to the ongoing situation with the Coronavirus," free reships would no longer be offered outside the UK.

Due to the ongoing situation with the Coronavirus we will not be offering any reships on any orders outside of the UK. If you want to order to an address outside of the UK we will process and ship it as normal but we take no responsibility for its arrival and this must be at the customers own risk.

Terms and Conditions:

Reships are done at our discretion on a case by case basis but new buyers with low feedback will not be granted a reship.

To some, the coronavirus simply reinforced the axiom that drugs online should be purchased from in-country vendors. Responding to a consumer who was driven to his first online drug purchase because of home confinement during the pandemic, one user on a French-language forum recommended to always favor in-country orders, "coronavirus/containment or not," to avoid international customs inspections.

Figure 30: Actor recommends always ordering from in-country vendors, even after the pandemic, March 30.

which brings up a second important point:

Always favor national orders, **coronavirus** / containment or not, because you avoid customs checks.

Also note that some countries are more subject to control than others, customs considering international shipments from the Netherlands for example, as more likely to contain illegal products, and therefore more suspicious.

Conclusion

This report examined the ways in which the economic upheavals of the COVID-19 pandemic disrupted the global illicit drug economy. Departing from a startling set of trend-lines indicating dramatic shifts in the supply and demand of illicit drugs online, the report unpacked how these shifts—a sharp increase in supply, and a more modest bump in demand—played out behind their sleek microeconomic

calculus. The global exodus of populations off the streets and into their homes had wide-ranging ramifications for the supply-chains and business protocols of the illicit drug trade. As streets cleared, more drugs seemed to find their way to online marketplaces; new chokeholds on the transnational flow of humans and goods spelled trouble for supply-chains, but the underground economy seemed to adapt quickly.

Some question-marks linger on the demand-side of the equation. This report adds a unique angle to the growing debate over whether cannabis and other drugs are “recession-proof.”¹⁶ Still, how consumers on the digital underground respond in the long-term to COVID-19’s economic fallout remains to be seen. The crisis, after all, is ongoing.

Through a wider lens, the dynamics that played out in the underground illicit drug trade mirrored those in legitimate online sectors. Ecommerce and online retail—which might have expected a direct gain from the close of brick-and-mortar establishments—have been befuddled by the patterns of anxious consumers in an uncertain climate, while plagued by supply-chain disruptions and shipping delays.¹⁷ The underground illicit drug trade serves as a microcosm for these broader global dynamics. In its adaptability to the crisis, it highlighted the increasing reliance of criminal networks on the internet, and the increasing need to put our ear to the internet’s underground.

¹⁶ <https://seekingalpha.com/article/4343541-cannabis-market-proving-to-be-recession-proof-podcast>

¹⁷ <https://www.bigcommerce.com/blog/ecommerce-coronavirus/#ecommerce-and-coronavirus-the-impact>