

# How Do Crypto Flows Finance Slavery? The Economics of Pig Butchering\*

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## Abstract

Through blockchain addresses, we trace crypto flows and uncover methods commonly used by scammers to obfuscate their activities. The perpetrators interact freely with major crypto exchanges, sending over 32,000 small trust-building inducement payments annually to exchanges commonly used by U.S. and European investors. Funds exit the Ethereum network in large quantities, mostly in Tether, through less transparent but large exchanges. Criminal enterprises pay approximately 33 basis points in transaction fees and moved approximately \$27.8 billion annually into suspicious exchange deposit accounts between 2021-2023. Our findings highlight how many actors in the “reputable” crypto industry facilitate criminal capital flows.

*JEL classification:* G23, G28, G59

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