

# The Illicit use of Stablecoins

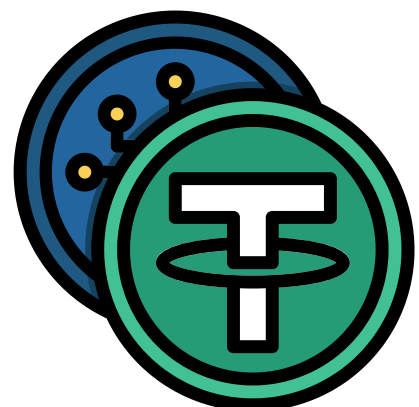


# What are Stablecoins?

Stablecoins are a type of cryptocurrency created to keep their value steady in relation to a specific asset or group of assets. Unlike traditional cryptocurrencies like Bitcoin or Ethereum, which can have large price swings, stablecoins strive to offer a reliable store of value and a consistent medium of exchange. This stability is usually achieved through methods such as backing by assets, algorithmic control, or a mix of both.

## The ease of use with Stablecoins

- Cost Effective
- Speed and Accessibility
- Reduction of Currency Fluctuation Risk
- Volatility Hedge
- Enhanced Financial Inclusion



# Tether (USDT)

Tether's USDT is one of the most popular stablecoins, widely used by traders. Its value is anchored to the U.S. dollar, ensuring stability. Although Tether doesn't have its own blockchain, USDT can be transacted on platforms like Ethereum, Tron, and Polygon. Compared to other stablecoins like USDC, USDT has a longer market presence but faces scrutiny over reserve transparency and legal issues. Choosing between USDT and other stablecoins depends on individual needs and perspectives on safety, transparency, and utility.

## Illicit use of Tether

Tether (USDT) has been increasingly used by Mexican and Colombian drug cartels for money laundering and drug trafficking. Reports indicate that USDT is traded at a discount in Mexico due to its association with drug proceeds. Criminal organizations, including the Sinaloa cartel, use USDT to move illicit funds quickly across borders, making it difficult for law



enforcement to intercept.

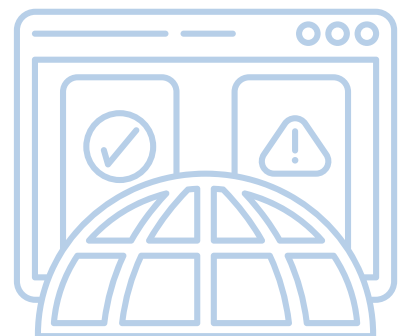
Investigations have revealed that millions of dollars' worth of USDT are involved in these illicit activities, highlighting the stablecoin's role in facilitating large-scale drug operations.

# Why do Criminals use Stablecoins?

Industry observers attribute the shift of criminal activities towards stablecoins to several key factors. Stablecoin transfers generally come with lower fees and faster confirmations. This efficiency is attractive to cybercriminals managing high transaction volumes. Additionally, stablecoins provide the widest range of currency pairs across nearly any global exchange, often with substantial liquidity. This liquidity accelerates money laundering processes, enabling criminals to cash out or switch to other tokens without significant slippage. By utilizing digital dollar-like tokens, sanctioned entities can circumvent traditional banking barriers.

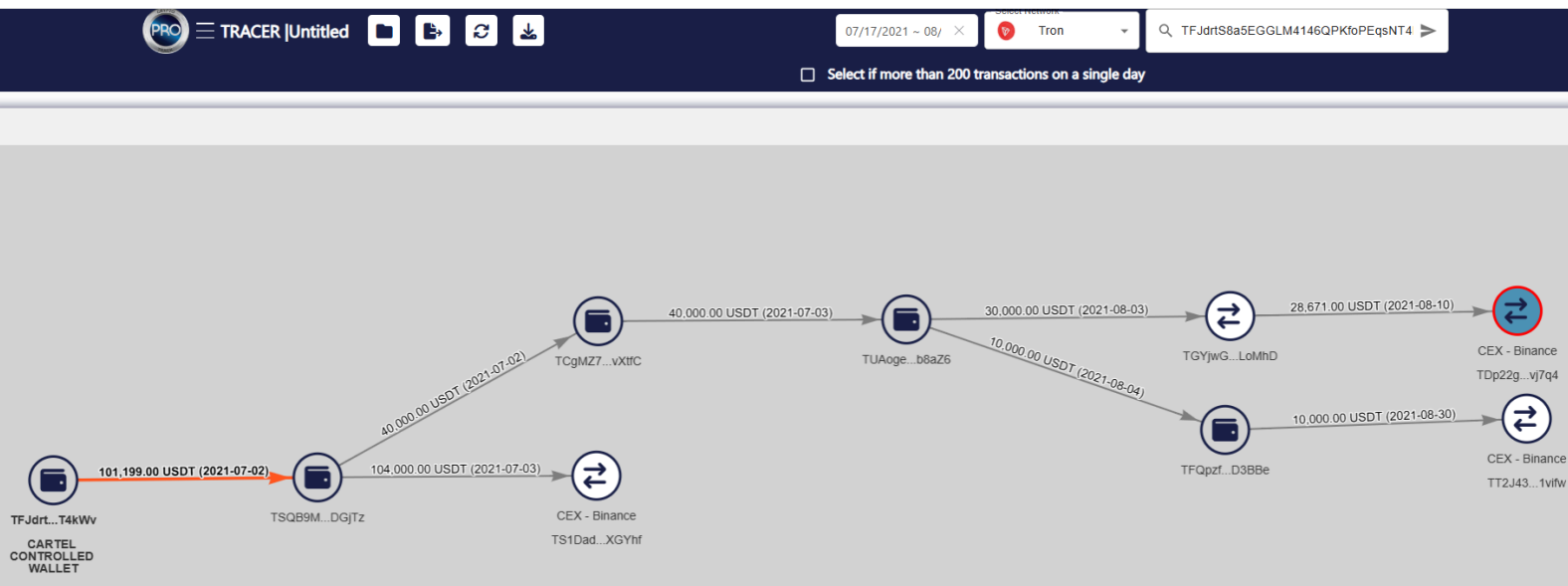
## Different Stablecoins

1. Tether (USDT)
2. Binance Stablecoin (BUSD)
3. Gemini Stablecoin (GUSD)
4. Coinbase Stablecoin (USDC)
5. PAX Gold (PAXG)



# Tracing Stablecoin

Byron Boston, Owner of Crypto Track, noticed an uptick in the illicit use of stablecoins back in 2021. His first stablecoin investigation dates back to July 2021 where he assisted the Department of Justice with a USDT Stablecoin investigation involving a Mexican Drug Cartel. This detailed tracing graph in CT Pro, illustrates the flow of the illicit USDT to Binance Exchange. As a result of the investigation, multiple targets were identified and millions of dollars of USDT was ultimately recovered and seized.





# Crypto Track Pro

Crypto Track PRO is a robust blockchain analytical engine designed to enhance investigative capabilities. As a private forensic firm, we collaborate with U.S. law enforcement as well as international investigators.

We also collaborate with international organizations such as the Cryptocurrency Defenders Alliance which provides us the ability to attempt to quickly blacklist cryptocurrency addresses linked to known criminal activity. This can provide law enforcement with the critical time needed to secure legal documentation and facilitate asset recovery for victims.



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