

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR, on behalf of herself)
and all others similarly situated,)
)
Plaintiff,)
)
-against-)
YUNHAI QUAN and JOHN DOE NOS. 1-25,)
)
Defendants.)

Index No. 654820/2023

**AFFIRMATION
OF CHARLES ZACH
IN SUPPORT OF
ORDER TO SHOW CAUSE**

I, Charles Zach, affirm under penalty of perjury as follows:

INTRODUCTION

1. I am an employee at Inca Digital, a company that investigates cryptocurrency schemes and frauds, including “pig butchering.” As part of my employment at Inca Digital, I have investigated matters related to the above-captioned action. I am over 18 years of age, of sound mind, and am competent to make this Affirmation. The evidence set forth in the foregoing Affirmation is based on my personal knowledge unless expressly stated otherwise.

2. Background on pig butchering generally, along with the details of the movement of crypto assets stolen by Defendants from Class Plaintiff Rachel Pouyafar (“Class Plaintiff” or “Pouyafar”) are provided in my Affirmation dated September 29, 2023 ([NYSCEF Doc. No. 5](#)) (the “September Zach Affirmation”). This affirmation details my further investigation into Defendants’ movement of stolen cryptocurrency assets belonging to additional victims, including those similarly situated to Pouyafar whose crypto assets are currently located in Binance wallets (the “Class Members”).

3. Perpetrators of pig butchering schemes use a standard setup for an “ecosystem” of wallets that they use to hold funds stolen from multiple victims. The wallets are arranged like a

pyramid. The base of the pyramid consists of the wallets where funds enter the ecosystem – in other words, wallets that Defendants trick victims into sending funds to. The middle of the pyramid consists of wallets where defendants use complicated series of transactions and currency swaps to make tracing victim’s funds difficult. The top of the pyramid is a single wallet known as the “pivot address wallet”—the final wallet within the ecosystem at which commingled victim funds arrive, after which they are transferred to centralized exchange accounts for layering/laundry, leaving the ecosystem.

4. As detailed in the September Zach Affirmation, all of Pouyafar’s stolen funds were routed through address 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0 directly from the scam wallet address Pouyafar sent her funds to while believing she was sending her funds to the “QuedEx” trading platform. This wallet is at the base of the pyramid. These funds belonging to Pouyafar traveled through several other wallets up the pyramid before passing through the pivot address wallet and being transferred to the Binance hot wallet where they were frozen.

5. Analysis of the address 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0 revealed more than 100 additional wallet addresses that my research and experience suggest are used to scam other victims of the same scheme. Of the additional wallet addresses identified in the sample, the earliest transaction from a victim is May 21, 2023.

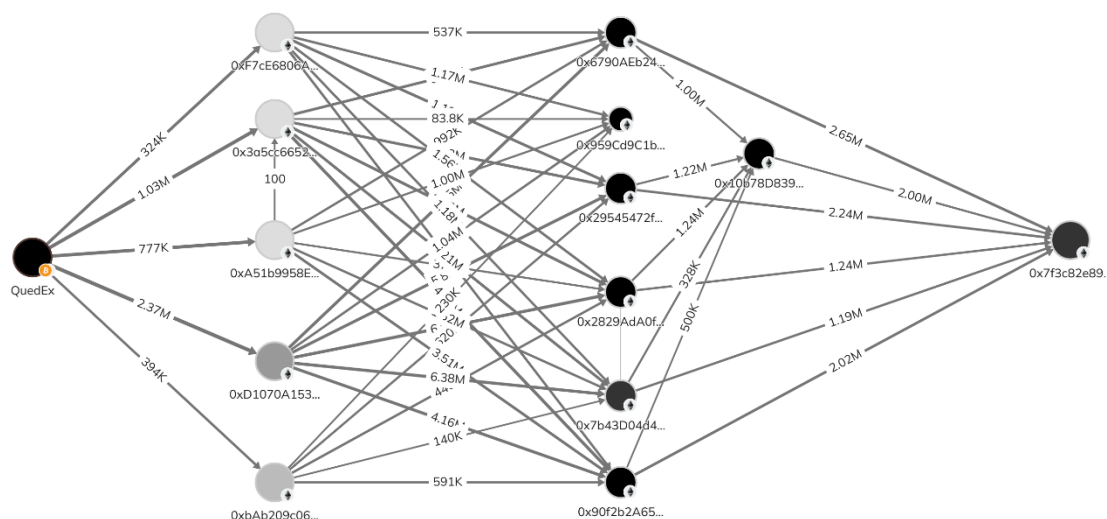
6. Based on the transactions involving those additional wallet addresses, my research and experience suggests that 150–200 additional victims of the same pig butchering scheme used to unlawfully take Pouyafar’s assets were deposited in those wallets. This is but a small sample of an analysis that is repeated many times to map out the entire ecosystem.

7. My research demonstrates that these additional wallets were used to scam an additional 150–200 victims because the transactions in which crypto funds entered the ecosystem

followed a pattern that is standard for pig butchering scams but rarely seen in legitimate crypto transactions: small amounts of money are deposited in the same wallet followed by increasingly larger amounts. Further, the deposited funds were all routed through the same pivot address.

8. In order to determine the full “ecosystem” of wallets that Defendants used to hold funds stolen as part of their pig butchering scheme, I conducted further analysis of the flow of funds from Ethereum blockchain address 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0. In tracing the flow of funds from this wallet, I determined that wallet address 0x7f3c82e892616d4d5a325fa13e4f4d04a8d312ce was the pivot address of the ecosystem of wallets (the “Pivot Address Wallet”).

9. A visual depiction of the ecosystem of wallets, with the Pivot Address Wallet on the far right, and the base of the pyramid on the far left (with the black dot labeled “QuedEx” representing many individual wallets) is below:



10. After moving through the pivot address wallet, the funds were transferred to wallets hosted by a variety of exchanges including Binance, Huobi, ByBit, OKX, and Bitkub. The Proposed Class Members are victims of the pig butchering scheme whose funds have been moved up the pyramid ecosystem, through the Pivot Address Wallet, and then out of the ecosystem into Binance wallets.

11. My analysis of the movement of funds related to the pig butchering scheme required a holistic view of the network rather than a transactional, step by step analysis due to the interconnectedness of the ecosystem's wallet addresses and the commingling of Class Members' funds. As seen in the above image, the ecosystem's wallet addresses in layers 2 and 3 are extremely interconnected. This is done in an effort to obfuscate the movement of Class Members' funds by making the transactional steps impossible to distinguish on a victim-by-victim basis. As a result, a proper analysis must use wallet addresses as a focal point rather than individual transactions.

12. Defendants additionally use multiple decentralized platforms to perform swaps from one cryptocurrency to another as an additional method to try and obfuscate the movement of Class Members' funds.

13. The Class Members held/hold accounts at a variety of exchanges, including Coinbase, Crypto.com, Gemini, Kraken, BinanceUS, and Uphold, in which they held crypto assets before their assets were stolen by Defendants and entered the ecosystem described above.

14. As the Class Members are only those victims whose funds are currently held in Binance wallets within the above-described ecosystem, Defendants hold substantial additional funds in wallets from other exchanges or "unhosted" wallets not connected to any exchange.

15. The above analysis demonstrates that the following Binance wallets are used by Defendants to store funds stolen from Class Members as part of the pig-butcher scheme:

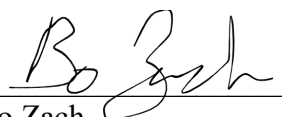
- 0xcc21d63f7f1201c201c574af1d4d8be4a7a85c45
- 0x0847a80fcf205bc9850825210cbcb0f1da0cc083
- 0x0e740ce9a4707d38dc7c2ebaccc35df2b42c43e8
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- 0xa861175e2a696d5afe06e84336ccb94568087b73
- 0x0f6a3a689426c592370de20d6b1ec093ea17d219
- 0x94307efb4be20e2cfd257842cf1b7224768aeed9
- 0xd11573c7065ad6fb967b596d3c020ab93f7f0685
- 0x5213ebc0746b9e441680a4e7417f48e6f6aa344d
- 0x8774b7134c3ea3405a1ff9fced90d7c1b50e1d85
- 0xbd1d2f3e03ca9e82813446052be35473843a6b59
- 0x038a2cf462dafb509696405f7a02e9fa2e498d5c
- 0x27a93d839cdbdce1e648ec8e3feb79387c52cc2
- 0x84d174ae1478db35beaa0b878e681b8053f71460
- 0x753ebfaba611a0820af0c455a7d29a7d73267fee
- 0x134583c611aaf9f126eb63fbdd9e4359b95db1dd
- 0xead0c6d566bf874b8f27e164772ea7afd28fbd2f
- 0x47a885fc9d952b46eb961c9f9346fdb5a3ccce31
- 0x99895845183ce5283ca87563e883a4ecd546a477
- 0x504434da8c50bfcae5dfcfdb3c7daf5112ba6d5c
- 0x247f0db29097501184e19c285c2a3e0eae1d874f

- 0x8b8a28566f56893d3d3a7599fe4c7809687d8cd0
- 0x7DBa1df8fC3953d20637178D50797B1b57B3191C
- 0x22c00e46deaa2bf271c2578b45e66ad6f9df1b80
- 0x61876383236191b546ca706a55eb9832f26b82b1

16. Analysis reveals that Defendants have recently ceased depositing assets in the Binance Hot Wallets. Defendants could stop accumulating assets in the Binance Hot Wallets at any time, and then transfer those assets to a different account, without notice to Prospective Class Members.

17. I affirm this 8th day of December, 2023, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that I am physically located outside the geographic boundaries of the United States, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.

Dated: Sinj, Croatia
December 8, 2023

By: 
Charles Bo Zach

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Certification Pursuant to 22 NYCRR § 202.8-b

I, Rishi Bhandari, at attorney duly admitted to practice law before the courts of the State of New York, hereby certifies that this Affirmation contains 1,283 words, excluding the parts exempted by § 202.8-b(b), and therefore complies with the word count limit set forth in 22 NYCRR § 202.8-b(a).

Dated: New York, New York
December 8, 2023

By: /s/ Rishi Bhandari
Rishi Bhandari, Esq.