

'Pig butchering' scams leave Canadian victims with few recovery options

By **David Milosevic and Annelise Do Rio**

Law360 Canada (April 22, 2026, 8:37 AM EDT) -- A Canadian who wires six figures to what appears to be a legitimate investment platform — only to discover it is fictitious — faces a stark reality. The funds are gone, and the perpetrators are often unidentified.

The Canadian Anti-Fraud Centre (CAFC) has reported a sharp rise in crypto-related investment fraud. In 2023, more than half of the \$309 million in reported investment fraud losses were tied to cryptocurrency schemes. The CAFC has separately reported that overall losses linked to social media in 2023 totalled \$172 million. These figures likely understate the scale of the problem, as only a fraction of fraud is reported.

One increasingly common form is known as “pig butchering.” Fraudsters spend weeks or months building trust, often through social media, messaging apps or dating platforms, before introducing a fraudulent investment opportunity. Victims are shown fabricated returns and encouraged to invest increasing amounts. The term reflects the tactic: victims are “fattened up” with attention and apparent gains before being exploited.

How the scam works

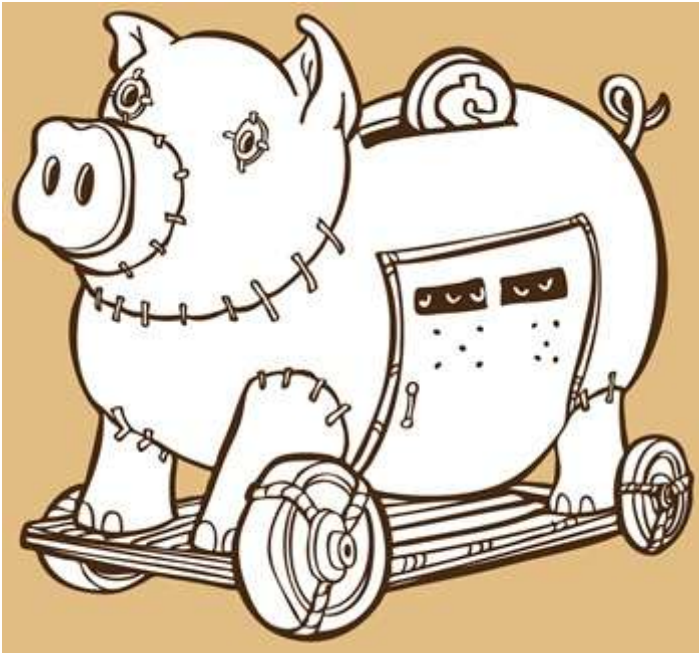
A target receives an unsolicited message, often a “wrong number” text, a LinkedIn connection or a contact through a dating app. Over time, the scammer builds rapport, often posing as a romantic partner or trusted adviser, before shifting the conversation to investing.



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The victim is then directed to what appears to be a legitimate trading platform, typically involving cryptocurrency or foreign exchange. While reputable crypto platforms exist, fraudsters often replicate their appearance to create convincing but fictitious sites.

Early deposits appear to generate strong returns, and small withdrawals may be permitted to reinforce legitimacy. The victim invests more. Eventually the platform freezes the account, and additional funds are demanded as taxes or fees to unlock withdrawals. No withdrawal occurs.

Cryptocurrency has made these scams easier to execute and harder to trace, with funds moving quickly across borders. These operations are often run by organized groups based outside Canada, complicating enforcement and recovery.

Victims are targeted a second time. The CAFC has warned that those who have lost funds may be approached by new entities offering, for an upfront fee, to recover the missing money. These "recovery" offers are themselves a further layer of fraud.

Why civil recovery is so difficult

The wrongdoer is typically an anonymous identity tied to an offshore crypto wallet, and funds can move through multiple intermediaries within hours. Exchanges and service providers often operate in foreign jurisdictions, limiting domestic court orders.

Victims in Ontario may seek a Norwich order, a disclosure mechanism that can compel third parties such as banks or crypto exchanges to provide identifying information.

However, such applications require detailed affidavit evidence, multiple orders against different intermediaries and indemnification of third parties for compliance costs. Foreign entities add another layer of enforcement.

For losses of \$100,000 or less, the economics rarely make sense: legal fees, expert costs and enforcement uncertainty can exceed the amount at stake, with no guarantee of recovery.

Where the law is adapting

Courts are beginning to respond to crypto fraud, even where assets are held offshore.

In *R. v. Binance Holdings Limited*, 2025 ONSC 7113, the Ontario Superior Court considered restraint and management orders over bitcoin traced to accounts following a fraud against a Canadian victim.

Binance opposed on jurisdictional grounds, arguing that only a foreign entity held the assets and the other entities had no possession or control.

The court framed the issue as whether the persons in possession of the assets were present in Canada for purposes of the *Criminal Code*.

The court found that Canadian Binance entities were in constructive possession of the assets. Although a foreign entity physically held the cryptocurrency, the Canadian entities had knowledge of and the ability to control them, which was sufficient to constitute possession. The court also found that the foreign entity also had a sufficient connection to Canada through hundreds of thousands of Canadian accounts and ongoing user activity.

The case arose in a criminal restraint context, but the court's analysis turned on possession and presence in Canada rather than the formal allocation of assets within the corporate structure. This reasoning may be relevant to civil claims involving offshore crypto fraud.

For civil claims, that shift may help, but recovery remains difficult.

The practical reality

Prevention is far more effective than recovery.

Victims who act quickly may preserve evidence and trace funds before they are dissipated. Once assets move through multiple wallets or offshore platforms, recovery becomes unlikely. The CAFC and the Canadian Investment Regulatory Organization (CIRO) urge Canadians to verify any opportunity with a registered professional before transferring funds and to report suspected fraud promptly.

The difficult reality is that litigation may not result in the return of funds.

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