



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

The LACFE Fall Conference and Annual Meeting is next week!

We're glad so many of you are joining us either in-person or virtually.



Don't forget: The LACFE Annual Meeting will take place at approximately 12:30 pm on October 5th (during lunch).

Even if you are not attending the training, all members are welcome to join the board for the meeting. Please let us know if you will not be attending the training, but would like to attend the meeting.

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Fraud Talk Podcast

Sports Betting Fraud: How Fraudsters Are Gaming the System - Greg Gemignani - Episode 170

The sports betting boom has changed more than how people wager. It has opened new avenues for identity theft, money laundering and other forms of fraud. This episode of Fraud Talk takes a deep dive into a new Fraud Magazine article tracing the schemes taking shape across the industry. Gaming attorney Greg Gemignani joins us to unpack what makes sports betting attractive to fraudsters, where the vulnerabilities lie and what anti-fraud professionals should be watching as the industry continues to grow.

<https://acfepodcast.com/e/sports-betting-fraud-how-fraudsters-are-gaming-the-system/>

UPCOMING EVENTS

LOCAL:

Southeast Michigan Chapter of the ACFE: Monthly Dinner Meeting

In-Person or Virtual, New Location: Davenport University - Warren Campus

October 1, 2026

Learn more: <https://semcacfe.starchapter.com/meetinginfo.php?id=121&ts=1789604259>

ACFE South Florida: The AI Advantage

Virtual

October 28, 2026

Learn more: <https://acfesouthflorida.org/event-6797421>

ACFE Southwest Ohio: Dayton Fraud, Cyber & Ethics Conference

Virtual

November 18 – 19, 2026

Learn more: <https://swohacfe.org/event-6773083>



NATIONAL:

ACFE: Payments Fraud: Controls, Governance and Risk Management

Virtual

December 7, 2026 (early registration ends October 23rd)

Learn more: [Payments Fraud: Controls, Governance and Risk Management](#)

ACFE: COSO Fraud Risk Management Certificate Program

Virtual

December 8, 2026

Learn more: [COSO Fraud Risk Management Certificate Program](#)

The LACFE is always looking for volunteers to serve on the board, help with events, recommend training topics/speakers, grow our network to alert students to the LACFE scholarship, and more! Let us know if you can help be part of our growth! Email: newsletter@lansingacfe.com

Help me create your newsletter! If you have an event that you would like posted or if you wish to share an article or job opening, please contact Jennifer Ostwald at newsletter@lansingacfe.com

SEC Charges Multiple Entities in Fraud Schemes Totaling at Least \$15 Million That Used WhatsApp and Other Platforms to Lure Investors

September 29, 2026

https://www.sec.gov/newsroom/press-releases/2026-95-sec-charges-multiple-entities-fraud-schemes-totaling-least-15-million-used-whatsapp-other-platforms?utm_medium=email&utm_source=govdelivery

Washington D.C., Sept. 29, 2026 —

The Securities and Exchange Commission today charged multiple entities that are likely operated by individuals located overseas for defrauding hundreds of retail investors, including many in the U.S., through so-called investment confidence scams where the perpetrators sought to build online relationships with unsuspecting clients before stealing their money.

In two separate complaints, both filed in U.S. District Court for the Southern District of New York, the SEC charged Cryptoaiml Ltd. and Cryptoaiml Capital Foundation as well as TSAI Pro Ltd. and TSAI Capital Foundation with fraud in connection with schemes that feigned SEC compliance while misappropriating more than \$12.5 and \$2.8 million, respectively, from investors through online platforms.

“Although the methods used to bilk innocent investors in these fraudulent investment scams varied, the goal was the same – promise potential investors outsized returns, claim that they were legitimate entities regulated by the SEC, and then steal their money,” said David Woodcock, Director of the SEC’s Division of Enforcement. “We encourage the public to report these types of schemes as they occur using our [online tip portal](#).”

According to the SEC complaint against Cryptoaiml and Cryptoaiml Capital Foundation, from at least August 2024 through March 2025, the entities formed WhatsApp group chats where they gained investor trust by impersonating investment professionals and issuing supposed AI-generated trading “signals” or tips claiming to produce large profits. The defendants allegedly directed investors and clients to open accounts on their fake trading platform and manipulated them into transferring crypto assets to the platform. In some cases, the defendants allegedly established an investment adviser client relationship with unwitting investors who signed investment management agreements that were represented to be legitimate. As alleged, the entities also lured investors and clients to their platform by falsely claiming to be certified by regulators, including the SEC, and posted a screenshot on their website of a falsified Form D filed by Cryptoaiml Ltd. with the SEC. The complaint alleges that there was no genuine trading platform as no trading took place, the reflected profits were fictitious, and investors who attempted to withdraw funds were told that their accounts were frozen until they paid fraudulent advance fees.

According to the SEC's complaint against TSAI Pro Ltd. and TSAI Capital Foundation, from September 2024 to March 2025, the entities represented to investors through their website, WhatsApp chats, and public Facebook that they could earn guaranteed profits by, among other things, depositing funds on their online platform for the purpose of renting bots programmed with artificial intelligence to trade on investors' behalf. The defendants also told investors that they could earn money by recruiting others to invest in the AI-trading bot program. They also falsely represented that TSAI—which offered and sold the bot program to investors—was fully regulated by the SEC and posted a phony certificate from the agency on their website that referenced a falsified Form D filed by TSAI Pro Ltd. As alleged, the entire AI-trading bot program was a fraud: there were no AI trading bots and deposited funds never were used to earn returns for investors.

The SEC's Office of Investor Education and Assistance has issued investor alerts warning investors that fraudsters may use popular [group chats](#) or [claim to be officially registered](#) with the SEC to lure investors into scams. The SEC encourages investors to use Investor.gov to check the background of anyone offering or selling them an investment.

Separately, the Forms D filed by Cryptoaiml Ltd. and TSAI Pro Ltd. have been removed from the Commission website.

Video of the Month

[Webinar: What courage is, how to build it and why it's worthwhile to take a risk](#)

For centuries, humans have considered courage to be a rare and important virtue. We admire those who demonstrate courage despite their fears and personal risk. In this webinar, The Conversation's Beth Daley leads a discussion with panelists examining the virtue of courage and why it is ultimately a worthwhile risk.

THE CONVERSATION

Courage: What it is, how to build it and why it's worthwhile to take a risk

A discussion with:



Greg Crawford
President,
Miami University



Cynthia Pury
Professor of Psychology,
Clemson University



Beth Daley
The Conversation
US



FinCEN Assesses Historic \$125 Million Penalty Against UBS Financial Services Inc. for Recidivist BSA Violations

August 3, 2026

<https://www.fincen.gov/news/news-releases/fincen-assesses-historic-125-million-penalty-against-ubs-financial-services-inc>

WASHINGTON—Today, the Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) assessed a \$125,000,000 [civil money penalty](#) against UBS Financial Services Inc. (UBSFS) for willful violations of the Bank Secrecy Act (BSA), the primary U.S. anti-money laundering and countering the financing of terrorism law that safeguards the financial system from illicit use. This is the largest penalty ever imposed against a broker-dealer for BSA violations to date.

“Today’s historic action against UBSFS should send a clear message that recidivist financial institutions will face severe repercussions,” said FinCEN Director Andrea Gacki. “Repeat violators of the Bank Secrecy Act jeopardize the integrity of our financial system, especially those that expose it to high-risk customers and activities without effective controls.”

This is FinCEN’s second enforcement action against UBSFS. In December 2018, UBSFS entered into a [Consent Order](#) with FinCEN for violations of the BSA that assessed a civil money penalty of \$14.5 million. Among other things, the 2018 Consent Order found that UBSFS failed to adequately monitor foreign currency wires due to weaknesses in UBSFS’s automated monitoring system. Despite UBSFS assuring FinCEN that it would soon remediate the underlying issues, UBSFS did not do so and subsequently failed to appropriately monitor over 50,000 foreign currency wires with an aggregate value of more than \$10 billion. Moreover, UBSFS did not disclose these failings to FinCEN, which learned of them only through a subsequent investigation FinCEN initiated following a regulatory examination.

UBSFS also failed to comply with its obligations to perform appropriate customer due diligence (CDD), particularly in connection with its provision of services to high-risk customers with ties to Russia and Latin America. FinCEN’s investigation identified instances of UBSFS failing to appropriately consider and mitigate money laundering and other illicit finance risks associated with these customers’ source of wealth as well as negative news reports that such customers had alleged ties to corruption, fraud, and money laundering—even when one of UBSFS’s own affiliates expressed concerns about such negative news. As a result of these and other deficiencies, UBSFS failed to timely report hundreds of suspicious transactions, thereby depriving law enforcement of critical information.

As part of its resolution with FinCEN, UBSFS admits that it willfully violated the BSA, including failing to implement and maintain an AML program that met the minimum requirements of the BSA, and file suspicious activity reports.

The Consent Order published today requires UBSFS to work with a third party to complete a lookback to identify and report to FinCEN suspicious transactions that went undetected due to the failures noted above and to undergo an independent review of its AML program. FinCEN

recognizes the effort and complexity in building and managing operations associated with a robust AML compliance program. The independent review is tailored to focus specifically on deficiencies that contributed to UBSFS's violations and will deliver tangible outcomes by evaluating the effectiveness of UBSFS's AML program in addressing priority illicit finance risks, including (1) the U.S. Southwest border, cartels, and possible narcotics trafficking; (2) Iran; (3) Russia, and (4) Venezuela. In a demonstration of FinCEN's commitment to financial institutions' meaningful remediation of AML deficiencies and consequential investments to enhance their AML programs, upon satisfactory completion of the review of UBSFS's AML program and its implementation of the third party's recommendations, FinCEN will waive up to \$15 million for the expenses incurred by UBSFS in connection with this undertaking.

FinCEN appreciates the effective cooperation on this matter with the Commodity Futures Trading Commission, the U.S. Securities and Exchange Commission (SEC), and the Financial Industry Regulatory Authority (FINRA).

Compliance Considerations

Effective AML programs can safeguard national security by preventing financial institutions from being used to facilitate money laundering and the financing of terrorism. Such programs should be risk-based and commensurate with the size, structure, risk profile, and complexity of the financial institution, including the risks that may be associated with the provision of wealth management services to foreign persons located in, or who derive their source of wealth from, high-risk jurisdictions.

Financial institutions are expected to promptly remediate AML compliance failures uncovered by regulators, auditors, and employees. In this instance, FinCEN found that UBSFS continued to fail to monitor foreign currency transactions well after entering a settlement with FinCEN, the SEC, and FINRA for the same failures. Despite UBSFS's assurances that it would remediate these deficiencies, it failed to meaningfully address those concerns for years, with significant aspects of such remediation not undertaken until FinCEN's investigation was already underway. Financial institutions are also encouraged to discuss such issues with their regulators, especially when they relate to matters that have been the subject of prior enforcement actions. Similarly, FinCEN expects financial institutions to take full accountability for violations when they are identified in an enforcement investigation.

Covered financial institutions subject to FinCEN's 2016 CDD Rule, including broker-dealers providing wealth management services to customers that pose elevated risks for money laundering or other illicit activities, are reminded of the importance of conducting meaningful risk-based CDD, both at onboarding and then throughout the life of the customer relationship by maintaining and updating customer information on a risk basis. Such risk-based CDD does not include, for example, a focus on simply "papering" dispositions of apparent risks but rather an objective identification and assessment of the risks presented—both at the inception of a customer relationship and those that manifest over time—and a proportionate response to meaningfully address such risks, including through the application of commensurate controls.

For additional information regarding the facts and circumstances associated with this enforcement action, including the specific BSA violations and the underlying conduct, please see the [Consent Order between FinCEN and UBSFS](#).

Underage Players, Predatory Moneylenders: 7 Findings From Our Dominican Baseball Investigation

September 15, 2026

<https://www.propublica.org/article/dominican-republic-baseball-major-league-takeaways>

Baseball is everywhere in the Dominican Republic, which sends a disproportionate number of players to the American major and minor leagues, including Hall of Famers like Pedro Martínez and Adrian Beltré. Playing fields and training academies dot the country in villages where players who've made the leap to the pros are immortalized in murals.

For nearly half a century, the Dominican Republic has sent more players to the majors than any country outside the United States. The nation, which has a population roughly that of Ohio's, had 144 players reach the major leagues last year. That's about 10% of the league.

The Dominican baseball factory is a volume business, with teams paying signing bonuses to about 450 prospects each year. Fewer than 10% of those young players will ever see a single pitch in the majors, but in a country as impoverished as the Dominican Republic those bonuses — worth several times the country's average annual income — could be life-changing for the players and their families. Yet Major League Baseball has long allowed a corrosive system to fester that rigs the game against young players in favor of opportunistic trainers and predatory moneylenders.

Here are the key highlights of ProPublica's investigation into the Dominican baseball system.

Trainers coach children in exchange for future earnings.

Young baseball players in the United States and Canada must enter the major league system through its annual draft of young prospects. But in the Dominican Republic it's a free-for-all, with players going to the highest bidder.

After MLB scouts began to recognize the Dominican Republic as a source of cheap talent, teams opened bare-bones training academies to develop young players. Eventually, the buscones — men relied on by teams to identify local talent — realized they could start their own academies. There are now hundreds of such facilities and, according to a national trade association, approximately 6,000 trainers.

In addition to coaching, the trainers who operate these academies generally provide room, board and equipment. Education often falls by the wayside. In return, they receive a share — typically 35% to 50% — of a player's signing bonus. Most of those bonuses are valued at around \$30,000, but they can be as high as six or seven figures.

From 2012 through the beginning of 2026, major league teams paid Dominican prospects \$1.042 billion in bonuses, according to a ProPublica analysis. But much of that money — up to half a billion dollars — is almost immediately siphoned off by trainers and lenders.

To get around league rules, MLB teams make handshake deals with underage players.

Major league rules bar teams from making official deals with players under the age of 16, but teams have long circumvented this ban through the use of unwritten early agreements, or preacuerdos. In these handshake deals, typically arranged through a player's trainer, the team pledges to pay a certain amount to the player once he is of legal age to be signed.

With players as young as 11 involved in such deals, it can be years before the prospect receives his bonus.

Moneylenders persuade families to sign over players' bonuses for high-interest loans.

Preacuerdos and the lure of these promised payouts have created a cottage industry of prestamistas, or moneylenders, who persuade players' families to sign away portions of these impending bonuses in exchange for loans with sky-high interest rates.

The Dominican Republic repealed its usury laws 24 years ago. High-interest lenders advertise online, targeting young ballplayers and their families. One WhatsApp ad touted loans for "baseball players who have agreements."

Belfi Rivera was 14 when he made a handshake deal with the Arizona Diamondbacks that would pay him \$1.8 million after he turned 16. (The Diamondbacks did not respond to a request for comment.) Ultimately, he'd see very little of that money. The trainer who had brokered the deal got his share, worth \$630,000. More than \$950,000 went to someone who had no hand in teaching Belfi how to play baseball: Santo Caraballo, a lender who formed a business partnership with Red Sox legend and Hall of Famer David Ortiz.

In a statement sent through his lawyer, Ortiz said that his business relationship with Caraballo "began to come to an end" more than 18 months ago." He added that he ended his personal relationship with Caraballo "a year and a half to two years ago" after "noticing conduct by Mr. Caraballo that I considered inappropriate. I started distancing myself from him personally and placed the relevant matters in the hands of my legal advisors."

However, in September 2025, Ortiz and Caraballo filmed themselves heading for Puerto Rico on a private jet, drinking and dancing on their way to a Bad Bunny concert.

In a brief conversation, Caraballo told ProPublica that his business was not the biggest or "that lucrative." He added that the risk in loaning money to families is that "you never know if it will succeed or not because if the player doesn't get signed, you don't get paid." Multiple attempts were made to reach him again, including sending him a summary of ProPublica's findings. He never responded.

One lender used a player's deadly car crash to start his empire.

Before becoming a fixture in the prestamista sphere and partnering with Ortiz, Caraballo played a shadowy role in salvaging the career of rising MLB prospect Oneil Cruz. In 2020, while Cruz was a player in the Pittsburgh Pirates' minor league system, he crashed his Jeep into the back of a motorcycle, killing three people. Prosecutors initially said the ballplayer had been drinking, and he faced the possibility of three years in prison. According to numerous interviews and court records, Caraballo was brought in by Cruz's parents and negotiated payments to the victims' families. In exchange, they signed agreements withdrawing all claims against Cruz, who is currently the starting center fielder for the Pirates. The case against Cruz, who denied any wrongdoing, was dismissed. ProPublica made numerous attempts to reach Caraballo about his role, including sending him a summary of our findings. He never responded.

Cruz declined a request for an interview. His lawyer, Amauris Vásquez Disla, called the accident "a profound tragedy for all parties involved, especially the victims' families." He went on to say that the court "issued an order of dismissal based on the findings, a legally binding decision that was a lawful resolution of this matter."

A spokesperson for the Pittsburgh Pirates said the team and Cruz "addressed this matter more than six years ago based on the information available and the outcome of the legal proceedings."

That lender then partnered with the Dominican Republic's biggest baseball star.

By 2021, records show that Caraballo and Ortiz had entered into a business partnership, with both men listed on corporation records of a Florida company called Big Papi Sports Group. The company was dissolved the next year. What, if anything, it did is not clear. Their financial and personal relationships, however, continued. Ortiz acknowledged to a ProPublica reporter that he had invested millions of dollars into Caraballo's baseball business. He added that his business with Caraballo was limited to making loans to trainers, not kids. At Ortiz's 2022 Hall of Fame induction ceremony, Caraballo sat with the retired player's family.

Why did David Ortiz oppose an international draft?

Ortiz's connection to Caraballo doesn't just spotlight the power and influence that these moneylenders can attain in the Dominican Republic. It also raises questions about the Red Sox legend's involvement in persuading major league players to oppose an international draft.

For more than a decade, MLB commissioner Rob Manfred has made the case in favor of a draft for prospects from Latin America. Last year, during a visit to the Dominican Republic, he acknowledged that preacuerdos were "problematic" and argued that the "best solution to early deals is a draft." Manfred and supporters of an international draft say it would make early agreements impossible.

The players union has opposed such a draft, arguing that it would restrict a prospect's ability to choose his employer and eliminate bidding wars that drive up bonuses. The union has acknowledged that the Dominican system of early deals is troubled but has maintained for years that this is due to the league not enforcing its own rules.

During contract negotiations in 2022, the league was again pushing for an international draft, and the issue had become a major sticking point. But then, said people on both sides of the discussions, Ortiz got involved, sending a voice message to Dominican players and trainers, declaring a "red alert."

"If we allow the draft to happen here in the Dominican Republic, even your great-great-grandchildren, and everyone else's, will be affected by it," Ortiz said, according to an audio copy of the message obtained by ProPublica. "If we let them push that thing through here, we'll be in deep trouble."

In the message, Ortiz shared the phone number for Tony Clark, the union's executive director, and urged everybody to express their opposition to the draft. What he didn't share was that he had a financial interest in preserving the system.

When asked over the phone if his opposition to the draft had anything to do with his partnership with Caraballo, who profits from the current system, Ortiz didn't answer and hung up shortly afterward.

In a subsequent statement sent through his lawyer, Ortiz said his position regarding the international draft "was never motivated by personal interests." The statement went on to say that his opposition "was based on my views regarding the development of Dominican players and the impact I believed such a system would have on baseball in our country."

"Major League Baseball knows how dirty the business is here."

Major League Baseball is a formidable economic and political presence in the Dominican Republic. But outside of the league's push for an international draft, it's done nothing that would put an end to or reform the early agreement system. It has never publicly warned or penalized a team for making an early deal, and its attempts to educate families about moneylenders have been ineffectual. A spokesperson for MLB declined to comment and referred to past statements by league officials calling for an overhaul of the Dominican system.

"Major League Baseball knows how dirty the business is here," said Piñao Ortiz, who was the Dominican commissioner of baseball from 1996 to 2000, "but it's not doing anything to stop it."