LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Changes of the LACFE Board of Directors

Congratulations to the newly elected board members: Meghan Frye, Sierra Matthews, Emily Paszkowski and Alex Ungren!

A big THANK YOU goes out to our long-term board members and officers that have stepped down: Mark Lee, Bethany Verble, Melanie Marks, Molly Jeltema and Katelyn Conat. We greatly appreciate the time and energy you gave in support of the LACFE!

In This Issue

Fraud Talk Podcast

Under Pressure: Why Younger Generations Are Falling for and Committing Fraud - Crystal Zuzek - Fraud Talk - Episode 157

In this episode of Fraud Talk, ACFE Content Manager Rihonna Scoggins interviews Fraud Magazine Assistant Editor Crystal Zuzek, co-author of "Under Pressure". They explore the rising fraud risks facing Gen Z and millennials, both as victims and as perpetrators. From emotionally manipulative scams like sextortion to friendly fraud and the glamorization of con artists, Zuzek shares insight and real stories that reveal how digital lifestyles and economic pressures are shaping the next generation.

https://acfe.podbean.com/e/under-pressure-why-younger-generations-are-falling-for-and-committing-fraud-crystal-zuzek-fraud-talk-episode-157/

UPCOMING EVENTS

LOCAL:

SAABA: Excel Webinar Presentation (Kyle Sutton)
Webinar
August 14, 2025 12:00 PM
Learn more: https://www.saaaba.org/events3/

MICPA: Michigan Tax Conference
In-person: Marriott Detroit Livonia, Livonia, MI
November 6, 2025 (early registration ends October 9th)
Learn more: https://www.micpa.org/cpe/store/course-detail?ProductId=178122&return=2~1

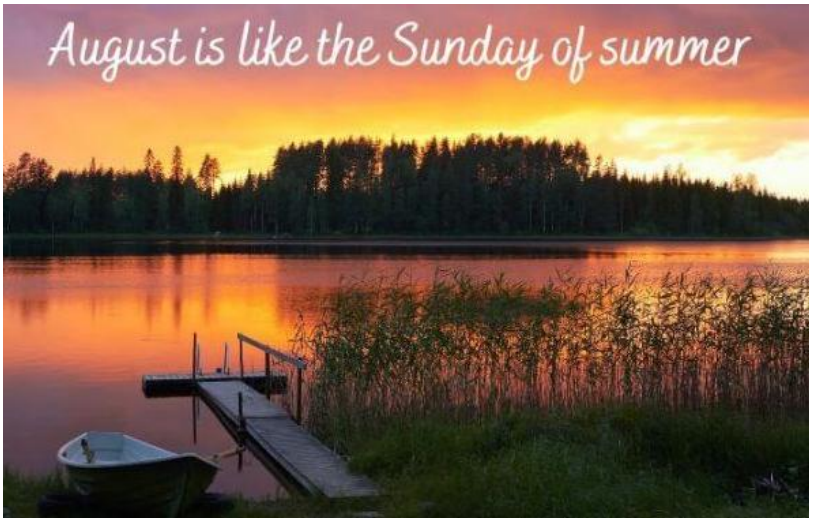
NATIONAL:

ACFE Detecting Fraud with Data Analytics Workshop
Virtual Seminar
September 24-25, 2025 (early registration ends August 25th)
Learn more: Event Details

ACFE Bribery and Corruption
Virtual
October 1-2, 2025 (early registration ends September 1st)
Learn more: Event Details

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

The ACFE has over 250 self-study and on-demand webinars and training materials available to you at any time. The courses are able to be filtered by topic, format, etc. Check them out when you need to secure just a few or even the entire 20 CPE credit to keep your CFE credential.
https://www.acfe.com/training-events-and-products/self-study-cpe



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

New Report: Addressing Medicaid Money Laundering

March 26, 2025
By Brian Blase
https://paragoninstitute.org/newsletter/new-report-addressing-medicaid-money-laundering/

This morning, Paragon released a new report, Addressing Medicaid Money Laundering: The Lack of Integrity with Medicaid Financing and the Need for Reform. The basic takeaway: the federal government permits states to engage in money laundering tactics leading to massive increases in federal funding flowing into the states, much of which goes to higher Medicaid payments to providers. I provide an abridged version of the executive summary of the report below, which includes many of our recommendations to improve the integrity of Medicaid financing.

The Wall Street Journal published an op-ed from me on March 20, “Reform Medicaid’s Flawed Funding Formula.” In the op-ed, I briefly discuss policies to reduce Medicaid money laundering as well as a Paragon policy reform to end federal Medicaid policy that discriminates against the most vulnerable by reducing the percentage that the federal government pays states for able-bodied, working-age adults to equal what it pays states for children, pregnant women, seniors, and the disabled. We also commissioned a public opinion survey on these reforms and found them to be very popular with American voters.

Medicaid Money Laundering

It’s rare for taxpayers to lobby the government to take their money, but that’s a common feature of Medicaid today. In what amounts to legalized “money laundering,” health care providers send money to states via a tax “scam” (former President Biden’s term). States then use those funds to draw federal matching dollars and increase Medicaid spending. Providers—the original taxpayers—benefit from higher payments for Medicaid services. States support these schemes because they receive federal funds without true state contributions, repurposing the money for more Medicaid spending, other state uses, or tax cuts.

The federal government reimburses not only real but also artificial state spending. As a result, states, insurers, and providers have diverted hundreds of billions in federal funds over the past decade, often inflating payments far beyond what federal law calls “economical or efficient.”

This laundering undermines Medicaid’s purpose, inflates commercial health care costs, and increases the burden on federal taxpayers. As Congress considers reforms, we offer a menu of policy options to refocus Medicaid on efficient care and better outcomes, bolster program integrity, and realign state and federal cost-sharing.

ACA Expansion Supercharges Medicaid Laundering

The Affordable Care Act’s (ACA) enhanced federal reimbursement for the expansion population magnifies money laundering. At a 90 percent match, $100 in gimmicks yields $900 in federal funds. For traditional Medicaid recipients, with an average 60 percent match, $100 yields just $150. Laundering for the ACA population thus delivers a sixfold higher return—and even more for wealthier states receiving lower traditional reimbursements.

States are heavily incentivized to create laundering schemes and adjust payment policies to shift spending to the expansion category. This includes skimping on eligibility reviews before enrolling people under the ACA expansion.

As state laundering schemes have expanded, states have shifted much more of Medicaid’s financial burden to the federal government. With the growth of state laundering and the ACA’s elevated match, the federal share of Medicaid rose from about 60 percent in fiscal year (FY) 1991 to about 75 percent in FY2023.

These schemes began in the mid-1980s, using provider taxes and donations—mainly from hospitals and nursing homes. States collect money from providers and return it as additional Medicaid payments. These draw federal matching funds, which states then pay to providers through state directed payments (SDPs) and supplemental payments. SDPs are payments states instruct insurers to make to providers.

Through intergovernmental transfers (IGTs), local governments or public providers send funds to the state, which then pays those same providers much higher Medicaid rates. IGTs raise conflicts of interest and lead to favorable treatment for public providers over private ones.

Provider taxes and IGTs have expanded recently. The latest laundering tactic: taxing insurers in Medicaid managed care. This scheme always boosts state general revenue. California, for example, used such a tax to have the federal government fully fund Medicaid expansion for illegal immigrants and to remove asset tests for long-term care—letting wealthy families shield inheritances while taxpayers cover the cost.

With the ability to get federal funds with minimal state cost, some states now pay Medicaid rates that rival commercial rates—over 2.5 times Medicare rates on average. Tying Medicaid to commercial rates pressures providers and insurers to raise commercial prices, costing families through both lower wages and higher taxes. Higher Medicaid payments also incentivize providers to prioritize Medicaid patients over Medicare ones, potentially harming seniors’ access to care.

SDPs exceeded $110 billion in 2024—more than double the 2022 total. Supplemental payments topped $57 billion in 2023. Both soared as provider taxes fueled the laundering that enables the large payments. These unsustainable schemes are projected to grow as more states pursue commercial-level rates in a welfare program.

With abundant federal funds, states feel little risk as they expand Medicaid. Hospital systems are now profiting handsomely—such as in North Carolina, where the Biden administration approved a plan to raise Medicaid hospital rates to commercial levels in exchange for hospitals forgiving bad debt. Universal Health Services reported a windfall from expanded SDPs. New York uses similar gimmicks to plug budget gaps. These policies not only sideline the truly needy but also benefit special interests while inflating the federal debt, fueling inflation and higher interest rates.

Curbing Medicaid Laundering

Presidents Bush, Obama, and Trump all sought to curb Medicaid financing gimmicks. In 2011, then-Vice President Biden called provider taxes a “scam” that should be eliminated. Many progressive voices agreed, including The Washington Post editorial board, which backed Obama’s proposal to limit provider taxes.

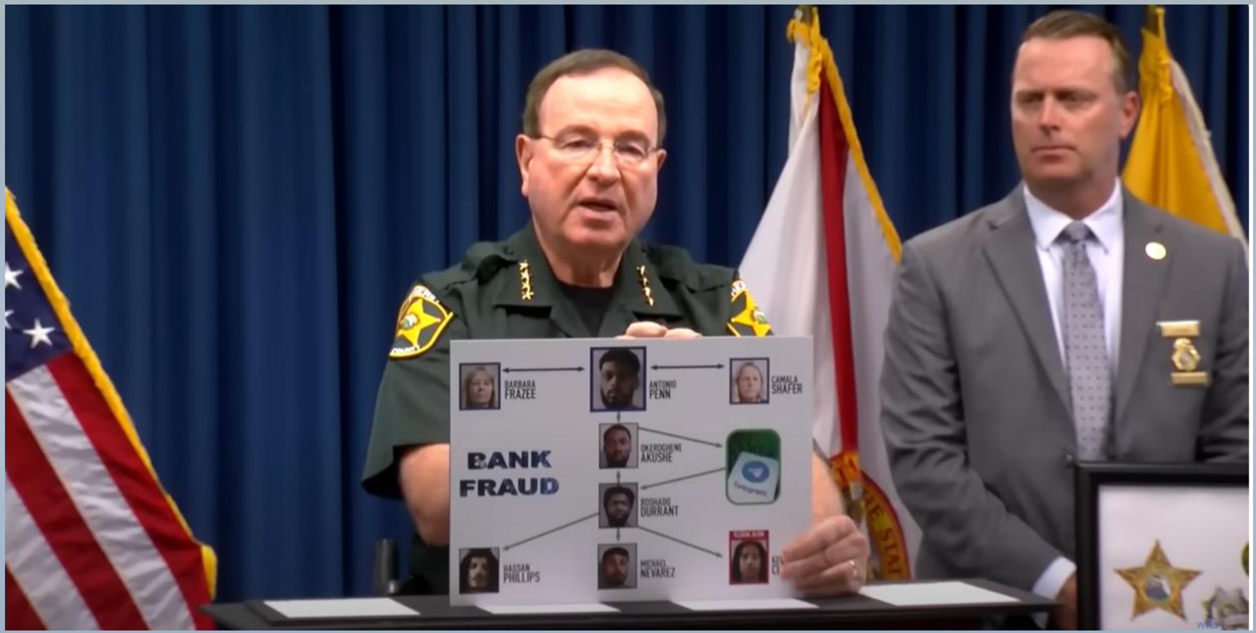
We recommend the following actions to address laundering schemes:

- Eliminate provider taxes: Congress should ban these taxes as a way to finance states’ Medicaid shares. Insurer taxes are the most egregious and should be first to go.
- Lower the provider tax safe harbor: At minimum, Congress should follow the Obama-era proposal to reduce the threshold from 6 percent to 3.5 percent.
- End or cap SDPs: Congress should eliminate SDPs or at least cap total provider payments at Medicare rates.
- Fix IGT abuses: Prohibit states from paying public providers more than private ones for the same services.

Video of the Month

[$8.8M Fraud Ring Busted After Suspicious Bank Activity Triggers Multi-State Probe]

An investigation that started with a suspicious bank transaction led authorities to uncover a massive nationwide fraud operation. Law enforcement agencies worked together across multiple states to dismantle an $8.8 million wire fraud and identity theft ring.



In The News

6/11/25 - SNAP fraud skyrockets as Michigan sends 738 new Bridge cards a day https://www.michigancapitolconfidential.com/news/snap-fraud-skyrockets-as-michigan-sends-738-new-bridge-cards-a-day

6/11/25 - Mecosta County sheriff seeks help identifying Walmart theft suspects https://www.bigrapidsnews.com/news/article/mecosta-walmart-theft-suspects-20372778.php

6/16/25 - Wayne County officials warn of rising ‘deed theft’ cases in Detroit https://www.clickondetroit.com/news/local/2025/06/17/wayne-county-officials-warn-of-rising-deed-theft-cases-in-detroit/

6/16/25 - What to do if you've been scammed by one of those fake toll road or DMV texts https://www.freep.com/story/money/personal-finance/susan-tompor/2025/06/16/toll-scam-text-dmv-unpaid/84136700007/

6/18/25 - United States Files Civil Forfeiture Complaint Against $225M in Cryptocurrency Investment Fraud Money Laundering https://www.justice.gov/opa/video/united-states-files-civil-forfeiture-complaint-against-225m-cryptocurrency-investment

6/22/25 - Wayne County Register of Deeds warns against deed fraud https://www.detroitnews.com/story/news/local/wayne-county/2025/06/22/crackdown-on-deed-fraud-bolstered-by-new-state-law/84285107007/

6/23/25 - Nearly 40% of small Canadian banks breached anti-money laundering rules https://www.mpamag.com/ca/mortgage-industry/market-updates/nearly-40-of-small-canadian-banks-breached-anti-money-laundering-rules/540024

6/23/25 - Florida Men Accused of Stealing More Than $100 Million Meant for People With Special Needs https://www.nytimes.com/2025/06/23/us/politics/florida-nonprofit-millions-stolen.html

6/25/25 - Man behind $245m Bitcoin theft has bizarre tale that includes kidnapped parents, fraud, and money laundering — suspect now faces up to 24 years in prison, half-million-dollar fine, and possible deportation to India https://www.tomshardware.com/tech-industry/cryptocurrency/man-behind-usd245m-bitcoin-theft-has-bizarre-tale-that-includes-kidnapped-parents-fraud-and-money-laundering-suspect-now-faces-up-to-24-years-in-prison-half-million-dollar-fine-and-possible-deportation-to-india

6/26/25 - Mexican regulator takes over running of banks hit by US fentanyl sanctions https://www.reuters.com/sustainability/boards-policy-regulation/mexican-regulator-takes-over-running-banks-hit-by-us-fentanyl-sanctions-2025-06-26/

6/30/25 - National Health Care Fraud Takedown Results in 324 Defendants Charged in Connection with Over $14.6 Billion in Alleged Fraud https://www.justice.gov/opa/pr/national-health-care-fraud-takedown-results-324-defendants-charged-connection-over-146

7/3/25 - FinCEN Issues Landmark Orders Sanctioning Foreign Banks for Alleged Opioid-Related Money Laundering https://www.thompsonhinesmartrade.com/2025/07/fincen-issues-landmark-orders-sanctioning-foreign-banks-for-alleged-opioid-related-money-laundering/

7/4/25 - Singapore monetary authority penalizes 9 banks, institutions for 2023 money laundering case https://www.cnbc.com/2025/07/04/singapore-monetary-authority-penalizes-9-banks-institutions-for-2023-money-laundering-case.html

7/9/25 - Washing away crime, Money laundering in the Western Balkans https://globalinitiative.net/analysis/money-laundering-in-the-western-balkans/

7/9/25 - Mexico Approves Anti-Money Laundering Reform, Targets New Sectors https://mexicobusiness.news/policyandeconomy/news/mexico-approves-anti-money-laundering-reform-targets-new-sectors

7/14/25 - DIFS & Michigan State Police Urges Michiganders to Take Precautions with Their Vehicles During National Vehicle Theft Prevention Month https://www.michigan.gov/difs/news-and-outreach/press-releases/2025/07/14/difs-and-msp-urges-michiganders-to-take-precautions-with-their-vehicles

7/15/25 - Federal agencies target northern Arizona barbecue chain in money laundering investigation https://www.kjzz.org/fronteras-desk/2025-07-15/federal-agencies-target-northern-arizona-barbecue-chain-in-money-laundering-investigation

7/15/25 - Crypto is top money laundering threat, warns new EU watchdog https://www.ft.com/content/84a4d927-3597-4c51-b8c9-86215f682eda

7/18/25 - Columbus man arrested, accused of laundering $1 million from COVID-19 email scam https://www.dispatch.com/story/news/crime/2025/07/18/benjamin-o-alexander-charged-with-laundering-1-million-from-scam/85270867007/

7/21/25 - Treasury Exposes U.S. to Increased Risks of Dirty Money By Delaying, Reopening Private Investment Anti-Money Laundering Rule https://thefactcoalition.org/private-investment-aml-rule-delay-rescope/

7/22/25 - Morgan Stanley’s Screening of Wealth-Management Clients Draws More Scrutiny https://www.wsj.com/finance/regulation/morgan-stanley-money-laundering-probe-866ddbd1?gaa_at=eafs&gaa_n=ASWzDAikJaV-TxkNmpzbsxGW9Oi14ibR8GrOKJNLmu1xfK8RVMikwIu2JGoW&gaa_ts=6884d923&gaa_sig=SWqNVL8_V6cDOxuT6-HmnI6XcGjnHrMXJAD7NZzP3TRo-L4E9Qo0pFoUNvORxcEwsH3_3DzzNIEr9XPkYTAJlQ%3D%3D

7/24/25 - Florida man in Chuck E. Cheese mouse costume arrested in credit card fraud case, Tallahassee police say https://www.cbsnews.com/miami/news/florida-chuck-e-cheese-mouse-mascot-arrested-credit-card-fraud-theft-tallahassee-police/

7/24/25 - This car is the most stolen vehicle in Michigan https://www.freep.com/story/money/cars/2025/07/24/most-stolen-car-michigan/85242409007/

7/25/25 - $600 Million Catalytic Converter Theft Ring Leader Busted https://autos.yahoo.com/articles/600-million-catalytic-converter-theft-160000766.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAM8l446ioVM1RHdpQBFJOggb6iZFsnLkM-k91uYa2NcSxyGSGfiRg_jpUHOG2BN3KLjD-yDX2gu6Bj7uCu9FLo3j2GdS7MwdtUF1Or5DJ41HK7K_iwerGKdyhKh5c05v_-d74OdO-laXBwMjs_HduB4EvbZklDAvfQ4fYD0cmwfm

7/25/25 - US Senators propose anti-money-laundering legislation for the art market https://www.theartnewspaper.com/2025/07/25/anti-money-laundering-legislation-us-senate-proposal

7/25/25 - 6 men arrested in high-dollar ID theft/bank fraud scheme across Mass., Conn., RI https://www.nbcboston.com/news/local/mass-conn-ri-bank-fraud-id-theft-arrests/3777056/

7/25/25 - Louis Vuitton faces money laundering probe after shopper drops $3.5M on luxury handbags https://nypost.com/2025/07/25/business/louis-vuitton-probed-after-shopper-spent-3-5-million-on-luxury-handbags/

7/25/25 - 9 people accused of laundering more than $9.5M in southwest Missouri gambling ring https://www.news-leader.com/story/news/crime/2025/07/25/springfield-missouri-illegal-gambling-rooms-laundered-millions-indictments/85344483007/

7/25/25 - Feds raid Tujunga home of ‘TikTok Cult’ pastor in sex trafficking, fraud investigation https://www.latimes.com/california/story/2025-07-25/feds-raid-tujunga-home-of-alleged-tiktok-cult-pastor-in-sex-trafficking-investigation

Quote of the Month

“As alleged, the defendants perpetrated health care frauds of staggering proportions, victimizing taxpayers and government programs that serve the most vulnerable members of our society”… “As for the defendants charged with submitting billions of dollars in phony Medicare claims, that is a health care fraud record they will regret setting.”

- **Joseph Nocella, Jr., United States Attorney for the Eastern District of New York, following the June 30th DOJ announcement of Operation Gold Rush and the largest health care fraud ring cases brought by the DOJ to date.**