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## **Bet it all on Blue: How the Betrayal of Los Angeles Dodgers' Star Shohei Ohtani Impacts both the Sports and Legal Worlds**

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Friendship only goes so far, at least in the case of the Los Angeles Dodgers' baseball superstar Shohei Ohtani ("Ohtani"), and his former interpreter and de facto personal manager, Ipeei Mizuhara ("Mizuhara"). On April 11, 2024, the U.S. Attorneys' Office for the Central District of California filed a criminal complaint ("Complaint") against Mizuhara for allegedly engaging in bank fraud under 18 U.S.C. § 1344(2). Specifically, Mizuhara is charged with stealing over \$16,000,000.00 from Ohtani. These allegations have shaken the sports world to the core, and provoked a deeper examination of sports betting in the digital age. In particular, Major League Baseball is confronted with another instance of illegal gambling necessitating a review of the integrity of the game.

As our digital world makes betting and the movement of money easier, professional leagues, players, and the public will need to grapple with age-old integrity questions, on how to balance lawful gambling, illegal sports betting, and fixed games. As the Mizuhara case shows, the role of unlicensed sportsbooks (or individual "bookies") and their intermediaries will continue to present risks to professional sports leagues.

Given the amount of money now involved in professional sports, players will need to keep an even closer watch on who they invite into their inner circles, and who specifically has access to their finances. While the allegations involving Mizuhara's alleged betrayal of Ohtani are newsworthy, the general fact pattern of the alleged fraud scheme is not: a close confidant to a wealthy and powerful individual abuses that trust for greed and self-gain. However, a closer look is needed at the actual allegations in the federal Complaint, and what defenses, if any, Mizuhara may present to these accusations.

### **Summary of Allegations from the Complaint Against Mizuhara**

Mizuhara's alleged motive for the years' long embezzlement and fraud scheme was to place illegal sports bets. As it stands now, federal prosecutors view Ohtani as a victim, and, at no point, did Ohtani authorize transfers from his accounts to bookmakers for illegal bets. The Complaint alleges, that between November 2021 and January 2024, more than \$16,000,000.00 was transferred via wire from a checking account belonging to "Victim A" to accounts of associates belonging to an operator of an illegal sports book. Mizuhara is alleged to have initiated these transfers. Victim A is presumed to be Ohtani. Federal investigators claim that Mizuhara's cell phone number is linked to the operative account, and text messages allegedly show Mizuhara placing bets with the illegal sports book.

In addition, the Complaint alleges that Mizuhara falsely impersonated and identified himself as Ohtani to bank employees in order to authorize wire transfers out of the operative account. At least some of Mizuhara's calls with "Bank A" were recorded by "Bank A." The Complaint alleges that in an effort to conceal his fraud and theft, Mizuhara prevented Ohtani's other advisors and professionals from accessing the operative account. The Complaint also alleges that Mizuhara admitted, via text message, that he had stolen funds from Ohtani.

In sum, the Complaint describes how Mizuhara allegedly abused his position of trust and confidence with Ohtani to gain access to Ohtani's funds and finances.

These allegations initially surfaced during the "Seoul Series" when the Los Angeles Dodgers opened the 2024 Major League Baseball season against the San Diego Padres in Seoul, South Korea. Mizuhara was fired by the Dodgers after the first game of the series. And, initially, Mizuhara was alleged to have stolen only \$4,500,000.00 from Ohtani. However, the federal Complaint makes clear that Mizuhara allegedly stole over \$16,000,000.00, significantly expanding his criminal exposure.

### **Bank Fraud Allegations**

This case involves interesting and complex legal issues of consent, deception, and knowledge. As mentioned, under the current charging document (which may be amended), the government has accused Mizuhara of bank fraud arising under 18 U.S.C. § 1344(2) – Scheme to Defraud by False Promises. For the government to prevail, it must prove beyond a reasonable doubt:

- 1) Mizuhara knowingly carried out a scheme or plan to obtain money or property from "Bank A" (as defined in the criminal complaint) by making false statements or promises;
- 2) Mizuhara knew that the statements or promises to "Bank A" were false;
- 3) the statements or promises Mizuhara made were material; that is, they had a natural tendency to influence, or were capable of influencing, a financial institution to part with money or property;
- 4) Mizuhara acted with the intent to defraud; and
- 5) "Bank A" was federally chartered or insured.

Here, the Complaint explains that "Bank A" was insured by the Federal Deposit Insurance Corporation ("FDIC") and this is likely a fairly uncontroverted element of the charge. Elements 1-4 are where both the government and Mizuhara will make their respective stands. The Complaint alleges that Mizuhara defrauded both "Bank A," in part, by impersonating Ohtani thereby causing the bank to authorize wire transfers; and Ohtani by accessing and using his money in an unauthorized and deceptive fashion. Importantly, the government does not need to prove that Mizuhara intended to defraud the bank itself. Rather, the government need only prove that Mizuhara's false statements were the mechanism naturally inducing "Bank A" "to part with money in its control." See *Loughrin v. U.S.*, 573 U.S. 351, 363 (2014).

Mizuhara may contend that Ohtani knew that he was using the funds, perhaps even having authorized his use of Ohtani's funds, and could have stopped him at any time. Or Mizuhara could fashion an argument, that Ohtani could have accessed, or sought access to the account, or should have sought access, because it was an account filled with Ohtani's funds. Neither of these potential arguments truly serve as complete defenses for Mizuhara, but seek to shift responsibility to Ohtani, who federal prosecutors made clear, is a victim in this scheme, not a suspect or defendant. It is foreseeable that the government will amend the Complaint to bring additional charges.

If prosecutors do allege additional crimes against Mizuhara, several interesting facts may come to light. For instance, Mizuhara's gambling winnings may have been deposited into Ohtani's account at Bank A. If that happened, does this suggest that Ohtani profited from these wagers, albeit without knowledge? Or instead, if the winnings were deposited into Mizuhara's bank account, this may support money laundering charges. Finally, federal authorities appear to have identified Mizuhara within a wider unlawful sportsbook investigation. Perhaps more high-profile participants will come to light, offering insights into how and why these sportsbooks managed to thrive in an era when lawful gambling continues to expand.

### **Mizuhara's Potential Sentencing Exposure**

Without imposing additional enhancements or reductions under the U.S. Sentencing Guidelines, if convicted of the single currently pending charge, Mizuhara could be facing between 41-51 months of imprisonment because the loss of the offense exceeds \$9,500,000.00, and Mizuhara stole the funds from an individual, here, Ohtani. See U.S.S.G. § 2B1.1(b)(1) and (3). Mizuhara would likely benefit from a sentencing reduction due to his lack of criminal history. This may be offset, however, with an upward adjustment if the sentencing judge finds that Mizuhara abused his position of trust with Ohtani, which may have contributed to how Mizuhara committed or concealed his offense.

The case is titled, U.S. v. Ipppei Mizuhara, Case No. 2:24-mj-02125, now pending in the U.S. District Court for the Central District of California.

It is important to note that Mizuhara, along with any other individual accused of a crime, is presumed to be innocent, and the government must prove each element of each charge beyond a reasonable doubt to sustain a criminal conviction. Buchalter will continue to monitor this case closely.

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If you have questions or need assistance, please feel free to contact the attorneys listed below.

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