

## MY WEIRD PROMPTS

Podcast Transcript

### EPISODE #382

# The Wolves of Tel Aviv: Unmasking a Global Scam

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## EPISODE SYNOPSIS

In this episode, Herman and Corn explore the chilling investigative reporting of Simona Weinglass, who exposed the "Wolves of Tel Aviv"—a massive, multi-billion dollar binary options industry operating out of Israel. They discuss how these boiler rooms targeted vulnerable immigrants for labor and unsuspecting victims across the globe for their life savings. From the mechanics of rigged trading platforms to the evolution of these scams into the world of cryptocurrency, this discussion reveals why regulators struggled to act and what the human cost of this "hustle culture" truly looks like.

## DANIEL'S PROMPT

## Daniel

Years ago, Simona Weinglass, an investigative reporter for the Times of Israel, wrote an exposé on the "Wolves of Tel Aviv," a group involved in deceptive binary and forex scams. These schemes often prey on foreign language speakers in Israel who are seeking employment to cover the high cost of living. While the vast majority of the Israeli tech industry is innovative and legitimate, these scams have significantly damaged the country's reputation, and Simona's reporting highlighted deep connections between these organizations and organized crime networks. Given the challenges of prosecuting international crime, what can regulators and society do to weed out these industries? Why is there often a reluctance to stamp them out? Is it because they create local jobs, or is there another explanation? Let's discuss the binary and forex scams in Israel and other parts of the world and how we can eliminate them from our societies.

# TRANSCRIPT

## Corn

Welcome back to My Weird Prompts, everyone. I am Corn, and we are sitting here in our living room in Jerusalem, diving into a topic that hits quite close to home for us. Our housemate Daniel sent us a really compelling prompt today based on some incredible investigative journalism from a few years back.

## Herman

Herman Poppleberry here, and yeah, Daniel really dug up a fascinating, if somewhat dark, chapter of local history that has global implications. He is talking about the work of Simona Weinglass and her exposé on the so-called Wolves of Tel Aviv. It is a story of binary options, foreign exchange scams, and a multi-billion dollar industry that operated in the shadows of the high-tech miracle here in Israel.

## Corn

It is such a strange paradox, right? You have this country known as the Startup Nation, producing world-class cybersecurity and medical technology, and yet, for years, there was this parallel industry of boiler rooms and deceptive trading platforms. Simona's reporting for the Times of Israel really blew the lid off the scale of it. For those who might not remember the specifics, we are talking about thousands of people working in slick offices, often in places like Ramat Gan or Herzliya, calling people all over the world and convincing them to invest their life savings into what were essentially rigged gambling games.

## Herman

Exactly. And the terminology is important here. Binary options were the big one. On the surface, it looks like financial trading. You are betting on whether the price of a commodity or a currency will go up or down within a very short timeframe, sometimes just sixty seconds. But as Simona and others revealed, the platforms were often rigged. The house controlled the software, the prices were manipulated, and even if you won, it was nearly impossible to actually withdraw your money. It was a zero-sum game where the customer was designed to lose every single time.

## Corn

And Daniel's prompt points out something really crucial about who was doing the calling. They were not just recruiting anyone. They were specifically targeting immigrants and foreign language speakers. If you moved to Israel and spoke French, or Russian, or Arabic, or English, but did not have a local professional network yet, these companies were often the first ones to offer you a high-paying job.

## Herman

That is the predatory nature of the hiring process. Think about it from the perspective of a new immigrant. You arrive in a country with a very high cost of living. Rent in Tel Aviv is sky-high. You need a job immediately. Then you see an ad for a sales position that pays twice the average salary and requires no Hebrew, just your native language. They provide a beautiful office, free snacks, and a young, high-energy environment. It felt like the Israeli dream, but it was built on a foundation of systematic fraud.

## Corn

I remember reading about the training sessions. They would tell these young employees that they were helping people achieve financial freedom. They gave them scripts and fake names. A guy from London might be told to call himself "Steven from Wall Street." It was a complete psychological operation. But Herman, what I find most interesting is the sheer scale. We are not talking about a few guys in a basement. We are talking about an industry that, at its peak, was estimated to generate \$1-2 billion a year.

## Herman

That scale is exactly why the regulators struggled, or perhaps why there was that reluctance Daniel mentioned. When you have an industry of that size, it starts to weave itself into the economy. The binary options industry was estimated to generate around \$1 billion a year and employed several thousand people. There is a term for this in economics called the "capture" of a local economy. Even if the activity is illicit or unethical, the immediate economic benefit can create a sort of protective shield around it.

## Corn

But it is more than just local jobs, right? Simona's reporting went deeper into the connections with organized crime. This was not just a bunch of rogue entrepreneurs. There were deep ties to international crime syndicates that used these platforms for money laundering and as a way to diversify their revenue streams. When you have that level of criminal sophistication, the barriers to entry for law enforcement become much higher. You are not just dealing with a fraudulent website; you are dealing with a global network of shell companies.

## Herman

And that is the technical side that I find so frustratingly brilliant. These organizations were masters of jurisdictional arbitrage. A company might have its marketing office in Israel, its payment processing in Cyprus, its server in Eastern Europe, and its legal registration in the British Virgin Islands or the Cayman Islands. If a victim in Italy or Australia gets scammed, who do they call? The local police in Italy cannot do much about a company in the Caribbean. The Israeli police, for a long time, argued they did not have jurisdiction because the victims were not Israeli.

## Corn

That was the "not in my backyard" defense. For years, the official stance was essentially: as long as they are not scamming Israelis, it is not our problem. It took a massive amount of international pressure, including from the United States Federal Bureau of Investigation and European regulators, to finally move the needle. The French securities authority, for example, received over four thousand complaints in two thousand fourteen alone. The Israeli Knesset did eventually pass a law in two thousand seventeen to ban the entire binary options industry, but even then, the wolves just changed their coats.

## Herman

Right, they moved into unregulated forex, or more recently, into cryptocurrency scams. The underlying mechanism is the same. It is a boiler room setup where sales agents use high-pressure tactics to get people to deposit money into a platform that is controlled by the scammers. The move to crypto was a natural evolution because it adds another layer of anonymity. It is much harder to follow the money when it is bouncing through decentralized mixers and offshore exchanges.

## Corn

So, looking at Daniel's question about what regulators and society can do, it seems like transparency is the first hurdle. Simona's work was so effective because she named names. She went into the offices. she found the owners. But how do you scale that? You cannot have an investigative reporter in every office building.

## Herman

It requires a shift in how we view corporate responsibility and the role of the state. One of the biggest failures in the "Wolves" saga was the banking system and the payment processors. These scams cannot function if they cannot move money. If the banks were held more strictly accountable for the "know your customer" and anti-money laundering protocols, the lifeblood of these industries would be cut off. We often focus on the front-end sales guys, but the back-end infrastructure is where the real leverage is.

## Corn

That makes sense. If you make it impossible for them to process a credit card payment from a victim in Germany, the business model collapses. But there is also the social aspect. Daniel asked why there is a reluctance to stamp them out. Is it just the jobs? Or is there something about the culture of "hustle" that makes us look the other way?

## Herman

I think it is a bit of both. In a high-tech, high-growth environment, there is often a very thin line between a "disruptive startup" and a "deceptive scheme." We celebrate people who move fast and break things. Sometimes, what they are breaking is the law, but if they are making money, we tend to give them the benefit of the doubt for too long. There is also the issue of political influence. Simona's reporting showed that some of these owners made massive donations to charities and religious causes, which bought them access to the highest levels of the political hierarchy.

## Corn

It is also worth noting the damage to the national brand. Israel spends millions of dollars branding itself as a hub of innovation and ethics. Having the "Wolves of Tel Aviv" as a headline in every major international newspaper is a massive blow to that reputation. It makes legitimate investors wary. It makes talented people think twice about moving here if they think they might accidentally end up working for a criminal enterprise.

## Herman

And let's talk about the human cost for a second. We focus on the billions of dollars, but the stories of the victims are heartbreaking. We are talking about retirees who lost their entire pension, parents who lost the money they saved for their children's education. Some of these people were driven to suicide. And on the other side, you have the employees. Many of them were young, idealistic people who were slowly corrupted by the environment. They were taught to lie, to manipulate, and to view their victims as "whales" or "suckers."

## Corn

I remember one story from Simona's reporting about an employee who tried to quit and was threatened. These were not friendly workplaces. They were high-pressure, often cult-like environments. If you didn't hit your numbers, you were humiliated. If you asked too many questions about the legality of the operation, you were out. It creates a culture of silence and complicity.

## Herman

So, what is the path forward? Internationally, we need better cooperation between law enforcement agencies. The FBI's involvement in the arrest of Lee Elbaz, the CEO of Yukom Communications, was a huge turning point. She was arrested at J F K airport in two thousand seventeen and was eventually sentenced to twenty-two years in prison in a United States court. That sent a message that you cannot hide behind international borders forever. But we need that to be the norm, not the exception.

## Corn

We also need to empower the whistleblowers. Many of the people working in these industries know something is wrong. If there were better protections and incentives for people to come forward and report these operations to the authorities, we could shut them down much faster. Right now, the risk of speaking out often outweighs the desire to do the right thing, especially if you are an immigrant whose visa might be tied to your employment.

## Herman

That is a great point. And on the education front, we need to do a better job of teaching financial literacy. People need to know that if an investment sounds too good to be true, it almost certainly is. No legitimate trading platform is going to guarantee you a twenty percent return every month. No one is going to call you out of the blue and offer to manage your money for free out of the goodness of their heart.

## Corn

It is interesting that Daniel brought this up now, in two thousand twenty-six. We are seeing a new wave of these scams, but they look different. They are more automated, they use artificial intelligence to generate more convincing scripts and deepfake videos of celebrities endorsing "revolutionary" new investment platforms. The "Wolves" have gone digital and global in a way that makes the old boiler rooms look quaint.

## Herman

You are right. The technology has changed, but the psychology remains the same. It is the exploitation of hope and desperation. Whether it is a fake forex platform or a "pig butchering" scam involving crypto, the goal is to build a fake relationship, establish trust, and then drain the victim's accounts. Global crypto scam losses have been estimated in the billions annually, with 2024 FBI reports showing over \$5.8 billion in investment fraud (including crypto).

## Corn

I think about the role of the internet platforms themselves, too. Google and Facebook have made some efforts to ban ads for these types of services, but the scammers are incredibly good at bypassing those filters. They use "cloaking" techniques where the ad looks like a news article or a legitimate financial blog until you click on it. The platforms need to be held more accountable for the fraudulent content they profit from.

## Herman

Absolutely. It is a game of cat and mouse. Every time a regulator closes a loophole, the scammers find a new one. But that does not mean we should give up. The success of Simona Weinglass's reporting shows that sunshine is the best disinfectant. When people understand how these scams work, they are less likely to fall for them, and the political pressure on regulators increases.

## Corn

It is also a call to action for the tech community itself. If you are a developer or a data scientist, you have a choice about where you work. We need to foster a culture where working for a company that engages in deceptive practices is seen as a career-ending move, not just a way to make a quick buck. The "Startup Nation" needs to police its own borders, so to speak.

### Herman

That is the social pressure Daniel was asking about. Society needs to stop glorifying the "hustle" at any cost. We need to celebrate the companies that are actually solving problems, not just the ones that are "disrupting" the bank accounts of vulnerable people. It is about building a sustainable economy based on trust and real value.

### Corn

It is a complex issue, and there are no easy answers. But talking about it, keeping the history alive, and recognizing the patterns is a start. Simona's work was a brave act of journalism that likely saved thousands of people from financial ruin. We need more of that kind of scrutiny, not less.

### Herman

And we need to keep pushing for international standards. If a company is operating in five different countries, there should be a streamlined way for those countries to share evidence and coordinate arrests. We have international treaties for all sorts of things; why not for cross-border financial fraud?

### Corn

That would be a game-changer. Imagine a world where a scammer in one country can't just move their servers to the next country over and start again the next day. It would require a level of global cooperation we haven't seen yet, but it might be the only way to truly "weed out" these industries.

### Herman

Well, I think we have covered a lot of ground here. From the specific history of the "Wolves" in Israel to the broader challenges of regulating international crime. It is a reminder that the world of high finance is not always as polished as it looks on the surface.

### Corn

Definitely. And to our listeners, if you have ever encountered one of these scams or if you have worked in an industry where you felt the pressure to be "deceptive," we would love to hear your perspective. You can get in touch with us through the contact form at my weird prompts dot com.

### Herman

And if you found this discussion insightful, please consider leaving us a review on your podcast app or on Spotify. It really helps us reach more people and keep these kinds of deep-dive conversations going.

### Corn

We are also available on Spotify and you can find our full archive of over three hundred episodes at my weird prompts dot com. If you want to search for other topics we have covered, that is the best place to go.

### Herman

Thanks again to Daniel for the prompt. It is always good to revisit these important stories, especially when they are so close to home.

### Corn

Absolutely. This has been My Weird Prompts. I am Corn.

### Herman

And I am Herman Poppleberry. Thanks for listening, and we will catch you in the next one.

### Corn

So, before we wrap up, I was just thinking about the "reluctance" part of Daniel's question again. Do you think there is a fear among regulators that if they are too aggressive, they might accidentally stifle legitimate fintech innovation?

### Herman

That is definitely a concern they voice. There is this idea of the "regulatory sandbox" where companies can test new ideas without the full burden of regulation. The problem is that the scammers are very good at pretending to be "innovative fintech" while they are just running a digital bucket shop. It is a difficult balance to strike, but I think the history of the last decade shows we have erred too far on the side of "hands-off."

### **Corn**

It is like the old saying, "the price of liberty is eternal vigilance." In this case, the price of a healthy tech ecosystem is eternal oversight. You cannot just set the rules once and walk away. You have to be constantly looking for the new ways people are trying to cheat the system.

### **Herman**

Exactly. And that oversight needs to be technically literate. You cannot regulate an AI driven crypto scam with a law written for telemarketing in the nineteen nineties. We need regulators who understand the technology as well as the scammers do.

### **Corn**

That is probably the biggest challenge of all. The scammers are often two steps ahead because they are not hampered by bureaucracy or ethics. They can pivot in a day. A government agency might take two years to pass a new regulation.

### **Herman**

Which brings us back to the importance of independent journalism and whistleblowers. They are the early warning system. They are the ones who can sound the alarm long before the regulators even realize there is a fire.

### **Corn**

Well said. It is a sobering topic, but an important one. We have to be aware of the shadows if we want to live in the light.

### **Herman**

That got deep, Corn. But you are right.

### **Corn**

Alright, let's head out. I think Daniel is making dinner tonight.

**Herman**

I hope it is not "Wolf" stew.

**Corn**

Terrible joke, Herman. Just terrible.

**Herman**

Guilty as charged. See you everyone.

**Corn**

Take care, everyone. Thanks for joining us on My Weird Prompts.

**Herman**

One more thing, Corn. Did you see that recent report about the "pig butchering" centers in Southeast Asia? It is the exact same model we were talking about, but on an even more industrial scale.

**Corn**

I did. It is terrifying. Thousands of people held in compounds in places like Cambodia and Myanmar, forced to run these scams. It is a fusion of financial fraud and human trafficking. It shows how these "white collar" crimes can quickly turn into something much more violent and horrific.

**Herman**

It is the ultimate evolution of the "Wolves." They are no longer just in nice offices in Tel Aviv; they are in fortified compounds in unregulated border zones. It makes the need for international cooperation even more urgent.

**Corn**

It really does. It is not just about the money anymore. It is about basic human rights. We should probably do a whole separate episode on that at some point.

**Herman**

Agreed. Let's put that on the list. For real this time, let's go eat.

**Corn**

Lead the way. This has been My Weird Prompts. See you next time.

**Herman**

Bye!