



Beaconhouse Margalla Islamabad  
Diplomats' Conference  
**2015**

# Federation of International Football Associations

## FIFA Topic Area: Corruption Scandal

In 2015, prosecutors disclosed cases of corruption by officials and associates connected with [FIFA](#), an [international federation](#) for [association football](#).

Near the end of May 2015, fourteen people were indicted in connection with an investigation by the [United States Federal Bureau of Investigation](#) (FBI) and the [Internal Revenue Service Criminal Investigation Division](#) (IRS-CI) into [wire fraud](#), [racketeering](#), and [money laundering](#). The United States Attorney simultaneously unsealed the indictments and the prior guilty pleas by four football executives and two corporations.

The investigation mostly revolved around [collusion](#) between officials of continental football bodies [CONMEBOL](#) (South America) and [CONCACAF](#) (Caribbean, Central and North America), and [sports marketing](#) executives. The sports marketing executives were holders of media and marketing rights for high-profile international competitions including the Americas' [FIFA World Cup](#) qualifying tournaments, and showpiece tournaments [CONCACAF Gold Cup](#) and [Copa América](#). CONCACAF President [Jeffrey Webb](#), also serving president of the [Cayman Islands Football Association](#), was arrested in connection with the investigation, as were two sitting [FIFA Executive Committee](#) members: [Eduardo Li](#) of the [Costa Rican Football Federation](#) and [Eugenio Figueredo](#), formerly of the [Uruguayan Football Association](#) and former CONMEBOL President [Nicolás Leoz](#). The investigation lasted several years, with the first arrest, of Warner's son Daryll, made in July 2013.

In total, seven current FIFA officials were arrested at the Hotel [Baur au Lac](#) in [Zürich](#) on May 27. They were preparing to attend the [65th FIFA Congress](#), which was scheduled to include the election of the [president of FIFA](#). They are expected to be extradited to the United States on suspicion of receiving [US\\$150 million](#) in bribes.<sup>[3]</sup> There was also a simultaneous raid on the CONCACAF headquarters in [Miami](#),<sup>[4]</sup> and later, two further men handed themselves in to police for arrest: former CONCACAF president [Jack Warner](#) and marketing executive [Alejandro Burzaco](#). The arrests case triggered [Australia](#), [Colombia](#), [Costa Rica](#), and [Switzerland](#) to open or intensify separate [criminal investigations](#) into top FIFA officials for corruption.

## Allegations

The 2015 arrests center on the alleged use of bribery, fraud and money laundering to corrupt the issuing of media and marketing rights for FIFA games in the Americas, estimated at \$150 million, including at least \$110 million in bribes related to the Copa América Centenario to be hosted in 2016 in the United States. In addition, the indictment handed down by the U.S. District Court in Brooklyn, New York, alleges that bribery was used in an attempt to influence clothing sponsorship contracts, the selection process for the 2010 FIFA World Cup host, and the 2011 FIFA presidential election. Specifically, an unnamed sports equipment company – identified in multiple sources as Nike, Inc.– is alleged to have paid at least \$40 million in bribes to become the sole provider of uniforms, footwear, accessories, and equipment to the Brazil national team.

In 2011, Phaedra Al-Majid, who was part of the successful 2022 Qatari World Cup Bid, came forward as a whistle-blower. She claimed that Qatar paid \$1.5 Million to African Football Confederation president Issa Hayatou, Ivory Coast Fifa member Jacques Anomua and Nigeria's suspended official Amos Adamu to vote for Qatar; all three denied the allegations. She later stated that she had fabricated her claims for media attention. Al-Majid co-operated with the Garcia Report. In November 2014, she stated that she was coerced into withdrawing her allegations as she feared for her safety and due to her lack of legal representation.<sup>[18]</sup> As of June 2015, she was in FBI protective custody, when she stated, "The FBI have everything... There are people who are annoyed with me [for speaking out], and what really irks them is that I'm a female, Muslim whistleblower.... I just don't think Blatter actually intends to quit. Everything he does is very calculated. He'll try very hard to save himself, I'm sure of it."<sup>[17]</sup>

In December 2010, the FBI's New York office began investigating American soccer executive and CONCACAF official Chuck Blazer as a spin-off of an unrelated organized crime investigation, and in August 2011, IRS-CI's Los Angeles office began investigating Blazer's alleged failure to file personal income tax returns.<sup>[19]</sup> In December 2011, IRS-CI became aware of what the FBI was up to from news reports and the two offices began a joint investigation of Blazer. They were investigating Blazer's involvement in the bidding process for host countries for the FIFA World Cups from the early 1990s onwards. (The United States is one of two countries that broadly exercises worldwide jurisdiction to tax the net income of its citizens from any source in the world, requires taxpayers to report and pay tax on illegal income, and also exercises worldwide jurisdiction over all financial institutions with U.S.-based account holders.)

In November 2013, Blazer pleaded guilty to 10 criminal charges including wire fraud conspiracy, money laundering, and offenses involving income tax and banking.

Blazer's guilty plea had aimed to stave off a more serious charge of racketeering, which carried a potential 20-year prison sentence. Blazer would later make secret recordings of meetings with FIFA officials, and allegedly carried a recording device concealed in a key ring during the 2012 Summer Olympics in London.

The information against Blazer (the charging document used in lieu of an indictment for a plea bargain) was revealed on May 27, 2015, the same day that the arrests were made in Zurich.

In May 2011, *The Sunday Times* published claims from a whistle-blower that President of CAF Issa Hayatou had, along with fellow Executive Committee member Jacques Anouma, accepted \$1.5 million bribes from Qatar to secure his support for their bid for the 2022 FIFA World Cup

In 2013, former FIFA President João Havelange and the Brazilian Football Confederation President Ricardo Teixeira were both found to have taken bribes worth millions of dollars. FIFA executive committee member Manilal Fernando was sanctioned with a lifetime ban for bribery and corruption.

### **\$10 million South African payment**

In the wake of the corruption case it was reported that in 2008 the general secretary of FIFA, Jérôme Valcke was alleged to have transferred \$10 million that had been given to FIFA by the South African Football Association to accounts controlled by Jack Warner, then head of CONCACAF. The payment is a key piece of the U.S. prosecutors' indictment that accuses Warner of taking a bribe in exchange for helping South Africa secure the right to host the 2010 FIFA World Cup. The payment from the South African Football Association had been intended to support the development of football in the Caribbean. \$1.6 million of the South African payment was used by Warner to pay personal loans and credit cards and a further \$360,000 was withdrawn by people connected to Warner. The Trinidadian supermarket chain JTA Supermarkets also received \$4,860,000 from the FIFA payment.<sup>1</sup>

### **2014 World Cup**

The FBI is also investigating the 2014 World Cup.<sup>[27]</sup>

Swiss criminal inquiry into 2018 and 2022 FIFA World Cups

FIFA commissioned United States attorney Michael J. Garcia to investigate and report on the bidding processes behind the awarding of the 2018 FIFA World Cup to Russia and the 2022 FIFA World Cup to Qatar. In November 2014, FIFA made a copy of Garcia's report available to the Attorney General of Switzerland, who then stated that there were "grounds for suspicion that, in isolated cases, international

transfers of assets with connections to Switzerland took place which merit examination by the criminal prosecution authorities".

Sepp Blatter has been president of FIFA since 1998. *The Guardian* said that FIFA's actions would "... inevitably be viewed with cynicism given Blatter's track record of using the Swiss courts and FIFA's regulatory processes to kick problematic issues into the long grass and deflect attention onto individuals who have already left football". In May 2015, on the same day as the arrests resulting from the FBI's investigation and in a separate action, the Swiss prosecuting authorities launched a criminal inquiry on "suspicion of criminal mismanagement and of money laundering" concerning the 2018 and 2022 bidding processes. The Swiss authorities seized "electronic data and documents" in a raid on FIFA's Zürich headquarters. The Swiss police also planned to question ten members of the FIFA Executive Committee who participated in the December 2010 votes that chose the hosts for the 2018 and 2022 world cups.

### **Guidelines for delegates:**

Delegates are expected to research externally and not rely on the study guide for preparation. The guide serves as a general summary that delegates can use to find areas where they can further their research. Delegates should note that their performance in the committee will not be up to the expected standard if they do not use alternative methods of research.