The FIFA corruption story: what happened, and where next for world football?

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Chair: Nigel Mills MP, Co-Chair APPG on Anti-Corruption


The headlines generated by the U.S. investigation into FIFA reveal allegations of serious and systemic corruption at football’s governing body. It is a story that spans decades, involves individuals the world over, and reveals the deep disregard in which fans, citizens, and governments were held by an elite who have been accused by the US Department of Justice of committing fraud and bribery on a monumental scale.

To date, over the course of two DOJ indictments, 41 individuals and entities have been charged. Of those, 12 individuals and two sports marketing companies have already been convicted. The convicted defendants have agreed to pay more than $190 million in forfeiture. In addition, more than $100 million has been restrained in the US and abroad in connection with the alleged criminal activity, and the US has issued mutual legal assistance requests seeking the restraint of assets located in 13 countries around the world.

During the discussion on 9 February the panel explored how it was that this corruption, known about by so many for so long, continued unabated. Specifically, the panel discussed the failures in the organisation’s governance and accountability, considered how UK banks and British Overseas Territories facilitated the bribery, and asked what the UK and the Football Association can do to demand and enforce robust reform of the organisation in the months and years ahead.

Sir Eric Pickles MP, the Anti-Corruption Champion, identified how organisations such as FIFA are private entities which can operate free from public scrutiny. FIFA has a considerable amount of power, controls large budgets and has used its absolute discretion to decide which nations will host and compete in international competitions. Decisions are made without government intervention, oversight, or regulation, he said. Sir Eric went on to state that many international organisations with similar budgets and power publish their accounts; in the case of FIFA these basic good governance practices do not exist. However, the freedom that FIFA enjoys from governmental accountability means that there is little recourse for external agencies to force change.

That this corruption occurred in Switzerland – which has some of the strongest anti-bribery legislation in the world – is testament to the fact that bribery is hard to identify and even harder to prosecute. In summing up his remarks, Sir Eric concluded that the culture at FIFA needs to be challenged: rather than changing national legislation, sporting organisations’ own laws and practices need to be strengthened.

Responding to Sir Eric’s remarks, Damian Collins MP pointed out that international sporting organisations are often viewed to lie beyond the remit of politicians. The persistent allegations of corruption within FIFA have exposed the frailties of the organisation’s internal mechanisms. This scandal has revealed corruption to such a degree that politicians’ growing concerns
of the relationship between corruption and FIFA do not represent unwarranted interference, but rather necessary intervention. Mr Collins stated that as a matter of principle, corruption in sport should be taken as seriously as crime in any other area of life. He disputed that whilst it is right that FIFA is a private organisation, this does not prevent the public sector from supporting anti-corruption efforts within the organisation. Referring to the alleged corruption in other sports, he called for the creation of an independent international sports crime agency.

In his opinion, the crisis in FIFA has arisen due to failures in the organisation’s governance. Specifically, Mr Collins identified that the commercial and political side of the sport are deeply intertwined, creating both the incentive and opportunity for corrupt deals. He stated that a culture of secrecy presides: despite Sepp Blatter discussing the openness and transparency of FIFA in 34 separate speeches, the organisation continues to withhold certain documents. In concluding, Mr Collins expressed doubt that any of the Presidential candidates set to replace Blatter would be able to implement the reform and cultural change that is so desperately needed.

Lord David Treisman, former Chair of the Football Association, began his remarks by referring to the evidence he gave to the Culture, Media and Sports Select Committee in 2011. He stated that those comments still stand and remain representative of a culture at FIFA that will continue unless structural reform is implemented. He described the deficiencies in FIFA’s governance as stemming from the top. His experience has led him to believe that officials monopolised the organisation to serve their self-interest and the interest of autocratic regimes the world over.

Lord Treisman stated that these pacts between invested parties present a significant problem to any externally led reform efforts. He went on to argue that in the face of these “incestuous relationships” reform could only succeed via new legislation pertaining specifically to the governance of international sporting organisations. He also suggested that World Cup tournaments would be better executed by a private company which would be subject to stronger accountability and reporting functions.

In 2011 Deborah Unger and her colleagues at Transparency International published Safe Hands, a report commission by Fifa which provided a number of recommendations to make the organisation fit for purpose and regain its integrity. FIFA did not engage: Ms Unger claimed that they ‘cherry-picked’ the reforms and the selected the personnel charged with implementation. Transparency International walked away from the relationship, but continued to monitor the organisation from afar. Ms Unger cited that the most obvious problem with FIFA is that it is incorporated as a non-profit in Switzerland, it is therefore exempt from transparency laws.

In advance of the Presidential elections at the end of February, she welcomed the fact that some positive reforms have been mooted. However, Ms Unger stated that the current leadership don’t appear to understand that the loss of trust in Fifa has been total. She concluded by suggesting that only an independent commission to oversee reforms could restore the integrity of the organisation in the eyes of the public.

Grand corruption and the circulation of bribes is made possible by the cooperation of the international banking system said Stuart McWilliam. Whilst the DOJ indictment has not accused any banks of wrongdoing in its cases against FIFA officials, the allegations raised questions for Mr McWilliam of whether banks have been carrying out necessary checks on their customers. He pointed out that as per the Financial Action Taskforce guidelines, if a bank cannot be sure who it is dealing with, it should not set up an account or accept funds. Under these same global standards, banks are also expected to carry out further checks if a customer is identified as a Politically Exposed Person (PEP).

Mr McWilliam identified that problems with the incentive structures in banks, coupled with the fact of low fines and rarely enforced rules, mean that the risk of accepting illicit funds is often outweighed by the profits that can be made in doing so. In his view, personal liability is the most effective measure for increasing accountability within the banking sector and so deterring banks from turning a blind eye to the proceeds of corruption. In the run up to the Prime Minister’s Anti-Corruption Summit in May Mr McWilliam listed a number of policy options that should be considered: firstly, sports officials could be identified as PEPs, and secondly, the Senior Managers Regime - which is set to be introduced under the Bank of England Bill - needs to be properly implemented. If the regime performs as intended, and assigns senior managers with responsibility for money-
laundering risk, Mr McWilliam suggested that the UK will be better placed to pressure other governments to implement similar legislation. Finally, he called for the British Overseas Territories to be part of the solution and introduce public registers of beneficial ownership.

ENDS.