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# A Red Card for FIFA: Corruption and Scandal in the World's Foremost Sports Association

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# A RED CARD FOR FIFA: CORRUPTION AND SCANDAL IN THE WORLD'S FOREMOST SPORTS ASSOCIATION

*Chance Esposito*

## I. INTRODUCTION

On a global scale, soccer (or as it is commonly called in most other countries “football”) is the most popular sport based on its numbers alone with over 250 million players.<sup>1</sup> In recent years, the sport has become increasingly popular in nations or territories such as the United States.<sup>2</sup> As a result of this increased interest, the sport and its governing organization, The Fédération Internationale de Football Association (“FIFA”) has been thrown into the global media arena in the past two decades. The organization itself is one that promotes the sport worldwide through tournaments and sponsorship from major companies.<sup>3</sup> Recently unearthed information, however, has put the actions of this organization at the center of controversy for alleged charges including conspiracy and bribery of officials with regard to tournament locations and media rights agreements.<sup>4</sup> With billions of dollars in revenue and a major global presence in the world of sports<sup>5</sup>, the scandal surrounding FIFA and its officials will likely have significant ramifications on the operations of the organization and how it will continue after the investigations have concluded. This controversy is ongoing and new information is constantly being brought to light.

The first part of this article will address the background and organization of FIFA as a governing body for the world of soccer. The structure of this organization will prove to be important both for purposes of this article and for the overall case against FIFA. The second part of this article will center on the World Cup, its bidding process and the global impact that this event imposes. The third part of this article will focus on the Justice Department’s indictment and the corruption charges asserted against the FIFA officials, their scope and potential ramifications of this case.

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<sup>1</sup> Jack Rollin, *Football*, Encyclopedia Britannica. (December 8, 2015). <http://www.britannica.com/sports/football-soccer>

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Fifa corruption crisis: Key questions answered*. BBC NEWS. (December 21, 2015). <http://www.bbc.com/news/world-europe-32897066>

<sup>5</sup> *Id.*

## II. BACKGROUND AND STRUCTURE OF THE FIFA ORGANIZATION

A. *History of the Organization*

The history and structure of the FIFA organization, while lengthy, will serve as an important learning tool in understanding how this scandal came to light and what it means on a global scale. A good starting place is the mission of the organization. As listed on the organization's official website, there are three main objectives: (1) "Developing football everywhere and for all"; (2) "Organizing inspiring tournaments"; and (3) "Caring about society and the environment".<sup>6</sup> To explore these in a little more detail, the website states: "FIFA's primary objective is "to improve the game of football constantly and promote it globally in the light of its unifying, educational, cultural and humanitarian values, particularly through youth and development programmes". FIFA's second objective is to organize international football competitions. Football is much more than just a game. This is the third crucial pillar of FIFA's mission: building a better future for all through football."<sup>7</sup> Overall, the main goal of this governing body seems to have remained the same since its founding: the promotion of football.

Representatives of various football associations from the countries of France, Belgium, Denmark, Netherlands and Switzerland founded FIFA in Paris in the year 1904.<sup>8</sup> From there, the organization began to lay the foundation for its structure by means of statutes providing for the governing laws that would reign supreme over international football.<sup>9</sup> The organization also composed a Congress that would have the final say in almost all matters it was presented.<sup>10</sup> In addition to statutes and a congressional body, the organization created committees (executive and emergency, in addition to others that were added later), elected a president to oversee the organization and began to look outward to attract global attention.<sup>11</sup> After a few years of being primarily restricted to European countries, efforts of the organization to globalize its reach succeeded. In 1909 South Africa joined the ranks of the organization, only to be followed by Argentina and Chile in 1912, and the United States in 1913.<sup>12</sup> With the continuing addition of vari-

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<sup>6</sup> *What we stand for*. FIFA. [http://www.fifa.com/about-fifa/who-we-are/explore-fifa.html?intcmp=fifacom\\_hp\\_module\\_corporate](http://www.fifa.com/about-fifa/who-we-are/explore-fifa.html?intcmp=fifacom_hp_module_corporate)

<sup>7</sup> *Id.*

<sup>8</sup> *History of FIFA – Foundation*. FIFA. <http://www.fifa.com/about-fifa/who-we-are/history/index.html>

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* *History of FIFA – FIFA takes shape*. <http://www.fifa.com/about-fifa/who-we-are/history/fifa-takes-shape.html>

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

ous countries and other associations to the FIFA roster, the organization realized its goal of international competitions by conducting the first World Cup in 1930.<sup>13</sup> Although riddled with issues ranging from participation debates and refusals to enter, the first World Cup competition was described as a defining moment for international soccer and was held in the host country of Uruguay.<sup>14</sup> The organization furthered its goal to conduct global competitions following the first world cup and its history has proven to be problematic in the first formative years (largely as a result from outside factors such as the British economic crisis and the development of World War II).<sup>15</sup> However, since the end of World War II, the organization has been increasingly successful in achieving its goals.<sup>16</sup>

FIFA today is composed of 211 member associations (which represent organized soccer for various nations or territories) that are part of the six larger confederations based on their regional location.<sup>17</sup> The structure has largely remained the same with the exception that it has expanded greatly with the inclusion of numerous associations from many nations or territories over the years.

### B. Structure of FIFA

As mentioned, the globe has been sectioned off into six confederations based on regional location.<sup>18</sup> The six confederations are listed below along with their respective association count of member nations or territories, founding dates, and a brief description:

- Confédération Africaine de Football (“CAF”); The governing body of African football; 54 associations; founded 1957.<sup>19</sup>
- Asian Football Confederation (“AFC”); The governing body of Asian football; 46 associations; founded 1954.<sup>20</sup>
- Union of European Football Associations (“UEFA”); The Union of European Football Associations is the governing body of European football; 55 associations.<sup>21</sup>
- The Confederation of North, Central America, and Caribbean Association Football (“CONCACAF”); the continental governing body for association football in North America,

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<sup>13</sup> *History of FIFA – the first FIFA World Cup*. FIFA. <http://www.fifa.com/about-fifa/who-we-are/history/first-fifa-world-cup.html>

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Associations*. FIFA. <http://www.fifa.com/associations/>

<sup>18</sup> *Id.*

<sup>19</sup> *Background*. CAF. <http://www.cafonline.com/en-us/caf/background.aspx>

<sup>20</sup> *About AFC*. AFC. <http://www.the-afc.com/about-afc>

<sup>21</sup> *About UEFA*. UEFA. <http://www.uefa.org/about-uefa/index.html>

- Central America and the Caribbean; 41 associations; founded 1961;<sup>22</sup>
- Oceania Football Confederation (“OFC”); OFC is the umbrella organization of the national football associations within Oceania. 11 associations; conceptualized in 1964; approved in 1966.<sup>23</sup>
  - Confederacion Sudamericana de Futbol (“CONMEBOL”); governing body of South American football; 10 associations.<sup>24</sup>

FIFA provides support to these confederations in return for upholding the ideals and statutes of the organization.<sup>25</sup> Additionally, each of these confederations hold independent tournaments at the club and international levels in order to further develop the sport.<sup>26</sup>

In addition to being members of the separate confederations, member associations participate in various areas of the organizational structure of FIFA such as voting in the presidential election as members of the Congress.<sup>27</sup> Each member association is granted one vote, for example, in the FIFA presidential election process.<sup>28</sup> This means that even those member associations who are not heavily invested in the sport are still eligible for casting a vote for leadership (among a few other areas of interest such as committee elections).<sup>29</sup> However, for decisions such as who should host the next World Cup, the voting power does not extend to the member associations. Instead, the FIFA Council reigns supreme.<sup>30</sup> The FIFA Council is a “non-executive, supervisory and strategic body” chaired by the FIFA president and consists of eight other vice-presidents and fifteen additional members who are appointed by various means adopted by the confederations and the member associations.<sup>31</sup> Any disputes or unresolved issues from the FIFA Council are handed over to the Emergency Committee, which is com-

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<sup>22</sup> CONCACAF. <http://www.concacaf.com/concacaf>

<sup>23</sup> *History*. OFC. <https://www.oceaniafootball.com/about-ofc/history/>

<sup>24</sup> *The National Associations of CONMEBOL*. CONMEBOL. <http://www.conmebol.com/en/content/national-associations-conmebol-0>

<sup>25</sup> *Associations*, *supra* note 17.

<sup>26</sup> *Id.*

<sup>27</sup> FIFA Statutes, April 2015. [http://www.fifa.com/mm/document/affederation/generic/02/58/14/48/2015fifastatutesen\\_neutral.pdf](http://www.fifa.com/mm/document/affederation/generic/02/58/14/48/2015fifastatutesen_neutral.pdf)

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *FIFA Council*. FIFA. <http://www.fifa.com/about-fifa/committees/committee=1882019/index.html>

<sup>31</sup> *Id.*

prised of one member from each of the six confederations and the president of FIFA.<sup>32</sup>

The FIFA Congress serves as the supreme body of the organization.<sup>33</sup> This body is responsible for a number of items at their annual meeting including decisions related to the governing statutes (implementation, additions, revisions); addition, suspension, or expulsion of a member association; location of the FIFA headquarters; and more.<sup>34</sup> The overall goal of this legislative body is to further develop the sport on a global level.<sup>35</sup>

The structure and history of the FIFA Congress is an essential part to understanding the current turmoil that FIFA faces today. The next section of this article will dive deeper into the organization's primary revenue maker, the World Cup.

### . III. THE WORLD CUP

As discussed above, since the formation of FIFA the goal has been to bring the sport of soccer to the global stage.<sup>36</sup> The World Cup is the event that allows FIFA to move closer to this goal every four years.<sup>37</sup> The tournament style event allows for 32 qualifying teams of the member associations to compete in stadiums constructed by host nations across the globe.<sup>38</sup> It is widely considered the largest single sporting event in the world due to its mass appeal and wide distribution.<sup>39</sup> The bidding process of the potential host nations and the marketing or advertising plans are at issue in the current controversy involving FIFA and will be discussed in further detail below.

#### A. *Marketing, Influence, and Revenue*

In order to truly grasp how influential and popular the World Cup has become (especially in recent years) a look at the numbers from past competitions is key. For example, the 2010 World Cup in South Africa was shown in 204 countries across the world with stadium attendance hitting a total of 3.1 million spectators.<sup>40</sup> In addition,

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<sup>32</sup> *Bureau of the Council*. FIFA. <http://www.fifa.com/about-fifa/committees/committee=1882020/index.html>

<sup>33</sup> *FIFA Congress*. FIFA. <http://www.fifa.com/about-fifa/fifa-congress/all-you-need-to-know/index.html>

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

<sup>36</sup> *What we stand for*. FIFA. [http://www.fifa.com/about-fifa/who-we-are/explore-fifa.html?intcmp=fifacom\\_hp\\_module\\_corporate](http://www.fifa.com/about-fifa/who-we-are/explore-fifa.html?intcmp=fifacom_hp_module_corporate)

<sup>37</sup> *FIFA World Cup*. FIFA. <http://www.fifa.com/aboutfifa/worldcup/>

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

the World Cup competitions also serve as the main source of revenue for FIFA.<sup>41</sup> The 2014 Brazil World Cup allowed the organization to clear over 2 billion dollars in profit after deducting its costs from the total of 4.8 billion dollars it received.<sup>42</sup> These numbers show that the World Cup is a profit-creating event capable of keeping FIFA operational. The organization's revenue is generated almost entirely from "the sale of television, marketing, hospitality and licensing rights for the FIFA World Cup."<sup>43</sup> In fact, the broadcasting and sponsorship rights of the 2014 Brazil World Cup alone accounted for \$3 billion in revenue.<sup>44</sup> FIFA has many sponsors that support its endeavors in the World Cup every four years and those sponsors often are considered global powers themselves. Some of the major sponsors include Coca-Cola, Visa, Hyundai, Adidas, Budweiser, McDonald's, and more.<sup>45</sup> These sponsors pay huge sums of money for various perks such as advertisements, promotion, and the use of FIFA official marks.<sup>46</sup> In addition to these perks, the sponsors also have some measure of power with regard to the organization. Following the charges brought against FIFA earlier this year, almost all of the major sponsors have called for further investigations and in some cases reform within FIFA itself.<sup>47</sup> Pending the current investigation, FIFA will need to make changes to its structure and performance in order to continue doing business with global powerhouse companies.

### B. Bidding process

The process by which FIFA selects future host nations for the World Cup is called the bidding process.<sup>48</sup> FIFA's official website lists the following "milestones" as part of the bidding process:

- "FIFA sends out requests for expressions of interest
- Member Associations ("MAs") express an interest in bidding for a specific event

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<sup>41</sup> Paul Sargent, *How Fifa makes and spends its money*, BBC News. (May 2015), <http://www.bbc.com/news/world-europe-32923882>

<sup>42</sup> *Id.*

<sup>43</sup> *Finances*. FIFA. <http://www.fifa.com/governance/finances/index.html>

<sup>44</sup> *See*, Sargent, *supra* note 41.

<sup>45</sup> Isabelle Fraser, *A look at the massive sponsor contracts that FIFA could lose*. Business Insider. (May 2015). <http://www.businessinsider.com/a-look-at-the-massive-sponsor-contracts-that-fifa-could-lose-2015-5>

<sup>46</sup> *FIFA Partners*. FIFA. <http://www.fifa.com/about-fifa/marketing/sponsorship/partners/>

<sup>47</sup> Fraser, *supra* note 45.

<sup>48</sup> *Bidding process*. FIFA. <http://www.fifa.com/governance/competition-organisation/bidding-process.html>

- FIFA sends out bidding information, including the Bidding Manual and supporting documents (Hosting Agreements etc.)
- FIFA workshop for interested bidders
- MAs return the Bidding Agreement confirming compliance with bid requirements
- MAs submit bids in accordance with the Bidding Manual
- FIFA evaluates the bid submissions and identifies the selected candidate for approval.
- FIFA recommendation
- FIFA announces the successful host for the event<sup>49</sup>

Bidding proposal requirements are substantial and the host nation must either meet or demonstrate that it will meet the requirements in order to be considered.<sup>50</sup> A reading of the proposal submitted by Japan for the 2022 World Cup shows the extensive nature of the bidding process. Among the written proposal are requirements for a set number of stadiums, each of which must meet stringent inspection standards, must be able to hold a specified number of spectators, which should ideally be located throughout the country.<sup>51</sup> In addition to specific stadium requirements, the applicant should be able to account for training sites for member competitors, hotels for both guests and for competitors, significant infrastructure and transportation guidelines, environmental guidelines, as well as support for how the host nation would further develop football around the world.<sup>52</sup> Following completion of the bidding processes, final reports are proposed containing risk analysis figures on the potential host nation and are supplied to the Executive Committee for consideration.<sup>53</sup>

The Executive Committee is responsible for the selection of the host nation by a vote of its twenty-four members (outlined above).<sup>54</sup> Executive Committee members visit each prospective host country to inspect the stadiums, infrastructure and the potential land in development.<sup>55</sup> Voting then takes place behind closed doors by means of secret

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<sup>49</sup> *Id.*

<sup>50</sup> Ewan Macdonald. *Goal.com's Ewan Macdonald looks at how the fate of the world's biggest tournament will be decided.* . . . Goal. <http://www.goal.com/en/news/3512/20182022-world-cup-host/2010/11/29/2234600/world-cup-bidding-process-explained-how-the-2018-2022-world>

<sup>51</sup> 2022 World Cup: Bid Evaluation Report: Japan. <http://www.fifa.com/mm/document/tournament/competition/01/33/74/42/b1jpne.pdf>

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> Macdonald, *supra* note 50.

<sup>55</sup> *Id.*



ballot.<sup>56</sup> If the vote results in a tie, the President of FIFA will cast the deciding vote.<sup>57</sup> A winner is announced (usually for the next two World Cups) and the process concludes.

The bidding process in recent years has been the subject of much controversy amid allegations of bribery in the form of “cash for votes” and due to the secrecy of the FIFA site selection process (for example, some documents are made available to the public while others are kept private).<sup>58</sup> To some, the most recent decision by FIFA to award the 2018 World Cup to Russia and the 2022 World Cup to Qatar are viewed as the product of rampant bribery (more so in the case of Qatar).<sup>59</sup> While the small oil-rich company has not been named in any pending legal suits (either in the United States or in Switzerland), many cast doubts as to the innocence claimed by that country’s officials in the World Cup bidding process.<sup>60</sup> A discussion of the legal charges brought against FIFA by the United States is the next focus of this paper. It is important to keep in mind the bidding process laid out above, as the indictments from the United States Department of Justice focus on this issue specifically.

#### IV. THE UNITED STATES INDICTMENT OF FIFA OFFICIALS

The United States Department of Justice has been actively investigating various charges against high-ranking FIFA officials for the past several years.<sup>61</sup> Although no specific reason for this investigation has been disclosed, some believe that the results of the bidding process for the 2018 and 2022 World Cup raised red flags for those involved.<sup>62</sup> At the present time, the United States Department of Justice has obtained: (i) an initial indictment in May of 2015 (“The First Indictment”); and (ii) a subsequent, more inclusive indictment in December

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<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> Rory Jones, *FIFA Scandal Prompts New Scrutiny of Qatar World Cup Bid*, WALL STREET JOURNAL, (May 2015), <http://www.wsj.com/articles/fifa-scandal-prompts-new-scrutiny-of-qatar-world-cup-bid-1432920652>

<sup>60</sup> *Id.*

<sup>61</sup> *Nine FIFA Officials and Five Corporate Executives indicted for Racketeering Conspiracy and Corruption.*, Department of Justice, (May 27, 2015), <http://www.justice.gov/opa/pr/nine-fifa-officials-and-five-corporate-executives-indicted-racketeering-conspiracy-and>; see Paul Blake, *FIFA scandal: Why the US is policing a global game*, BBC News, (May 28, 2015), <http://www.bbc.com/news/world-us-canada-32889845>.

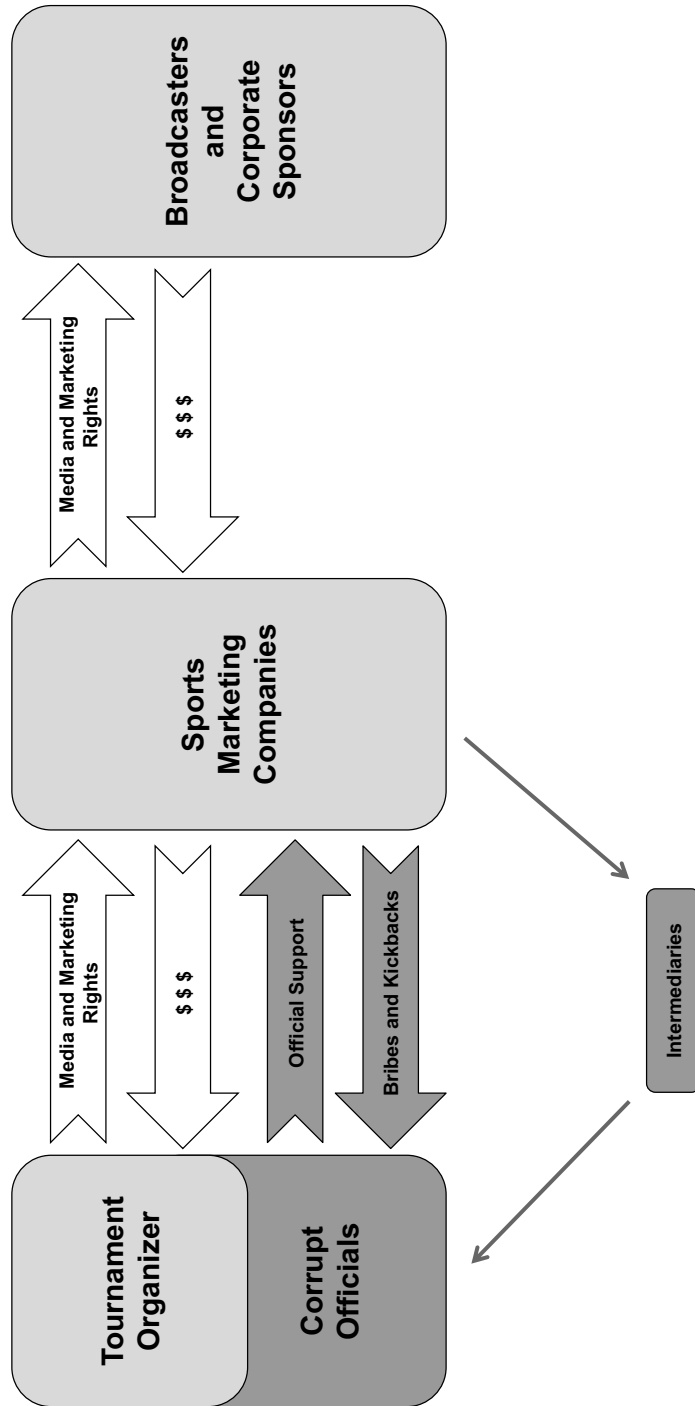
<sup>62</sup> Paul Blake, *supra* note 61.

of 2015 (“The Superseding Indictment”).<sup>63</sup> This section of the article will discuss both in detail.

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<sup>63</sup> *Sixteen Additional FIFA Officials Indicted for Racketeering Conspiracy and Corruption.*, Department of Justice. (December 3, 2015), <http://www.justice.gov/opa/pr/sixteen-additional-fifa-officials-indicted-racketeering-conspiracy-and-corruption>.

## SPORTS MARKETING BRIBERY SCHEMES



<sup>64</sup> <http://www.justice.gov/opa/file/450251/download>

The Department of Justice provided this graphic as a tool to understand the allegations of its case.<sup>64</sup>

### A. *The First Indictment*

As mentioned, The First Indictment issued by the United States Department of Justice occurred in May of 2015 and was unsealed by a federal court in Brooklyn, New York.<sup>65</sup> The forty-seven-count indictment names fourteen separate defendants, nine of which are FIFA Officials.<sup>66</sup> The indictment includes charges of racketeering, wire fraud, and money-laundering conspiracies - among various other charges - and spans a “24 year scheme [by the defendants] to enrich themselves through the corruption of international soccer.”<sup>67</sup> More specifically the indictment charges the defendants with abusing their “positions of trust to acquire millions of dollars in bribes and kickbacks.”<sup>68</sup> The nine FIFA officials named in the indictment include: Jeffrey Webb (FIFA executive committee member, CONCACAF president, etc.), Eduardo Li (FIFA executive committee member, CONCACAF executive committee member), Julio Rocha (FIFA development officer, held roles on smaller associations as well), Costas Takkas (Attaché to the CONCACAF president), Jack Warner (Former FIFA vice president and executive committee member, CONCACAF president), Eugenio Figueredo (FIFA vice president and executive committee member), Rafael Esquivel (CONMEBOL executive committee member), Jose Maria Marin (member of the FIFA organizing committee for the Olympic football tournaments), and Nicolas Leoz (Former FIFA executive committee member and CONMEBOL president).<sup>69</sup> The other individual defendants are executives of sports marketing companies primarily located in North, Central and South American countries that are alleged to have committed the crimes in conjunction with those FIFA representatives named above.<sup>70</sup> It is clear that those involved in this scandal are key players in the FIFA organization.

The actual indictment recites numerous instances spanning from the early 1990s until more recently (the 2010s) in which the named FIFA officials entered into agreements with the leaders of the sports marketing agencies providing them with substantial systematic kickbacks and bribes in the amount of \$150 million dollars in return for lucrative contracts.<sup>71</sup> As noted, the media and marketing rights for FIFA events are highly profitable. The difficulty with awarding contracts solely to those few companies that provide kickbacks and bribes is that the market is then essentially closed off, such that only a few

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<sup>65</sup> *Nine FIFA*, *supra* note 61.

<sup>66</sup> *Id.*

<sup>67</sup> *Id.*

<sup>68</sup> *Id.*

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> *Id.*

marketing companies obtain all of the rights to the preclusion of others.<sup>72</sup> In addition to this, the indictment alleges that the actions of these FIFA officials and the sports marketing executives have “deprived FIFA, the confederations and their constituent organizations – and therefore, the national member associations, national teams, youth leagues and development programs that rely on financial support from their parent organizations – of the full value of those rights.”<sup>73</sup>

The United States Department of Justice cites proper jurisdiction over this case due to the fact that so many of the alleged offenses occurred entirely or at least partly within the United States – often within the State of New York.<sup>74</sup> Specifically, the indictment describes how the defendants “. . . relied heavily on the United States financial system in connection with their activities. . . .”<sup>75</sup> It is argued that a number of the wire transfers occurred within United States banks, branches of multiple United States institutions were used in dealings of these alleged misappropriated funds and more.<sup>76</sup>

At the time of the first indictment, Swiss authorities in Zurich arrested seven of the defendants charged in the indictment.<sup>77</sup> They currently face extradition to the United States provided that their cases comply with the extradition requirements/laws that have been established under Swiss law.<sup>78</sup> The first indictment was extensive and shocked much of the world when it was released. The superseding indictment created even greater shockwaves.

### B. *The Superseding Indictment*

On December 3, 2015, an additional sixteen FIFA officials were indicted for racketeering, wire fraud, and money laundering conspiracies, “in connection with their participation in a 24-year scheme to enrich themselves through the corruption of international soccer.”<sup>79</sup> The Superseding Indictment not only increased the number of defendants from nine to twenty-seven, it increased the number of charges from

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<sup>72</sup> *Id.*

<sup>73</sup> May 22, 2015 Indictment at 30., *United States v. Webb* (No. 15CR0252) <http://www.justice.gov/opa/file/450211/download>.

<sup>74</sup> *Id.* at 40-41.

<sup>75</sup> *Id.* at 39.

<sup>76</sup> *Id.* at 40.

<sup>77</sup> *Nine FIFA*, *supra* note 61.

<sup>78</sup> Clive Coleman, *FIFA, extradition and Blatter: How will it play out?*, BBC News. (June 2015). <http://www.bbc.com/news/world-32973203>

<sup>79</sup> See Press Release, Dep’t of Justice, Sixteen Additional FIFA Officials Indicted for Racketeering Conspiracy and Corruption (December 3, 2015) [hereinafter Dep’t of Justice Press Release], <http://www.justice.gov/opa/pr/sixteen-additional-fifa-officials-indicted-racketeering-conspiracy-and-corruption>.

forty-seven to ninety-two.<sup>80</sup> The sixteen new defendants were all involved with the FIFA organization, either serving as high-ranking officials or general officials who operated “under the FIFA umbrella.”<sup>81</sup> Among them were officials working primarily within CONCACAF and CONMEBOL.<sup>82</sup>

The time frame of the events listed in The Superseding Indictment aligned with that of The First Indictment (1991 until 2010), as do most of the charges alleged.<sup>83</sup> However, the range of charges was broadened after additional crimes were added. One of the additional crimes that seemed to be the most influential and problematic for the FIFA organization involved the voting process to nominate the host of the 2010 FIFA World Cup.

In 2004, FIFA’s executive committee selected South Africa over Morocco and Egypt to host the 2010 World Cup.<sup>84</sup> Official allegations surfaced regarding internally-related FIFA bribes that were tied to Morocco and South Africa’s candidacy to host the World Cup.<sup>85</sup> The parties mentioned in The Superseding Indictment included Jack Warner, who was named in The First Indictment as a defendant, Darren Warner, various unnamed co-conspirators, and Charles Blazer. The indictment alleges that Warner and Blazer traveled to Morocco in the months before the FIFA executive committee voted for the nomi-

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<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

<sup>82</sup> *Id.* The new sixteen defendants are all ranking officials within the FIFA organization: Alfredo Hawit (FIFA vice president and executive committee member and CONCACAF president, former CONCACAF vice president); Ariel Alvarado (FIFA disciplinary committee and former CONCACAF executive committee member); Rafael Callejas (FIFA television and marketing committee member); Brayan Jimenez (current Guatemalan soccer federation president and member of FIFA committee for fair play and social responsibility); Rafael Salguero (Former FIFA executive committee member and Guatemalan soccer federation president); Hector Trujillo (current Guatemalan soccer federation general secretary); Reynaldo Vasquez (former Salvadoran soccer federation president); Juan Angel Napout (FIFA vice president and executive committee member and CONMEBOL president); Manuel Burga (FIFA development committee member); Carlos Chavez (CONMEBOL treasurer); Luis Chiriboga (Ecuadorian soccer federation president and member of the CONMEBOL executive committee); Marco Polo de Nero (president of the Brazilian soccer federation, former FIFA executive committee member); Eduardo Deluca (former CONMEBOL general secretary), Jose Luis Meiszner (CONMEBOL general secretary); Romer Osuna (member of the FIFA audit and compliance committee and former CONMEBOL treasurer); and Ricardo Teixeira (former Brazilian soccer federation president and FIFA executive committee member). *Id.*

<sup>83</sup> Indictment, U.S. v. Hawit, Cr. No. 15-252 (E.D. N.Y. Nov. 25, 2015).

<sup>84</sup> *Id.* at 92.

<sup>85</sup> *Id.* at 91- 2.

nee to host the 2010 World Cup,<sup>86</sup> at which time a “representative of the Moroccan bid committee offered to pay \$1 million to Warner in exchange for his agreement to cast his secret ballot on the FIFA executive committee for Morocco.”<sup>87</sup> This allegation, while shocking, was not the worst. After the alleged Moroccan bribe, Blazer learned from Warner that the South African government was prepared to pay \$10 million to CFU – one of the smaller regional associations governed by Warner – to “support the African diaspora.”<sup>88</sup> Blazer allegedly had knowledge that this offer was in exchange for the agreement of Warner, Blazer, and a co-conspirator, who was also a member of the executive committee at FIFA, to vote affirmatively for South Africa to become the 2010 World Cup host country.<sup>89</sup> Warner ultimately accepted the deal and promised to pay Blazer \$1 million of the total \$10 million South African payment.<sup>90</sup> In May of 2004, South Africa was declared to be the next host of the 2010 World Cup tournament.<sup>91</sup>

The indictment of the sixteen additional FIFA defendants further alleged a series of setbacks for payment of the \$10 million. Eventually, however, another co-conspirator arranged for the separate installment payments that added up to roughly \$10 million. These installment payments were wired to a single Bank of America account in New York that belonged to Warner.<sup>92</sup> Warner then laundered the funds from his Bank of America account to other accounts, thus allowing him to apportion money for his personal use.<sup>93</sup> Subsequently, Blazer stated that Warner was then able to make payments to Blazer that totaled \$750,000.<sup>94</sup>

The detailed description of the 2010 World Cup bribery investigation is important for understanding the potential severity of the charges alleged and the implications of those actions. If the indictment is correct in its allegations, a series of very serious offenses have been committed by members of the FIFA organization raising questions of bribery and falsehoods in past and present World Cup tournaments. This will likely not be the last indictment that concerns this organization and its corruption.

The parties that have yet to be extradited to the United States still face a long road ahead. If found guilty, it is likely that their punishments will include a forfeiture of their bribes, as well as jail

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<sup>86</sup> *Id.* at 91.

<sup>87</sup> *Id.*

<sup>88</sup> *Id.* at 92.

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> *Id.*

<sup>92</sup> *Id.*

<sup>93</sup> *Id.*

<sup>94</sup> *Id.*

sentences for some, if not all, defendants.<sup>95</sup> The United States Department of Justice press release announcing these indictments stated that “the indicted and convicted defendants face maximum terms of incarceration of 20 years for the Racketeer Influenced and Corrupt Organizations Act (RICO) conspiracy, wire fraud conspiracy, wire fraud, money laundering conspiracy, and obstruction of justice charges.”<sup>96</sup> In addition to the possibility of forfeiture of their bribes, the defendants also face mandatory restitution and fines.<sup>97</sup>

#### V. WHAT THIS SCANDAL MEANS FOR FIFA MOVING FORWARD

The scandal surrounding the world’s foremost sports association will likely leave a negative mark on the organization for years to come. Reputation damage aside, however, current sponsors of the FIFA organization have already begun to voice their concerns of the corruption allegations.<sup>98</sup> Coca-Cola, for example, called for an independent third party restructuring of the organization, declaring, “We believe that establishing this independent commission will be the most credible way for FIFA to approach its reform process and is necessary to build back the trust it has lost.”<sup>99</sup> McDonald’s Corporation, another major sponsor of the FIFA World Cup, expressed similar concerns, stating, “. . . recent allegations and indictments have severely tarnished FIFA in a way that strikes at the very heart of our sponsorship . . . FIFA must not implement meaningful change to restore trust and credibility with fans and sponsors alike. The world expects concrete actions and so does McDonald’s.”<sup>100</sup>

Aside from sponsorship pressure, FIFA has come under intense scrutiny for its recent award of the 2018 (Russia) and 2022 (Qatar) World Cups. Following the indictments and corruption allegations regarding South Africa, many speculate that similar conduct occurred when FIFA selected Russia and Qatar as the host countries for 2018 and 2022.<sup>101</sup> If that is the case, many analysts have already begun looking into whether Russia and Qatar could be stripped of their hosting duties.<sup>102</sup> Any further discoveries of corruption and scandal will

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<sup>95</sup> Dep’t of Justice Press Release, *supra* note 79.

<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> Dan Roan, *Fifa corruption: Sponsor Coca-Cola demands third party reform*, BBC (July 2015), <http://www.bbc.com/sport/0/football/33575358>.

<sup>99</sup> *Id.*

<sup>100</sup> *Id.*

<sup>101</sup> Owen Gibson, *Russia and Qatar may lose World Cups if evidence of bribery is found* (June 2015), <http://www.theguardian.com/football/2015/jun/07/russia-qatar-lose-world-cups-if-bribery-found-fifa>.

<sup>102</sup> *Id.*



make it that much harder for the organization and its accompanying member associations to return to the status they once held. The seed of doubt has already been planted in the minds of many FIFA fans and it will be up to the organization itself to regain the trust of the world.

## VI. CONCLUSION

As stated at the beginning of this article, the South Africa World Cup scandal and the corresponding lawsuits are ongoing. With every new piece of information we must consider the potential implications that follow. As FIFA is the largest supporter and promoter of the sport of football, it will not be a stable journey from this point forward. The United States Department of Justice continues its investigation into more recent decisions, votes, and other functions of the organization. Substantial and systematic reform will be necessary in order for FIFA to regain the world's trust as a leading player in sports.