

**Forum:** Third General Assembly

**Issue:** Preventing Corruption and Financial Crime in Sports\*

**Student Officer:** Tianne Pane

**Position:** Deputy Chair

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## Introduction

In the pursuit of the 2030 agenda for Sustainable Development, the UN Office for Drugs and Crime (UNODC) has wielded sports as a weapon of crime prevention within youth - establishing programmes like Live Up Live Up. Thus it is ironic how monetary transactions are able to manipulate those in charge of sporting events to betray the morality and fairness that sports itself propagates. “[Sports] corruption hampers the ability of sports to act as a force for positive change,” states Yury Fedotov, chief of the UNODC. In sports, corruption and financial crime often overlap in the form of match-fixing: where the outcome of a match is predetermined due to influences such as bribery for athletes to underperform or even the illegal institutional sponsorship of enhancing drugs use. This is an offense to the public’s expectation that the match will be conducted and played in a just manner.

It is no secret that financial benefits are solicited and accepted by support staff such as administrators and officials too. However, the severity of these complicities in sports peak at where organized crime is involved - such as syndicates of illegal gambling and bookmaking. This is because they have not contracted to the jurisdiction of the governing sports body, thus making it difficult for frameworks to target them. Even for the International Police Organization, an experienced agency in coordinating international bodies to facilitate tangible initiatives against crimes undermining the integrity in sports. This makes INTERPOL’s cooperation with governments on the crackdown of illegal sports wagering syndicates of 2008 in Asia (where an estimated 680 million USD was bet on) a significant achievement. It is also a case of killing two birds with one stone - as being financially motivated, these organizations are often also linked to narcotics trafficking and money laundering.

Match-fixing and corruption taint the integrity of sports and its repercussions spread toward the socio-economic sector as well. Even so, uniform legislation is yet to be established and the understanding and cooperation of relevant stakeholders remain insubstantial; resulting in prosecution constraints and poor approaches to criminal justice and sports manipulation. As a UNODC Mandate, the Office has mobilized initiatives such as its collaboration with the International Olympic Committee (IOC)

to overcome one of the hurdles in this issue; developing guides to gradually implement the global criminalization of illegal betting and match fixing.

## Definition of Key Terms

### Corruption

The dishonest conduct of power by authority figures for personal and monetary gain that strays away from lawful means.

### Financial crime

Financial crime is when wealth is generated through the deceit of individuals, companies or whole economies with use of bribery, identity theft, tax evasion and the likes.

### Match-fixing

Competitors or support staff improperly manipulating the outcome of the game for personal or monetary benefit. When gambling is involved, contacts and money transfers can be found between match officials, team players and gamblers.

### Bribery

The act of giving an individual/body incentives such as money, gifts or power in order to influence their judgement or behaviour in one's favour, even when going against the law. Also called kickback.

### Spot fixing

Betting on a specific aspect of a game - such as how many runs would be scored. This illegal activity does not influence the result and usually only needs one or two team players to be involved.

### Organized crime

Illegal activities, such as smuggling and prostitution, partaken by transnational or national conspiratorial enterprises as a means of earning income.

### Wagering

A more formal term for betting on the unknown outcome of something.

### Bookmaker

An individual/organization that receives and pays off bets on the results of sport competitions.

## **Criminalization**

Making a previously legal activity a crime by making it illegal by judicial decision.

## **Doping**

The illegal use of a substance, like narcotics such as steroids, to unfairly improve the sporting performance of an athlete.

## **Background Information**

Within sports, financial crimes and corruption are not only limited to manipulating competitors and figures directly linked to the event itself. Sports organizations are tangled with a broad range of sectors, public authorities and enterprises, individuals and private bodies - and therefore also just as susceptible to more traditional forms of corruption. Especially on an international scale, there are even more areas possible for exploitation - such as within the market, infrastructure and bidding.

## **Match-fixing**

There are two main factors that encourage stakeholders within sports to conspire. One is their financial condition - some sports bodies are notorious for the bad pay their players receive, like the White Chicago Sox or Alliansi - which means that they are vulnerable to being monetarily influenced. Despite its reputation for honest play, European games had often been targeted by illegal bookies and crime syndicates in the past due to the weakened regimes against corruption in sports. This is why the promotion of good governance in sports is part of the UNODC mandate, it is dangerous for sports organizations to be under complacent authorities that do not prioritize these scandals, ignoring the possibility that the sports organization could fall into the hands of organized crime.

In November 2009, German authorities and UEFA conducted an investigation within 200 matches which included the Europa League qualifying matches and the Champions League matches. Police and UEFA officials unearthed that a 200 strong criminal gang had bribed players and support staff to fix matches in order to make millions of euros on the illegal betting markets. In March 2010, 46 connected to the match-fixing were arrested by Turkish police, following the seizure of 900,000 euros.

In 2005, referee Robert Hoyzer's testimony to manipulating games in the German cup helped uncover networks of illegal gambling and corruption linked to a Croatian Syndicate. UEFA's progress in alleviating these issues is shown through its establishment of the Betting Fraud Detection System, which monitors more than 29,000 games all across Europe. Creating more practical tools like this that can offer

technical assistance is part of the challenges that the UNODC faces. And whilst it offers investigators significant help; it is impossible for the system to touch down on illegal betting markets.

### **Bid rigging in South Africa: World Cup 2010**

Bid rigging is when competitors agree to artificially inflate the prices of goods sold in bids to potential buyers. This is so that a competing business can be promised a commercial contract for those goods at a determined price. It suppresses market competition, cheats customers, and reflects the increased costs to the public. Bid rigging is a form of collusion: an illegal agreement or conspiracy to deceive others for personal benefit. South Africa's host cities had sustained damages of up to \$394 million from collusive practices by its biggest construction companies. Fast track settlements in 2011 had led to a collective payment of \$147 million; but in 2015 the Competition Commission still referred to 19 other cases that refused to admit their involvement in bid rigging, despite being offered more lenient penalties. The Competition Tribunal had been asked to impose the maximum penalty under the Competition Act - which is a 10% turnover of each firm. Unfortunately, criminal sanctions can only be pursued with the inclusion of the National Prosecuting Authority as it is not under the Competition Act, and will need more light shed on the collusive acts. They are now in the claws of antitrust authorities, and have reached losses in market values as high as 94%.

### **Corruption embedded in the organization**

Instead of criminal organizations, it is sometimes those in charge and those who wield power within this body that instigate the complicities. The President of the International Association of Athletics Federation (IAAF) had used his position to manipulate the blood passports, so that Russian athletes would not be suspended for their enhancing drugs use. He collated these names so that he and his sons can extort them. When asked for his approach to solve the conflicts surfacing the 2013 sporting events, Diack boasted that he was "in a difficult position... which can only be resolved by my friendship with Pres. Putin..." which has led some to speculate the ingrained cooperation between the state sponsored doping and the IAAF. In November 2015, the IAAF suspended Russian participation, jeopardizing its position in the 2016 Olympics. The author of the WADA (World Anti Doping Association) report that investigated this issue had said that the IAAF has not stooped as low as FIFA in an organizational sense. However, the most detrimental impact is that "all this corruption actually affects the outcome of competitions". The United Kingdom Athletics (UKA) had recently proposed that we clean all the track and field records - in order to establish a new and clean start to the sport.

In May 2015, 14 current and former officials were accused of money laundering and other forms of financial conspiracies, in connection to a 3 year FBI investigation of corruption in the Football Association. Simultaneously, the (former) President, Sepp Blatter, and European Football Association President Michel Platini had both become subject to a Swiss criminal investigation - concerning \$2 M For

ambiguous transaction made to discourage him from running against Blatter for the FIFA elections. The two are currently serving an eight year ban from all football activities by the FIFA ethics committee.

The investigation also touched upon cases of host bribery. A deal between the former president Thabo Mbeki and Blatter had been secured to make South Africa the host for the 2010 World Cup, in which executives accepted a USD 10 M in bribery. There are suspicions surrounding both Qatar and Russia. If concrete evidence is found on behalf the countries' wrongdoing during the bidding process - they will lose the right to host the historic tournament. In 2011, a whistleblower, Phaedra al-Majdi, exposed the amount Qatar had paid African football executives for the successful World Cup 2022 bid. However she later retracted her statements due to coercion and lack of legal representation. This leads to the need for a stronger and more transparent justice system being established to take advantage of all efforts in alleviating corruption. The UNODC has instigated this through the current works on the Global Judicial Integrity Network.

## Major Countries and Organizations Involved

### INTERPOL

The INTERPOL Match-fixing Task Force (IMFTF) is a bridge connecting and coordinating together law enforcement, the government and sporting entities during investigations and operations countering corruption and crime in sports. Though its main focus is on investigations, it also works closely with training programmes offered by the INTERPOL; which teach support staff and players prevention initiatives, the correct response to sports manipulations, and improve agencies' preparation and manner of conduct in cases of corruption or financial crime in sport. 3,400 illegal betting dens were closed by INTERPOL's operation SOGA (Soccer Gambling) in between 2007 and 2014, in which USD 5.7 billion was handled in preparation for major soccer tournaments. SOGA's aim is to identify and dissolve transnational criminal organizations linked to illegal betting (in which an offense of fixing the match is often conducted as well - ruining the essence of sports).

### UNDOC

Promoting good governance in sports organizations and mitigating the risk of corruption is a UNODC (United Nations Office on Drugs and Crime) mandate. Limited domestic legislation, lack of cooperation, officials' complacency to prioritize the issue of corruption and how unaware some are of how detrimental these financial crimes are to socio-economic sectors and involved parties' reputation are recognized factors that hinder progress. Thus, the Office has collaborated with the IOC (International Olympic Committee) to develop studies on the criminalization strategies against sports corruption by collating and assessing different domestic criminal law provisions of Member States in order to

distinguish inadequacies, strengths and similarities. This provides a stepping stone towards a global harmony in legal regimes, facilitating an international alleviation concerning crimes in sports.

### The Russian Federation

Suspensions over the leniency offered by the IOC and WADA to Russian athletes (though the government was found for institutionalised doping back in 2014) were outlined by USADA (US Anti-Doping Agency) executive - Travis Tygart. He and other agencies have urged a total ban of Russia's participation in the Winter Olympics - and that anything else would have "terrible consequences on sport": propagating that being politically powerful makes it okay for athletes to cheat their way to the top, even if caught. WADA needs to resist the political pressure from Russia in order to act on the issue - which is high on its list of priorities. Both organizations have also shown blatant inadequacies in their investigations, as WADA lacked communication with Rodchenkov, the whistleblower on the tampered urine samples, and how IOC still has not interviewed star witnesses or key players in the scandal - despite having made a statement about the "unprecedented level of criminality".

In June 2017, Michael Garcia's report (2014) on the Russian bidding controversy was published, which was sparked by suspicions on financial crimes linked to World Cup corruption. It detailed the evasive nature of Russian and Spanish bidding teams, the voters' lack of cooperation and opacity in whereabouts of potential figures in the investigation. Why were leased computers used by Russia's bid campaign destroyed? Is Garcia only banned from the country because of his prosecution of a Russian arms dealer - or are there also reasons linked to the World Cup investigations? Despite FIFA critics' disappointment in that no solid evidence for host bribery was found, there is still an ominous absence of transparency. The country has been denying allegations since 2010. Though, bid teams did work in an environment where FIFA officials and voters weren't shy of exploiting the system and conduct dishonest practices for personal gain.

### The State of Qatar

Although the "legally shortened" version of Garcia's 403 page report cleared Qatar of all host bribery allegations, a German newspaper - Bild - who claimed that it has the full report, detailed otherwise. It cited an incident that raised concerns of the government's involvement - where three FIFA executives were flown to a party in Rio with the Qatari federation's private jet before the voting for the 2018 and 2022 hosting rights. The facilities of Qatar's 'Aspire' Academy were supposedly also used to persuade the votes of FIFA members. Even so, none of these provide foolproof evidence that the World Cup 2022 votes were bought. But then again, the published report was "materially incomplete and had erroneous representations..." according to Garcia, who quit the football association in 2014 in protest against the "lack of leadership" in the way that the FIFA executives handled his report.

## Relevant UN Treaties and Events

- CAC/COSP 6 Resolutions, 6 November 2015
- International Convention Against Doping in Sport (2005)
- Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin, 20 December 2002 (**A/RES/57/244**)
- United Nations Convention Against Corruption (2005)
- Promoting Good Governance and Mitigating the Risk of Corruption (2015)

## Previous Attempts to solve the Issue

Despite successful achievements in the past, corruption in sports still continues as a prevalent issue that is often undermined. Sometimes, as the heat around a controversy dissipates, both the public and the sports world move on - disregarding that justice still hasn't been served. This has been true for the contention around Qatar's right to host the World Cup 2022. The UEFA's establishment of the Betting Fraud Detection Systems ensures that ignorance like this does not jeopardize the essence of fair play in football - as it monitors around over 29,000 games 24/7, assisting investigations by immediately alerting investigators of irregular patterns. Still, this monitoring cannot handle illegal betting systems and others where organized crime is involved - even though it is where most financial crimes prosper - swindling billions of dollars.

INTERPOL has been facilitating training programmes for both players and support staff on resisting sports manipulation since 2011. The UNODC has also partnered up with the International Centre for Sports Security (ICSS) to implement a similar programme, but including further measures such as whistleblower protection and lifting any bank securities. But not every country or sports organization has had the privilege of that guidance, making some more susceptible to falling victim of these crimes than others - more so if they are situated in an area with limited domestic legislation on crimes revolving around sports. It is difficult to regain integrity and public trust when involved with such scandals. The main concern of this lack of knowledge is on the players themselves - as illegal bookmakers and syndicates have potential to exploit their personal relationships and blackmailing them into fixing a match. There had been several incidents of this in Pakistani cricket: one of them being the kidnapping of Wasim Akram's father by underworld bookies.

As the custodian of the implementation of the UN Convention Against Corruption (UNCAC), the chief of the Office has also stressed the importance of "Member States dealing effectively with corruption wherever we find it." Thus as its mandate, the UNODC has worked with partners affiliated with the G20 in order to launch into force the Global Judicial Integrity Network by 2018. It is a global platform that aims to connect members and stakeholders of the world's justice system. Perhaps this programme can aid the

globalisation of regimes - preventing some governments' complacent enforcement of laws which are frequented in financial crimes committed in sports and perhaps enhancing existing legislation. New corruption indicators are also being designed by the UNODC and national institutions.

## Possible Solutions

Due to the different rules and regulations of criminal law as well as those of governing sports bodies around the world - the retaliation against corruption and financial crime in sports is not always heavy handed. With public involvement as well as financial and political motives entangled within, sometimes response to these crimes deviate away from what is right - to what is to gain for personal benefit; especially when the corruption or inclusion in the conspiracy is rooted within the institution, and the cooperation between these parties are more ingrained than those fighting in the path of justice (this has been true for the IAAF doping scandal).

The international standardisation of sport specific legislations is imperative as we have seen the transnational nature of illegal betting syndicates, match fixing and whatnot. Governments should also create a global anti-corruption code as they wield legislative authority and enforcement powers beyond that of sports entities. Furthermore, it would make it easier for investigations such as the INTERPOL operations to create a network involving multiple countries (such as on the crackdown of transnational criminal organizations) as common ground has already been established between them. The collaboration between UNODC and the IOC on studying the domestic criminal legislations provided by Member States has made this feasible.

However, there are time constraints to be taken into account when trying to reach this level of global harmony in regimes. Another option is to take advantage of the infrastructure, framework and international trust that already exists under foundations like WADA. The scope of their focus and responsibility can be widened to reach those of match fixing and sports crimes as well; turning their focus into something along the lines of fair play regulation. And although criminalization is necessitated to solve the issues above, it does not guarantee the cessation of corruption in sports. It is when attitudes towards the impact of these crimes converge through the advocating of unity. Of course, awareness and understanding of how these crimes are operated play a major role in achieving that; as both players and institutions should clearly know where the line is drawn.

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