

FIFA Kickbacks: World Cup Corruption

In 2010, the Federal Bureau of Investigation (FBI) was working on an investigation of Russian organized crime. In an unrelated case in August 2011, the Internal Revenue Service (IRS) was investigating Chuck Blazer, an executive committee member of the International Federation of Association Football (FIFA), for his failure to file personal income taxes. Later in 2011, the FBI joined its investigation with the IRS's when they began to follow leads into possible corruption in the bidding process for the Russia 2018 and Qatar 2022 World Cups.

Together, the FBI and IRS coordinated with police agencies and diplomats in 33 countries around the world to uncover a widespread international case of bribery and kickbacks, all linked to FIFA officials. In 2015, 14 FIFA officials and marketing executives were indicted by the U.S. Department of Justice. Officials were arrested in Switzerland and extradited to the United States, where they were charged with wire fraud, racketeering, and money laundering.

The Justice Department documented over \$150 million in bribes and kickbacks paid to FIFA officials. Investigators found that American banks were used in the process, allowing prosecutors to bring the case to American courts. These payments did not include millions of dollars in other possible bribes paid outside of U.S. banks. Blazer cooperated with U.S. prosecutors and provided details about the bribery, including a \$10 million bribe paid by the South African government to host the 2010 World Cup.

The investigation found evidence of bribery dating back to the 1990s. Bribes also included deals related the sale of broadcasting rights, merchandise, and sponsorship. As attorney John Buretta described, "The allegations are that it was all about selection. Choosing where events would be held. Choosing who got the rights to broadcast. It was those key choices which were very lucrative to the recipients that created the power here."

Bidding to host the World Cup is a fierce competition because hosting can have a large economic impact for the host nation, along with the prestige of hosting a major sporting event. Hosting a World Cup involves large upfront expenses. But for some host nations the event can spark a boom in tourism and strengthen the reputation of a host nation for international investment and long-term economic growth.

As the investigation unfolded, 16 more officials were charged for their involvement in the scheme, along with two other officials who surrendered. Most of those who were indicted pleaded guilty, while some await trial as of May 2018. Remarking on the impact of the scandal, U.S. Attorney General Loretta Lynch



stated, “They were expected to uphold the rules that keep soccer honest, and protect the integrity of the game. Instead, they corrupted the business of worldwide soccer to serve their interests and to enrich themselves.”

The arrests led by the United States triggered other nations to conduct their own criminal investigations into FIFA officials. Russia and Qatar both denied wrongdoing in their bids and will host the World Cup in 2018 and 2022, respectively. FIFA introduced a more rigorous process for nations bidding to host the 2026 World Cup.

Concept: Corruption

Ethical Insight:

Soccer’s international governing body, FIFA, has been embroiled in a corruption scandal for the past several years and it remains ongoing. Corruption is the abuse of power or position for personal gain, and both seem to be in play in the FIFA scandal. At the center of the corruption were FIFA officials who accepted bribes in exchange for selection to host the 2010 World Cup, broadcasting rights, merchandise, and sponsorship. Greed and dishonesty seem to have pervaded the organization and launched a coordinated investigation across 33 countries. Many of FIFA’s members seem to have concluded that their power within the organization presented a great opportunity for personal profit that they could not pass up.

Discussion Questions:

1. On its face, corruption seems unethical. Is it really? Why or why not?
2. If corruption is widespread in a society, can it really be unethical? Explain your reasoning.
3. How was corruption apparent in the conduct of FIFA officials? Explain.
4. Do you agree with Loretta Lynch’s statement that the corruption of FIFA threatens the integrity of the sport? If you are a soccer fan, would you continue to watch the World Cup knowing about corruption in the organization? Why or why not?
5. Is a “more rigorous process” likely to solve the corruption problem when nations bid to host the World Cup?
6. What measures do you think FIFA should take to ensure that such bribery doesn’t happen again? If bribery in the site selection process cannot be stopped, should we stop holding World Cups? Why or why not?
7. What steps can international organizations like FIFA take to minimize corruption? Explain your reasoning.
8. Can you think of other examples of sports organizations that were impacted by corruption? What caused people involved in the organization to be involved in corruption?

9. Conformity bias is the tendency people have to behave like those around them rather than using their own personal judgment. If you were a FIFA official and became aware of the actions of your colleagues, what would you do and why? How would you avoid conforming to the behavior of your fellow officials?
10. This case demonstrates the pitfalls of several biases and behaviors including self-serving bias, rationalizations, and ethical fading. Can you identify these and other behavioral ethics concepts at work in this case study? Explain and discuss their significance.

Bibliography:

The FIFA Scandal Timeline

<http://ewn.co.za/2017/10/16/the-fifa-scandal-timeline>

FIFA corruption crisis: Key questions answered

<http://www.bbc.com/news/world-europe-32897066>

Not playing by the rules? FIFA scandal unfolds

<https://www.cbsnews.com/news/fifa-60-minutes-steve-kroft/>

FIFA officials arrested on corruption charges as World Cup inquiry launched

<https://www.theguardian.com/football/2015/may/27/several-top-fifa-officials-arrested>

A U.S. Tax Investigation Snowballed to Stun the Soccer World

<https://www.nytimes.com/2015/05/30/sports/soccer/more-indictments-expected-in-fifa-case-irs-official-says.html>

Chuck Blazer: FIFA execs took bribes ahead of '98, '10 World Cups

<http://www.cnn.com/2015/06/03/us/fifa-chuck-blazer-transcript/index.html>

World Cup 'rebrands' South African economy

<http://www.bbc.com/news/10507663>

FIFA subjects 2026 Morocco World Cup bid to fresh scrutiny

https://www.washingtonpost.com/sports/dcunited/fifa-subjects-2026-morocco-world-cup-bid-to-fresh-scrutiny/2018/04/23/5f5c507a-475c-11e8-8082-105a446d19b8_story.html