

The ISL bribery system: 138 million CHF for high-ranking officials in the Olympic world

(<http://jensweinreich.de/?p=3975>)

A few weeks ago I had several discussions with IHF-President Hassan Moustafa.

He told me:

"We are a Handball-family. If anybody has a problem, we have to find a solution within our family - not outside the family."

I have heard quotes like this before. My old friend Joseph Blatter once said:

"We don't go to strangers. If we do have problems in our family, we use to solve the problems in the family. What happens in our family is not a topic for a jurisdiction outside our family. Regular courts are not a part of our family."

In this picture we can see Joseph Blatter with his long-time friend Jean-Marie Weber. They are members of the family, both the FIFA-President, also a member of the IOC, and the man who has paid an unbelievable amount on bribes to other family members. They are long-time friends.



This brings me straight to my topic: The ISL bribery system: 138 million CHF for high-ranking officials in the Olympic world.

It is a serial story. It is a never-ending story. The story began in the sixties and seventies of the last century when Horst Dassler, the former boss of the sportswear-giant Adidas, formed his so called "sport-political department".

Later, in the early 1980s, after the groundbreaking Olympic Congress in Baden-Baden, in the new age of Olympic commercialization and professionalism, Horst Dassler also created a marketing company: International Sport and Leisure - ISL.

And to give you another example: this company, ISL, was the first to get IOC-contracts to deal with the newly invented Olympic marketing program - TOP.

Don't be afraid: I will not go back to the 1970s. Nor will I repeat the presentations I gave at former Play the Game conferences. But I would like you to understand that this also a never-ending journalistic story which, I think, began in 1992 with the book "The Lords of the Rings" written by Andrew Jennings and Vyv Simpson.

- In 2000 I presented some exclusive documents illustrating the circumstances under which the ISL-group was able to secure the biggest TV- and sponsoring-package of the time, worldwide: the contracts for the FIFA World Cup 2002 and 2006.
- In 2002 I presented exclusive, original documents about the collapse of the world's biggest sport-marketing company ISL.
- In 2005 and 2007 we discussed the dubious circumstances under which Swiss prosecutors had to work in the ISL case.
- Now, in 2009 we can take a look at the ISL bribery court case in Zug/Switzerland, which took place in spring 2008.

This is the verdict - 179 pages. The charge was 228 pages. The problem is ironical:

According to Swiss law I am not allowed to show you all details of these documents. On the other hand: According to Swiss law it was allowed to pay at least 138 million CHF to high ranking sport officials.

In legal terms: bribery was not a crime in Switzerland at that time. The ISL system of paying sport officials was worked out - as it came out during the court hearings - together with KMPG, some of the most famous law firms in Zurich and was officially permitted by the Swiss Tax Authorities.

At the Play the Game conference in 2011, I guess, we shall probably analyze the next court case in the ISL-saga. I will come back to this later.

An impressive number of sport officials and assistants, who have worked for Horst Dassler, for Adidas and ISL-company, who were created and brought into their positions by the visionary Dassler, are still in their positions in the Olympic world: as Presidents of International Federations, as IOC members, as so called consultants, or - much more clear - as bagmen. One of Dasslers closest assistants was Jean-Marie Weber. The French born Weber was always described as THE BAGMAN.

What we got to know at least during the trial in spring 2008: Jean-Marie Weber was the man **who paid at least 138 million CHF to high ranking sport officials in the Olympic world between 1989 and 2001.**

After Dasslers early death in 1987 Weber became one of the top managers of the ISL-group. The group was united under the ISMM-umbrella in 2001 when the marketing giant collapsed because of mismanagement, greed and megalomania. It was the second biggest collapse in Swiss economy after the Swiss Air crash.

Jean-Marie Weber was always the bagman - until the bitter end. But it took decades to prove that description.

It is now proven. It is now documented in several court files.

According to lawyers and Judge Marc Siegwart in the ISL-trial:

- **120 million CHF** were paid between 1989 and 1999.
- **18 million CHF** were paid between 1999 and 2001 until the bankruptcy procedure began.
- Another **18 million CHF**, by the way, were transferred to a bribery account, the secret Nunca foundation in Liechtenstein; but had to be re-transferred in spring 2001 because of the financial difficulties of the ISL-group.

So if you like, we can talk about 156 million CHF.

And we can speculate about much more money. Imagine: According to criminal scientists about 95 to 98 per cent of all corruption cases never see the day of light. They remain undisclosed for ever. The reason for this is based in the system of corruption: money givers and money takers do not usually sign contracts.

Here are some important questions - and *preliminary answers*:

- **Who has got the money - the SCHMIERGELD, as they use to say in German speaking part of Switzerland?**
Only Jean-Marie Weber knows who got it.
- **How much money did ISL pay in the 1980s?**
One can only estimate it.
- **How much money was really paid to sport officials over more than 20 years - not only over a period of 12 years?**
One can just estimate it.

- **How much money have the ISL-opponents paid all those other marketing companies in the huge market?**

Same answer: One can only estimate it.

- **How did the International Federations, how did the IOC, how did the so called Ethics Commissions react after the ISL-trial?**

Short answer: There was no action at all. I have asked several senior officials. I do not know any reaction which I have to take seriously. No investigations at all.

Before I come to the question "Who got the money?" I have to give you a short and simplifying overview of the whole ISL-case. Simplifying, because I am a journalist.

- May 2001: ISL/ISMM went into liquidation. Damage: more than 3 billion Euros owing more than 450 million Euros to creditors.
- May 2001: FIFA lodged a criminal complaint against ISL/ISMM executives (money from Globo TV and Dentsu - around 75 million Euros).
- May 2001: FIFA president Joseph Blatter told me in an exclusive interview: "I am not bribable. Otherwise you can chop off both of my hands."
- 2002: Thomas Bauer, ISL-liquidator, wrote to a number of football officials. If they did not return black money payments he would sue them, Bauer pointed out.
- May 2003: Bauer opened civil complaints against approximately 20 sport officials.
- Feb 2004: Mysterious arrangement between Bauer and Jean-Marie Weber. The office of Peter Nobel, personal lawyer of FIFA-President Blatter, acted on behalf of Jean-Marie Weber.
- Mar 2004: 2.5 million CHF were transferred to the liquidators' account. Mr Bauer withdrew the civil complaints against high ranking officials.
- Jun 2004: FIFA, officially and without a press release, ask to stop the criminal investigation. FIFA declared to be not longer interested in investigations. But the magistrate Thomas Hildbrand went on investigating ...
- Apr 2005: ... and finished his investigation in spring 2005.
- Jul 2005: Decision of the highest Swiss court, Bundesgericht (pdf, 10 pages, 500 kb). The court outvoted an earlier and lower court decision in which lawyer Nobel was forced to give information about the 2.5 million CHF payment, the payer and the "third party" for which he was acting for.
- Nov 2005: Raid in FIFA's headquarters.
- Mar 2008: ISL/ISMM-trial in Zug (Strafgericht) against six former ISL executives.
- Mar 2008: Blatter told me: "We trust the Swiss justice!"



- Jul 2008: The verdict: Weber was fined for embezzling cash that he refused to account for. Two other people were given small fines for false accounting. Three more men were cleared.

- Nov 2008: Written verdict.
- Ongoing: Magistrate Thomas Hildbrand investigates who got the ISL bribes and who paid the 2.5 million CHF for Jean-Marie Weber.

One important question: WHO HAS GOT THE MONEY?

The answer is simple: senior officials of the contractual partners of ISL.

Five of the defendants claimed they had no idea who got bribes. They claimed fellow director Jean-Marie Weber organized the payments. He laundered them through foundations in tax heavens and a British Virgin Islands company (and many others), which distributed the money to companies and individuals. Most of the money was given in cash.

The ISL/ISMM-group had held long-time contracts worth billions of dollars with:

1. 1982-2006: **FIFA** (Football)
2. 1982-2004: **UEFA** (Football)
3. 1983-2009: **IAAF** (Athletics)
4. 1984-2004: **CAF** (Football)
5. 1990-2004: **FIBA** (Basketball)
6. 1996-2006: **OCA** (Asian Games)
7. 1997-2007: **FINA** (Swimming)
8. 1998-2007: **CART** (Auto Racing)
9. 1998-2009: **ATP** (Tennis)
10. 1999-2007: **ITF** (Tennis)
11. 1999-2014: **LASI** (Latin American Soccer Investments/Flamengo, Gremio)
12. **Other former partners** - and last but not least with the **IOC**: from 1983 until 1996.

The key for getting and holding these contracts was a gigantic bribery system.

But we can't even find the word "corruption" in the Olympic Charta, the constitution which governs the IOC and runs the Olympic Movement.

The phrase "corruption" does not exist in the Charta. Nevertheless: corruption exists in the movement.

What is corruption?

There are a lot of definitions in different fields: juridical, theological, political, social-cultural, economical, ethical definitions. It is a wonderful playing-field for word-artists; but one does not have to be a lawyer to talk about corruption. Common sense is quite enough. That is why I prefer a very clear and very simple definition; it is the definition of the NGO Transparency International.

"Corruption is operationally defined as the misuse of entrusted power for private gain."

I think it is simple enough.

Now you can see a list of recipients of the ISL-payments. It is just a part of the list: we can find individuals and companies. But it is only a small number of all recipients. We still don't know more than 80 per cent of the bribe-takers. Probably we don't know more than 95 per cent - it can just be estimated.

There are just a few well known names on the list: Nicolas Leoz from Paraguay, head of South American Football Federation CONMEBOL, and member of FIFA's Executive Committee. Just a few hundred thousands for him. Mr Leoz denies any wrongdoing.

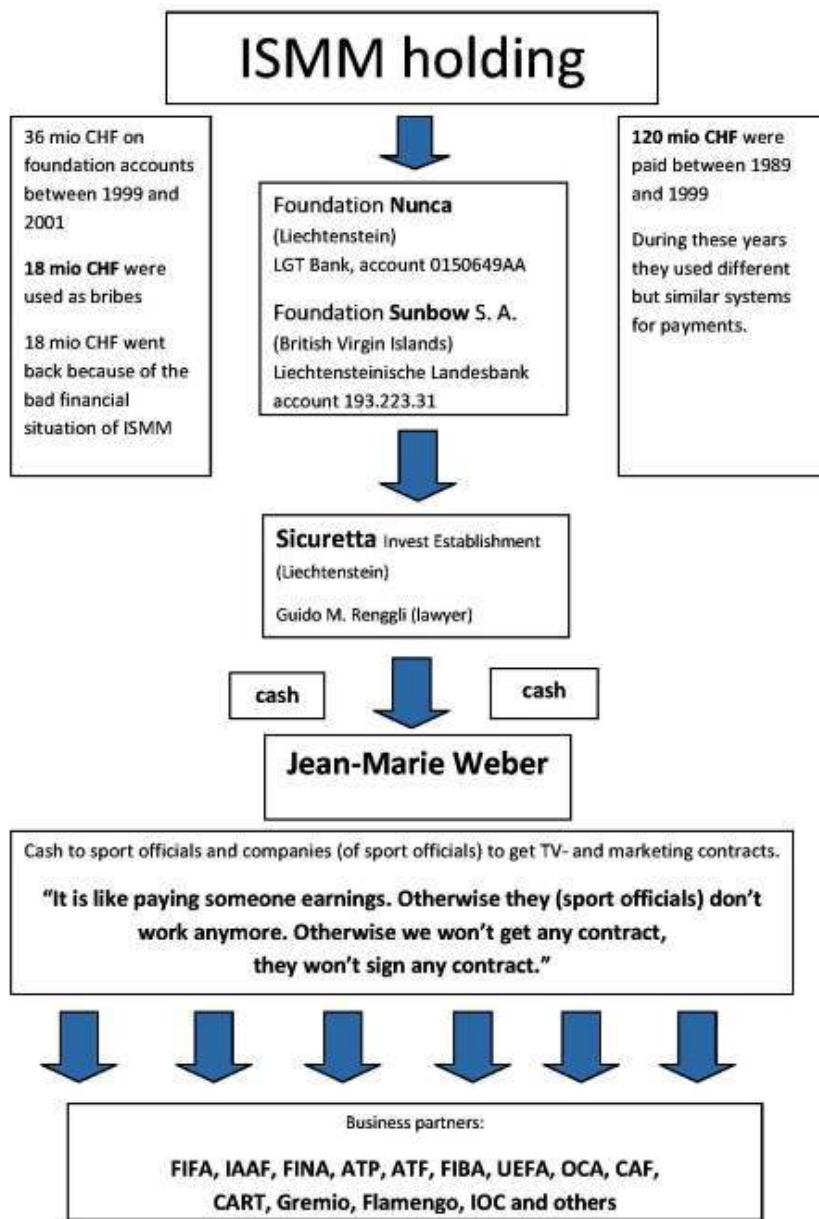
On the list we could also find the company Renford Investments. According to an investigation of the Swiss journalist Jean-Francois Tanda, Renford was owned by Ricardo Teixeira, President of the Brazilian Football Federation CBF, FIFA Exco Member, and his former father in law João Havelange, FIFA President between 1974 and 1998, and IOC member since 1963 - the doyen of the International Olympic Committee. By the way: Once there was also a dubious transfer of a million CHF which was once accidentally transferred to a FIFA account and was immediately re-transferred.

But coming back to the ISL bribery system, which was mostly a cash system. As I have said earlier: According to all defendants in the ISL court case Jean-Marie Weber is the only person who knows the names of all takers. Simply because he has organized all payments to sport officials. As I have mentioned earlier: The two parties in corruption cases don't usually sign contracts.

Weber has always refused to identify recipients, telling the Swiss court authorities:

"These payments were confidential and I must respect that confidentiality."

Here you can see a simple chart of the bribery system in the last years of the ISL-company. The chart is based on the court files and a chart which was presented by judge Siegler during the trial.



Christoph Malms, former Chief Executive, said that after joining ISL in the 1990s he was shocked to discover the business was built on bribes.

"I was told the company would not have existed if it had not made such payments", Malms testified.

"I was always told they went to well-known decision-makers in the world of sports politics."

Malms said kickbacks were usual in the sports marketing and sports political business worldwide. It was the style of the business.

They have used terms like: PROVISIONS. FINDER-FEES. Or even: SALARIES:

Hans-Juerg Schmid, former Head of Finances, said during the court hearing:

"If we hadn't made the payments, the other parties wouldn't have signed the contracts."

"It was like paying salaries. Otherwise they (high ranking sport officials/JW) would have stopped working immediately!"

“The other side doesn’t want to be named, that is the very sensitive aspect of this business.”

During the hearing Malms’ lawyer Werner Würigler desperately attacked two FIFA Presidents and IOC members: Blatter and Havelange.

Gurgler claimed that Joseph Blatter, back then General Secretary and now President, had approached his client Malms and told him, if ISL wanted to keep FIFA’s business, Jean-Marie Weber would have to stay in his positions in the company. If not, “it would be bad for ISL”.

Würigler also said that during the World Cup in France 1998 the outgoing President Joao Havelange made the same demand.

Würigler described the situation as follows: Anybody at FIFA who knew about the bribes and who was getting SCHMIERGELD could exercise great power over fellow officials. Würigler said: ISL became a private source of money for FIFA officials, virtually something like their private bank.

There are numerous well documented, strange operations within FIFA.

In their decision the three judges in Zug stated that FIFA “knew more than they told investigators”, that the behaviour of FIFA-officials **“was not always in good faith”**, and some of their claims **“were not credible”**. (By the way: that seems to be typical for FIFA. The federation and its current General Secretary Jerome Valcke were described in another court case, the MasterCard-Visa-decision as a kind of a serial liar.)

In the ISL case FIFA was ordered to pay a part of the trial costs, despite claiming not having misled the authorities.

We have got an astonishing documentation of a huge bribery system. Some experts are saying: This is the biggest bribery system in Olympic sports ever.

But nobody in the sporting world has taken any action. Not even against senior officials who were mentioned in the court documents.

Who should have taken action: Sepp Blatter? Havelange? IOC President Jacques Rogge?

By the way: Have I mentioned that Jean-Marie is still a member of the family? He is working with IOC members like Lamine Diack (President of the IAAF) and Issa Hayatou (Vice President of FIFA and President of CAF).

This picture is not a good one, I know. But it is a kind of a document. It shows Weber in December 2008 during an IOC meeting in the IOC headquarter in Lausanne. The IOC President who promised to fight all sorts of corruption with his zero-tolerance-policy is also to be seen in the picture:



As I said before: from a strictly juridical point of view the ISL-payments were in accordance with the former Swiss law.

But the payments were never in accordance with the rules of sport federations and organizations.

Olympic sport organizations are always arguing that their moral and ethical rules have to be much higher and harder than other rules.

The ISL-bribery case appears to be a strange example for the extremely high standard in the Olympic family.