INTERNATIONAL OLYMPIC COMMITTEE (IOC)
Château de Vidy
Case Postale 356
1001 Lausanne
Switzerland

To the kind attention of the Honourable IOC President Mr. Jacques Rogge and to the Honourable Members of the IOC Ethics Committee

RE: COMPLAINT REGARDING THE INTERNATIONAL WEIGHTLIFTING FEDERATION'S FINANCIAL MANAGEMENT

Pursuant to Rule 22 of the Olympic Charter and letter A of the Implementing Provision of the Statutes of the IOC Ethics Commission, also known as Rules of Procedures Governing the Investigation of Cases brought before the IOC Ethics Commission (hereinafter “Rules of Procedure of the Ethics Commission”), this is a complaint against the financial management of the International Weightlifting Federation (hereinafter also referred to as the “IWF” of the “Federation”) and against any individuals found to have acted improperly in the financial management of the above mentioned International Federation.

The complaint asserts important ethical violations that may derive from serious irregularities in the management of the IOC funds which have been allocated to the IWF since 1992.

It is important to underline that the present complaint is motivated by the will of the signatories to defend ethical values and pursue the best for the sport of weightlifting. The complaint is not motivated, as Mr. Tamas Aján will possibly attempt to allege, by the political opposition of the undersigned to his presidency. The opposite is true: the political opposition to his presidency is motivated by the facts that are reported in this complaint.

It is hereby respectfully requested that this complaint and this matter in general not be handled in any way by the former Director General and current legal advisor of the IOC, Mr. François Carrard or by any member of his law firm (Carrard & Associés), due to his being at the same time a legal advisor to the IWF and his President. We highly esteem Mr. Carrard as an excellent, honest and principled layer and we have the utmost respect for him; however, the inherent conflict of interest in his position suggests (and he certainly would agree with this suggestion) that he or his law firm should not be involved in this case in any capacity whatsoever.
For the purposes of the correspondence related to this complaint, the undersigned elect their domicile in the law firm Coccia De Angelis e Associati in Piazza Adriana 15, 00193 Rome, tel. (+39) 06-68803025, fax (+39) 06- 68809416, email m.coccia@cdaa.it.

The factual basis of this complaint

In 2009 the newly elected IWF Audit Committee (consisting of Mr. Marino Ercolani Casadei, Mr. Tryggve Duun and Mr. Petr Krol) found out and reported that the official financial reports which had been distributed to the National Federations over a period of many years, and supposedly audited by previous IWF Committees, had omitted transactions and holdings connected in particular with two Swiss bank accounts.

Since 1992, those two accounts have been primarily used by the IWF to hold sums allocated by the International Olympic Committee to the IWF after each edition of the Olympic Games.

The total IOC allocations to the IWF from 1992 through 2008 amount to over $23 million (twenty-three million USD) and are as follows (Exhibit 1):

- For the Olympic year 1992: $1,505,506
- For the Olympic year 1996: $2,675,000
- For the Olympic year 2000: $4,168,000
- For the Olympic year 2004: $6,933,000
- For the Olympic year 2008: $8,045,000
- Total: $23,326,506

Please note that these sums represent the share of weightlifting in the overall allocations to the international federations of Summer Olympic sports, and therefore do not include the funds allocated by the IOC for Olympic Solidarity and/or other purposes, which still have no evidence in the IWF Balance sheets.

Given the amount of the IOC official allocations in favour of the IWF as stated above and on the basis of the available IWF budgets, according to the last 2009 Audit report performed both by the IWF Auditors’ Committee and by the Independent Auditor KPMG (Exhibit 2) it appears that a significant amount of cash holdings in expenditures or in outlays have not been accounted in the financial reports.
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This conclusion is based on the fact that, according to the IWF Interim balance sheet (Exhibit 3) closing on 31 August 2010, the total IWF assets present on the three bank accounts is $ 17,928,500.43\(^1\), respectively $ 1,031,478.32 on the National Hungarian Saving Bank account, € 7,929,643.00 on the Swiss Union Bank Privé account and $ 6,526,635.00 on the Swiss Union Bank of Switzerland account.

On the basis of conservative assumptions, the missing amount would be just under $ 8 million: in fact, if we do consider that for each year the IWF was reporting current (non-IOC) revenues about equal to current expenditures, how can the total cash balance at 31 August 2010 not show at least $ 23 million, this is to say the total amount of the IOC allocation up to 2008, plus interest?

The aim of the balance sheet is to represent in an actual and correct manner the financial and economic situation of the Federation in order to guarantee an effective management and the optimization of the activities carried out by the Federation. The correct description of the balance sheets’ data is clearly of key importance: for example, suffice it to consider how the actuality and the accuracy of the information embodied in the balance sheet are of vital importance for the planning of the resources and for the analysis on the management which has to report the results of its activities as exactly stated in the relevant balance sheet.

The information on the operational performance and on the actual financial consistency of the Federation should thus be stated clearly and in a whole in the balance sheet, and its editing should be based on general accounting principles recognized at international level.

It clearly appears that, according to the results of the 2009 Audit activities (Exhibit 1), the IWF Auditors Committee has discovered substantial accounting irregularities. Essentially, the non-reporting of the Swiss bank accounts and the related transactions with those accounts, means that from 1992 through March 2009, Mr. Tamas Ajan had a hidden fund at his disposal with no control whatsoever on his use of the said funds.

It is also necessary to highlight that, according to IWF’s President declaration contained in the 2009 Auditors Committee’s annual report, the resources hedged on the Swiss bank accounts and the related interest were neither inserted in the budgets, nor in the balance sheets in compliance with the IWF rules.

\(^1\) Please note that the Swiss Union Bank Privé account is in Euro and its amount has been converted with Exchange rate EUR/USD dated 16 September 2010 1€ equal to 1,3078.
and with Swiss law. Furthermore President Ajan affirmed that the Executive Board was aware of the two bank accounts and that the said body received detailed pertinent information twice a year; however, this assertion cannot be confirmed.

Relevant examples of financial misdeeds

Unfortunately, IWF’s financial statements released over the years are mainly single page itemizations of very basic categories of revenues and expenses and have limited reliability in relation to the IWF’s business results, due to the failure to comply with the general accounting principles of sincerity, full disclosure and completeness.

Furthermore, some of the figures are patently not correct; for example, the revenues for 2004 include an item for the “2004 Olympic Games” (Exhibit 4, please refer to item no. 10 of the Revenues) of $1,454,405, but the actual amount for the Athens Games was $6,993,000. The corresponding reported figure for the 2008 Olympic Games was $1,304,748, (Exhibit 5, please refer to item no. 10 of the Revenues) while the actual amount received for the Beijing Games was $8,045,000.

In both cases these figures are not just a simple omission of a certain account in the available balances; rather, it seems that the IWF management deliberately under-reported the revenues and, thus, declared inaccurate figures in the financial reports to the National Federations.

Other considerable defaults and discrepancies are present on all balance sheets examined from 2001 up to present.

Considering, for example the balance 12 September 2001-11 October 2002 (Exhibit 6), this document does not show any opening balance at the beginning of the period: this implies that the Federation’s management affirmed and declared in writing that on September 12, 2001 the IWF did not have one single dollar. Income in that period amounted to $927,678.39, whereas expenditures were $859,996.99; therefore, at the end of the period the balance showed a positive balance of $67,681.40.

Similarly in the balance 12 October 2002-7 October 2003 (Exhibit 7), the positive closing balance of the abovementioned previous financial year equal to $67,681.40 does not appear as a cash balance available in the opening balance, thus disappearing from the IWF accounts.
Another significant example pertains to the balance 8 October 2003-10 December 2004 (Exhibit 4). In this balance, the IWF Executive Board indicates the final closing balance of $1,125,733.55 and the active interest accumulated in the period amounts to $2,893.24. It appears bizarre that in two previous years for the closing balance of respectively $67,681.40 and $57,302.11 the income deriving from interest was respectively $10,918.75 and $10,481.22, whereas in this period, with a closing balance of $1,125,722.55 the interest's income was only $2,893.24.

These figures prompt various hypotheses such as:

a. In the previous exercises the average cash holding that accumulated interest income was considerably higher than that declared in the balance;

b. The IWF sustained financial losses on its investments that were mistakenly compensated with interest income.

The legal basis of this complaint

The IOC Code of Ethics adopted by the 109th Session in Seoul on 20 June 1999 and amended from time to time embodies the values and principles of dignity and integrity called for by the Olympic Charter, and in particular the discipline of the resources financed by IOC. The version currently in force of the IOC Code of Ethics clearly states as follows in the relevant part:

«C. RESOURCES

1. The Olympic resources of the Olympic parties may be used only for Olympic purposes.

2.

2.1 The income and expenditure of the Olympic parties shall be recorded in their accounts, which must be maintained in accordance with generally accepted accounting principles. An independent auditor will check these accounts.

2.2 In cases where the IOC gives financial support to Olympic parties:

a) the use of these Olympic resources for Olympic purposes must be clearly demonstrated in the accounts;

b) the accounts of the Olympic parties may be subjected to auditing by an expert designated by the IOC Executive Board ».

In light of the above, and in compliance with article 3 of IWF Constitution, the IWF follows the Olympic ideals and principles, and thus is subject to the so-
called Generally Accepted Accounting Principles (hereinafter also referred to as "GAAP") for what pertains, in particular, to the resources funded by the IOC.

The GAAP are accepted worldwide by all major institutions and implement the transparency required by the financial accounting procedures used in any given jurisdiction, and expressively recalled by the IOC.

It is obvious that if the IOC funds have not been properly evidenced in the IWF’s balance sheets; as a result, the basic GAAP principles of regularity, sincerity and full disclosure have not been respected by the IWF management, and first of all by his President.

Furthermore, if the expenditures of the said funds have not been reported in the balance sheets, how can the weightlifting National Federations – ultimately, as members of the IWF, the rightful owners of the funds allocated by the IOC – verify that the resources have been spent for Olympic purposes and in compliance with point C) of the Code of Ethics?

It appears obvious that the relevant financial statements released by the IWF over the past years do not simply imply a significant omission of a major part of the IWF assets but represent a matter of extreme importance which cannot be overlooked without going into an in-depth investigation process.

In particular, as a first step of the investigation, it appears necessary and urgent that the accounts of the IWF be audited, under the supervision of the Ethics Commission, by one or more independent and high-profile accounting experts appointed by either the Ethics Commission, under Rule A.3.5 of the Rules of Procedure of the Ethics Commission, or the IOC Executive Board, under Rule C.2.2.b of the IOC Code of Ethics.

The signatories of this complaint are at the disposal of the IOC President, the IOC Executive Board and the IOC Ethics Commission for any clarification they deem necessary on the above matters, including any further documents they may need, pursuant to Rule A.3.2 of the Rules of Procedure of the Ethics Commission. We also request to be heard personally as witnesses, in accordance with Rule A.3.3 of the same Rules of Procedure of the Ethics Commission.

It is hereby reserved the right to present further submissions and evidence.
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FOR THE ABOVE REASONS

We, the undersigned, pursuant to the Rules of Procedure Governing the Investigation of Cases Brought Before the IOC Ethics Commission, respectfully request the Honorable President of the IOC, Dr. Jacques Rogge, to proceed with an official referral of this matter to the IOC Ethics Commission, in order to allow the distinguished members of the IOC Ethics Commission to conduct an official Inquiry on the financial management of the IWF and take the decisions they consider appropriate against the IWF President Mr. Tamas Ajan and/or any other responsible executive of the IWF, ultimately proposing to the IOC Executive Board the measures or sanctions provided under Rule 23 of the Olympic Charter, or any other appropriate measure.

Rome, February 18, 2011

Mr. Antonio Urso
European Weightlifting Federation President
Italian Weightlifting Federation President
Member of IWF Executive Board

Mr. Marino Ercolani Casadei
IWF Auditors Committee Member
EWF General Secretary Treasurer
San Marino Weightlifting Federation Vice President

Mr. Tryggve Duun
IWF Auditors Committee Member
Norway Weightlifting Federation Vice President

Mr. Peter Krol
IWF Auditors Committee Member
Czech Weightlifting Federation President
Member of the EWF Executive Board
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Member of the IWF Technical Committee

Mr. Per Mattingsdal
Norway Weightlifting President
EWF Vice President
Member of the IWF Executive Board
Member of the IWF Antidoping Commission

Mr. Nicu Vlad
Romanian Weightlifting President
IWF Executive Board Vice President
Member of the EWF Executive Board
Chairman of the IWF Antidoping Commission

Mr. Esat Ademi
Albania Weightlifting Federation President
Mediterranean Weightlifting Federation F. President
Member of the IWF Executive Board
Member of the EWF Executive Board

Mr. Estarlik Lozano Emilio
Spanish Weightlifting Federation President
Member of the IWF Executive Board
Member of the EWF Executive Board

Mr. Steve Cannon
Chief Executive officer BWLA
Member of the EWF Executive Board

Mr. Daniel Tschan
Swiss Weightlifting Federation President
EWF Auditors Committee Member
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Mr. Michael Cayton
USA Weightlifting Federation Executive Board Member
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ATTACHMENTS

EXHIBIT 1  IWF Auditors' Committee Report dated 22-23 September, 2009.


EXHIBIT 3  IWF Interim Balance Sheet closing on 31 August, 2010.


EXHIBIT 7  IWF Balance Sheet on the fiscal year from 12 October 2002-7 October 2003.