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In the wake of the ISL collapse

This is the story of an earthquake. It is the story of the collapse of the former marketing giant ISL/ISMM which was for decades the leader in the Olympic world – and in the world of football. It is also a story of curious legal turbulences and, of course, the story of the biggest corruption system which was ever established in the world of sports.

Firstly: I am not talking about an old topic. Of course, ISL – a former Adidas-daughter-company – does not exist anymore. But, a huge number of officials which were set in power by the former spin doctor Horst Dassler are still in charge.

Just a brief history: The ISL company was set up in the early 1980s by German businessman Horst Dassler; his family also owned Adidas. FIFA, under the leadership of former president Brazilian Joao Havelange and then general secretary Sepp Blatter, gave the lucrative marketing contracts for the World Cup to ISL. When FIFA awarded ISL the marketing television contracts for 2002 and 2006, rival companies complained that Blatter had gone out of his way to favour them. I have presented some of the documents at earlier Play the Game conferences.

Mr Dassler, who died in 1987, played a major role in choosing Blatter to be made FIFA general secretary in 1981. Blatter and Dassler were not only business partners, they were great friends. Just to illustrate their relation: Blatter was born on March 10th 1936, Dassler was born on March 12th 1936. Therefore they have decided to celebrate their birthday always together: Each year on the 11th of March, often at Dassler's restaurant in Landersheim, France.

Mr Dassler has founded a so called "sports political department" which was not only responsible for selling Adidas shoes – its responsibility was to manage elections in international bodies; to manage and decide Olympic and other big bidding processes as well.

Nearly 20 years after Dassler died of cancer his creations and long-time allies are still in the business. I just give you a few examples:

Juan Antonio Samaranch, the IOC honorary President.

Mario Vazquez Rana, the powerful Mexican, IOC member and head of the Association of National Olympic Committees (ANOC).

Kim Un Yong, the former agent of the South Korean secret service. Unfortunately Mr Kim had to give up his posts in the IOC and in his Taekwondo Federation because of bribery.

Still in charge in the Amateur World Boxing Association AIBA is President Anwar Chowdhry from Pakistan, former member of Adidas' sports political department. By the way: The fact that the IOC has just stopped all payments to the basically corrupt AIBA is also one result of Play the Game. It was in November 2000 when the Norwegian IOC member Gerhard Heiberg has promised to check the AIBA situation.

Another example: Thomas Bach from Germany, former IOC Vice President who wants to come back to the IOC Executive Board in 2006. Bach has got his sport-political education in this special Adidas-department as well.

There is John Boulter from the UK, he was also a member of Dasslers sport-political department. Boulter was very successful in July this year as an important lobbyist for the London Olympic Bid.

And, last but not least: Here we have Jean-Marie Weber, Dasslers former right hand and long-time leading ISL official.

Over a period of thirty years Mr Weber has helped to manage more or less every big decision in the Olympic world.

Now we are right back at the ISL case:

Because of an adventurous mismanagement ISL went into liquidation on May 21, 2001 – with a damage of more than 3 billion Euros and owing more than 450 million Euros to creditors. Four days after starting the liquidation procedure FIFA President Blatter, then under big pressure, announced he was shocked to discover that the company had withheld around 75 million Euros from a TV contract with the Brazilian TV Company Globo.

Mr Blatter said at a news conference in Zurich: "This money belongs to football and FIFA intends to do everything within its power to shed light on this affair and to retrieve the money." Therefore, on May 28, 2001, FIFA lodged a criminal complaint with the authorities in Zug where ISL had been based.

The ISL collapse was the second biggest bankruptcy procedure they ever had in Switzerland. The investigation took time in a country that is, so to say, very famous for protecting high ranking businessmen and sports officials – ask the brave Senor Mario Gojman from Argentina who has given us an very impressive presentation two days before! But in this ISL-case an investigating magistrate in the Swiss city of Zug, Thomas Hildbrand, was obviously willing to do a great job.

After nearly four years Mr Hildbrand announced that he had finished his investigation. He announced that executives from ISL/ISMM, the company that acted as FIFA's exclusive marketing agents for nearly 20 years, are to stand trial charged with fraud, forgery and embezzlement. The Zug criminal investigation into where the money has gone spread to five countries. The trial, expected to start early next year, can re-open questions about the close relationships over the last two decades between senior FIFA officials and ISL executives.

This group of Swiss businessmen have been charged with stealing the Globo money from FIFA. The money was paid an

instalment to ISL for the rights to screen the 2002 and 2006 World Cup tournaments. The money should have been transferred into an account jointly held with FIFA at the "Banque Nationale de Paris" in Basel. Instead, as ISL teetered into bankruptcy, they diverted it to another account for their own use. The ISL executives, if convicted, face up to 10 years in jail, as Mr Hildbrand has explained me. Their only hope of reduced sentences would be to volunteer information to the court and the investigators about who they paid bribes to.

Magistrate Hildbrand refused to name the officials but it is understood that as many as six have been charged. All have denied the charges. One of them is Jean-Marie Weber, a long-time partner and advisor of former FIFA President Joao Havelange.

Surprisingly Mr Hildbrand also announced that FIFA have asked the year before – on 29th June 2004 – officially, and in secrecy, to stop the criminal investigation. I repeat: FIFA was no longer interested in a criminal investigation.

I have talked to Mr Hildbrand, he made very clear that he was wondering about such a declaration at this time. But meanwhile so much evidence had been unearthed that FIFA's plea had to be ignored. According to the Swiss law there was no way anymore to stop the investigation.

Let's ask a few questions:

Why had FIFA withdrawn the complaint?

Why was it done in secret?

Was the Executive Committee informed?

I have asked these questions to Mr Blatter, and he replied that FIFA's lawyers had given him the recommendation to concentrate on more promising civil complaints instead of criminal complaints.

To understand the “declaration of non interest” we have to look back to other developments in the ISL case:

In December 2003 Andrew Jennings revealed exclusively that Thomas Bauer, liquidator of ISL, had written to a number of football officials warning them that if they did not return “black money” payments discovered in ISL’s books, he would sue them. It was also published that a one million Swiss Franc bribe had been paid by ISL to a senior FIFA official after the signing of the contract for the television rights 2002 and 2006. Later we get to know that Bauer submitted civil complaints against some 20 persons to get the money back.

In February 2004 it came to a mysterious arrangement between the ISL senior official Jean-Marie Weber and Mr Bauer, the ISL liquidator.

As a part of this arrangement in March 2004 an amount of 2.5 million Swiss francs was transferred to the liquidators account. Therefore Mr. Bauer has withdrawn the civil complaint against high ranking sport (and football) officials.

Three months later – in June 2004 – FIFA has secretly asked the Magistrate Mr Hildbrand to stop the criminal investigation.

I do think that everybody can judge the facts and is able to take his own conclusions. It is really so hard to understand what was going on?

A third party had taken other measures to solve the ISL case secretly. Was it FIFA? Was it Mr Blatter himself? Who has paid the money on behalf of Jean-Marie Weber? And: why?

The Swiss journalist Jean Francois Tanda published a wonderful story about the secret payment in the “Sonntagszeitung” in early August 2005. The story based on a Court judgement in which the following interesting facts came to the light of day:

- 1) The Zurich based lawyer Peter Nobel, Mr Blatters personal lawyer over a long-time period, has acted on behalf of

Jean-Marie Weber. It was Nobel who transferred the 2,5 million Swiss franc to the liquidators account.

- 2) Just a part of the amount was paid by Mr Weber himself. The other part was paid by persons who have had an extremely interest in solving the delicate case secretly.
- 3) The Court outvoted earlier court decisions in which Mr Nobel was forced to give any information about the 2.5 million payment, the payers and the so called "third party" for which he was acting for.

Is this the very special Swiss way of Playing the Game?

Nevertheless, there are still good chances to get much more information about black money, secret foundations like Nunca which became famous in May 2001, fraud and bribery in international olympic sport than ever before. There will be a court case, and if we understood the investigating Magistrate Thomas Hildbrand right the only way for former ISL officials to avoid a jail sentence is to make a deal – to give any information about secret payments to the legal authorities.

There is information that Mr Hildbrand has gathered the names of more than a dozen high ranking sport officials – and the amounts of black payments as well. The information should be a part of the court documentation. It is alleged that some Executives of world sports federations and even members of the International Olympic Committee were mentioned in the files. A few months ago I have talked to Jacques Rogge, the IOC President, about the upcoming court case. He made very clear that the IOC is carefully observing the ISL case which could lead to another big scandal in the Olympic world – or, as they use to say: In the family.