Russian mafia has run Brazilian club into the ground

by Kirsten Sparre

Investigations by the Brazilian police have confirmed what sports journalists in the region have suspected for a long time. The Brazilian football club Corinthians is managed by a company that is funded by profits from organised crime in Russia and Georgia and has used the club for money laundering. The club is now fighting for survival.

Rafael Maranhão is a Brazilian sports journalist, and he has followed the relationship between the Corinthians and the company Media Sports Investments (MSI), since MSI took over management of the football club in 2004 in return for paying off 20 million dollars the club had accrued in debts and investing another 35 million dollars in new players.

The amount of money spent by MSI and its mysterious investors that the company refused to name attracted the attention of Brazilian police and prosecutors at both city and federal level, and at Play the Game 2007 Maranhão talked about what the police have learned during its investigation and how four people have played a key role in the affair.

KIA JOORABCHIAN, an English Iranian-born businessman who came to Brazil in 2004 as head of the MSI. Brazilian police has captured a telephone call where Kia tells an associate to “put an end to the money laundering.” Kia went back to London in 2006. The Brazilian authorities have issued a warrant for his arrest.

BORIS BEREZOVSKY - a Russian billionaire living in London. Berezovsky is wanted in Russia where he is accused of embezzling millions of dollars from Aeroflot during the time he owned the airline. Some of that money is believed to have been invested in the Corinthians-MSI deal although Berezovsky denies being one of the investors. The Brazilian authorities have also issued a warrant for his arrest.

BADRA PATARKATSISHVILI - A Georgian businessman and ally of Berezovsky who once told the Guardian that he had “invested in a wonderful football club in Brazil.” Until October 2007, Badri was president of the national Olympic Committee in Georgia but the members of the organisation voted for his impeachment following his involvement with a political scandal in his country.

ALBERTO DUALIB - chairman of the Corinthians from 1993 until he resigned in September 2007. He has made many remarks about the involvement of Berezovsky and Badri in telephone conversations captured by the police. A Brazilian court has accused Dualib and other club directors of pocketing 224,000 US dollars from false invoices in the period from 2000 to 2005, and Dualib is also accused of money laundering for his part in the MSI deal.

The future for Corinthians does not look so good, Maranhão concluded. Right now the total amount of the club’s debt is believed to be between 50 and 60 million US dollars. Many debts contracted by the MSI during the partnership must now be paid by the club and the club is in the relegation zone for the Brazilian championships.

EXTRACT

How does the Russian mafia influence the market for transfers of young football players to European clubs? At Play the Game, Ezequiel Fernández Moores answered the question through the story of the young player Carlitos Tevez. Below we bring an extract.

Carlito’ – football

by Ezequiel Fernández Moores
Sports journalist, Argentina

Carlitos Brignate, in the Brian De Palma film Carlito’s Way, grows up in Harlem in the 1960s selling heroin. Carlitos Tevez, striker first for the Argentine National Team and now for Manchester United, grows up in Fort Apache, our very own Bronx, no more than 400 metres from the western city limit of Buenos Aires.

Carlitos Brignate survives thanks to Hollywood shoots. Carlitos Tevez has survived the shoot-outs of Fort Apache, like the one that killed Gabriel Torres, one of his closest friends, in 1998. Carlito’s Way is a movie about the New York mob. Carlitos Tevez is a business deal of the Russian mob. […]

Selling to the mob

At the end of 2004, I had the following conversation with Mauricio Macri, President of Boca, on the radio.

“Doesn’t it give you chills to sell a twenty one year old to the Russian mob?”

“Boca,” Macri replied, “didn’t sell Tevez to the Russian mob. It sold him to Corinthians.”

Let me smile.

The whole football world is by then aware that Corinthians, the second most popular club in Brazil, with twenty six million fans, also had a twenty million dollar debt. And that it had sold its soul to MSI. At the time, it was public knowledge in Buenos Aires that MSI was a creation of Boris Berezovsky, identified as a member of the Russian mafia and wanted by the Russian police for a variety of crimes, including money laundering.

Tevez goes from Boca to Corinthians. That is what the first clause of the contract I have with me says. From Buenos Aires to San Pablo.

The money trail is more complex. Sixteen million dollars are deposited in an account at JP Morgan Chase in New York. The account belongs to an investment firm of the Royal Bank of Canada, RBC Dominion Securities.
Inc. It is nothing less than an overseas Boca account. The contract says in point four that the sixteen million dollars are to be paid by Corinthians or "whoever shall be designated by Corinthians". Corinthians designates MSI. And MSI pays through two firms linked to each other, and whose money comes from offshore tax havens. It makes no difference to Boca. For the first time in the history of Argentine football, a transfer has been paid in cold cash, in one payment. Bill on bill. Under Argentine law, it is all legal according to Economy Ministry officials I spoke to only a few days ago.

East European money
MSI also pays the middlemen’s commissions—of Gustavo Arribas, Macri’s lawyer friend, and his partners in the company HAZ. The Z in HAZ stands for Zahavi. Pini Zahavi. Have you heard of him? English football’s super-agent.

He has made millions by placing players in Chelsea, acquired by the Russian magnate Roman Abramovich. In Argentina, Zahavi has managed the transfers of other important national team players, who were bought with money coming from Eastern Europe, like Mascherano and Lucho Gonzalez. The Argentine national team itself is now under contract to a Russia firm, Renova, that sets up and profits from the friendly matches. Zahavi has also acquired youth stars from River Plate, the second most popular club in my country, at rock bottom prices. We all know that football rules prohibit the sale of players to individuals, which is why Zahavi uses the Swiss club Locarno as a screen. He used it last year to buy Gonzalo Higuain from River, and resell him two months later to Real Madrid at twice the price. […]

From Brazil to Britain
The Argentines celebrate Tevez’ success in Brazil. Carlitos is champion and top scorer, and is chosen best player of the Brazilian league 2005. Lula, Brazilian president and Corinthians’ fan, receives him at the government house. […]

But the romance ends upon his return from the German World Cup. The young Iranian who represents MSI, Kia Joorabchian, decides to move Tevez from Corinthians. Carlitos and Javier Mascherano, another great player for the Argentine national team, who has also been acquired by MSI, were taken from Corinthians to West Ham, an English team that Joorabchian wanted to buy. But West Ham is finally bought by the Icelander Eggert Magnusson, Bjorgolfur Gudmundsson’s man.

Tevez suffers at the beginning. Prior to his arrival he had been on the starting line up of the Argentine national team in the German World Cup. Humble West Ham sends him to the bench. He accepts with discipline and silence, but in the end it is the goals he scores that save the team from relegation. The fans vote him player of the year. One dedicates a poem to him on the BBC.

Carlitos has won the applause of the two groups of fans that most despise Argentines: Brazil’s and England’s. His price goes up once again and MSI decides it is time for a new sale.

As a result, it becomes clear that Tevez never really belonged to West Ham, but to MSI. A clear violation of English rules that forbid ownership by third parties. Scandal erupts, and FIFA and UEFA express their concern about the Tevez case.

But rules are made to be broken, in Argentina and in England. West Ham pays a fine, and Carlitos, who by now is worth sixty million dollars, is sent out on loan, to none other than Manchester United, his new club as of last September. From Fort Apache to the Theater of Dreams, as the Old Trafford stadium is known.

Read the full story about Carlitos Tevez at www.playthegame.org