

References

The ISL Case.....	2
The VISA-MasterCard Case	4
Korea World Cup 2022 Bid Committee’s “Global Football Fund (GFF)”	7
The Competition between Korea and Japan for World Cup 2002	8
Opposing Blatter’s Bizarre Proposals	15

The ISL Case

On 21 May 2001, a company named International Sports and Leisure (ISL) went bankrupt. ISL was a sports marketing company jointly founded by Mr. Horst Dassler of Adidas and the Japanese advertising agency Dentsu. Mr. Dassler first employed Mr. Blatter and continued to pay his salary even after Mr. Blatter started to work for FIFA. At the time of its bankruptcy, ISL had the TV broadcasting rights of FIFA, IOC, and IAAF (International Association of Athletics Federations). Its bankruptcy caused at least a CHF 150 million loss to FIFA. In fact, the financial situation was so dire that FIFA had to borrow \$420 million from a bank by putting up the revenue of the 2002 and 2006 World Cup as collateral.

Initially, in May 2001, FIFA filed a suit against ISL, claiming that it was owed CHF 22 million. However, even after the ISL case became a full-blown scandal threatening FIFA's financial stability President Blatter did everything to silence criticisms of the ISL case.

In October 2001, President Blatter sent ExCo members a "Review Report" of FIFA's financial situation in lieu of a full audit report. President Blatter claimed that "in the circumstances an interim review...would be preferable to another full audit." If ever there was a time for a full audit at FIFA, this was it.

In December 2001, 13 out of a total of 24 members of FIFA's Executive Committee, including myself, sent a letter to President Blatter demanding the establishment of an "Investigation Committee" by the Executive Committee to look into FIFA's financial situation. However, despite repeated requests, President Blatter refused. Instead, he promised to set up an "ad hoc internal audit committee (IAC)." In April 2002, President Blatter unilaterally suspended even the IAC.

The reason that Mr. Blatter gave for suspending the IAC was that I had breached the confidentiality clause of the IAC. The alleged breach apparently took place in an interview that I had with SBS TV of Australia in which I talked about the financial mismanagement at FIFA. However, as I

made clear in a subsequent press release, there was no protected information in my interview as the same information was already made public by other news outlets. Mr. Blatter never clarified how I had breached IAC's confidentiality. This was yet another case of the 'blatant, overt, and arrogant' manner in which Mr. Blatter ran FIFA.

Then, in June 2004, FIFA dropped its suit against ISL without any explanation. After FIFA dropped its suit against ISL, Swiss authorities started its own investigation into ISL bankruptcy in August 2005. The case was settled in May 2010, with FIFA, Mr. Havelange and Mr. Teixeira paying a fine of CHF 5.5 million. FIFA was fined for "disloyal management" and Mr. Havelange and Mr. Teixeira for "embezzlement possibly disloyal management."

According to Swiss court documents released in 2012, ISL paid close to CHF 22 million in bribes to President Havelange and Ricardo Teixeira between 1992 and 2000. Furthermore, it was revealed that many others, in addition to Mr. Havelange and Mr. Teixeira, accepted bribes from ISL.

The FEC only started its own "examination" of this case in 2012, some 11 years after ISL went bankrupt, causing a major financial crisis at FIFA, and a year after the Swiss authorities concluded its lengthy investigation. During the examination, it came to light that General Secretary Blatter came across a CHF 1.5 million transfer from ISL to a FIFA account with a note attached saying that the payment was for Mr. Havelange. In 2013 FEC declared that "it is undisputed that the former chief accountant of FIFA brought this to the attention of then-General Secretary Blatter, and the former arranged for the return transfer to ISL." Incredibly, the FEC demurred that, "The conduct of President Blatter may have been clumsy because there could be an internal need for clarification, but this does not lead to any criminal or ethical misconduct." At a minimum, the FEC should have notified the ExCo and started an investigation rather than simply exonerate Mr. Blatter for having been merely "clumsy."

The VISA-MasterCard Case

A legal case was brought by MasterCard against FIFA in April 2006. When a pre-existing contract with MasterCard was about to run out, FIFA started negotiations with Visa Card despite being under obligation to honor the incumbency rights of MasterCard. At the final stage of negotiations, when MasterCard offered US \$180 million for the contract and Visa Card offered US \$170 million, FIFA revealed MasterCard's bid to Visa, enabling the latter to submit a bid of US \$195 million to outbid MasterCard and to win the contract. In March 2006, FIFA agreed to sign the contract with Visa Card. FIFA kept this a secret until Visa's bid was approved by its board of directors. Then, FIFA told MasterCard that it would sign the contract with Visa Card.

On April 4, MasterCard warned of a lawsuit against FIFA if it signed the contract with Visa Card. Despite the warning, FIFA went ahead and signed the contract with Visa Card two days later, on April 6. In an attempt to convey the impression that it had signed the contract with Visa before MasterCard had issued the warning, FIFA altered the date of the signature to April 3 and forged the signature of Visa Card's president.

The New York district court eventually ruled against FIFA and FIFA settled by paying MasterCard US \$90 million in June 2007. In a ruling full of contempt for FIFA, the presiding judge Loretta A. Preska, mentioned the word lie 13 times in reference to FIFA. Some highlights:

"FIFA's negotiators lied."

"FIFA's marketing director lied."

"Mr. Valcke lied."

"white lies."

"commercial lies."

She also said, "FIFA's conduct in performing its obligation and in negotiating for the next sponsorship cycle was anything but fair play and violated the heightened obligation of good faith imposed by the applicable Swiss law (as well as FIFA's own notion of fair play as explained by its

president)."

Because the FIFA Executive Committee members had been kept in the dark about the case until FIFA reached an out-of-court settlement with MasterCard, my vague notion about it was formed mostly from reading the newspapers. Therefore, I was surprised and disappointed when I read the court ruling.

During the June 2007 FIFA Executive Committee meeting, no one raised the public case. Despite its seriousness, Mr. Blatter mentioned it only briefly during the "Any Other Business" segment of the meeting, usually reserved for sundry issues, saying that it had been handled well and was now over.

He noted that US 30 million out of the US 90 million would be paid to resolve a trademark dispute FIFA was having with MasterCard and that US 60 million would be paid to end the sponsorship dispute. He even noted that "the financial outcome was relatively favorable for FIFA when compared to the damages of US 275 million that MasterCard had claimed." He had the gall to say this despite the fact that it was his machinations and unprecedented failure to perform his fiduciary duties as President that cost FIFA US 60 million. President Blatter was obfuscating the issue, if not outright lying.

As usual, as no one else dared to speak out on this issue, I raised my hand to speak. The temperature inside the room suddenly dropped a few degrees. With Mr. Blatter glaring at me, I opened my remarks by saying that the issue was not simply about financial losses. I said that while it was a serious matter for FIFA to incur such a great financial loss, even worse was the damage inflicted on the credibility and reputation of the organization, whose slogan is "fair play." I added that we needed to undertake measures that would help restore FIFA's honor.

Through a press release, Mr. Blatter shifted all responsibility for this affair to Mr. Jerome Valcke, then marketing director of FIFA, and three other employees, firing them for "repeated dishonesty during negotiations" and "giving false information to the FIFA deciding bodies in question."

However, six months later he not only reinstated Mr. Jerome Valcke but also promoted him to General Secretary.

From his perspective, the fact that FIFA had lost tens of millions of dollars and that it had been humiliated by a New York district court may have been of little concern. After all, he had managed to award the sponsorship contract to his friend, the president of Visa Card while promoting his close associate to General Secretary.

Korea World Cup 2022 Bid Committee's "Global Football Fund (GFF)"

The GFF was announced by the Chairman of the Korea World Cup Bid Committee, Dr. Han Sung-joo, at the "Leaders in Football" conference in London on 7 October 2010. My letters to ExCo members were sent afterwards. What I shared with them in those letters was information that was already fully public.

Moreover, there was nothing unusual about the GFF. It was perfectly in line with the "Football Development" projects that FIFA required as part of all national bids.

When Korea bid for World Cup 2002, it included a financial pledge of \$300 million, the projected profit from hosting the event. Korea believed that hosting a World Cup was privilege enough. The profits from the tournament could be shared among the global football community.

England's bid team for the 2018 World Cup proposed a "Football United" fund which it described as, "a unique chance to create a new global fund for football that aims to match FIFA's current spending on football development . . . imagine what this would mean for your Confederation."

In its bid for World Cup 2022, Qatar proposed "grassroots and talent-scouting programmes in Thailand and Nigeria," "support through football in 16 schools in Nepal and Pakistan," and "construction of 22 modular stadiums for countries in need," among other things. England's fund would have overwhelmed the GFF by many folds. Qatar's projects surely would have.

"FIFA's current spending on football development" that the English bid said that it would "match" were such programs as the "Financial Assistance Program" (FAP), the "Confederation Development Programs," and the "Goal Program" that have provided billions of dollars to different member associations over the years. In contrast to the GFF which would have been run as a fund, these FIFA programs are annual payments in cash.

The Competition between Korea and Japan for World Cup 2002

When I was elected President of Korea Football Federation (KFA) in 1993, I vowed that Korea would launch a bid for World Cup 2002. Few in Korea were even interested. Most thought it was impossible. At the time, Japan had already announced its intention to bid. In fact, Japan had already formed a preparation committee back in 1990. In 1991, Prince Norihito, the cousin of the Emperor of Japan, became the honorary chairman for Japan's bid committee. Former Prime Minister Kiichi Miyazawa became Chairman of the Parliamentary Committee on the 2002 World Cup bid.

Rumor had it that President Havelange was already leaning in Japan's favor. He had appointed Mr. Murata to FIFA's 2002 World Cup Organizing Committee. President Havelange appointed Murata Tadao, the former vice president of Japan Football Association as a member of the 2002 World Cup Organizing Committee. In December 1993, I attended the US World Cup final round lottery in Las Vegas, accompanied by Dr. Lee Hong Koo, the Senior Vice President of the National Unification Advisory Board, who had been appointed as the head of the World Cup Bidding Committee. At a grand banquet after the lottery, we were barely able to sit at a table near the door where cold draft would waft in. In contrast, Japan's Murata was sitting at the head table as a member of the World Cup Organizing Committee along with President Havelange and General Secretary Blatter. It revealed for all to see, Havelange's intention of making the Japan the host of World Cup 2002.

Even though Korea lagged behind, there was still time until June 1996 when the host country for 2002 World Cup was to be decided. In May 1994, I was elected FIFA Vice-President for Asia. In February 1995, Korea officially notified FIFA of its intention to bid for World Cup 2002.

I felt that if there was one country in Asia that deserved to host the first World Cup in Asia, it was Korea. Korean footballers always excelled even under the worst circumstances. The first World Cup that Korea participated in was the Swiss World Cup of 1954. It was the year after the end of the Korean War which had raged for three years from 1950-53,

causing 5 million casualties and completely destroying the country. In the finals of the qualification round, the Korean team had to play Japan. Because Korea was so devastated by the war, it had to play home and away games in Tokyo. However, Korea still won the first game and tied the second one, advancing to the finals in Switzerland.

By the time I was considering bidding for World Cup 2002, Korea had advanced to the World Cup finals on four occasions in 1954, 1986, 1990, and 1994, more than any other Asian nation. In contrast, Japan had never advanced to the World Cup finals of the qualification round. When I was first elected Vice President of FIFA in 1994, I received 11 votes while Mr. Murata, Japan's candidate, received only 2, including his own. Korea was the natural choice to be the first Asian nation to host a World Cup.

In July 1995, I received the minutes from the May 1995 FIFA ExCo meeting which I had attended. The minutes were blatantly tampered with to state that the ExCo members had all "agreed" that the venue for World Cup 2002 would be decided on in early 1996, rather than June 1996 when it was originally to be decided. The ostensible reason given for this decision, according to the minutes, was that the bid competition between Korea and Japan was becoming "overheated." Anyone with objections were to reply within 3 days.

I immediately wrote a letter objecting to the distortion of the minutes because no such agreement was made when I attended that meeting in May. This seemed to be an effort to undermine Korea's bid by curtailing the campaign period. Because Korea had started its campaign much later than Japan, such a decision would have put Korea at a distinct disadvantage. This was like cancelling the second half of a football match because one team had led the entire first half.

In August 1995, I was in Ecuador for the FIFA – U17 tournament. One day during the tournament, President Havelange asked to see me. Along with Ambassador Lee Bok-hyung, a member of the Korea Bid Committee, I met President Havelange. As soon as we sat down, Mr. Havelange started to berate me. It lasted for what seemed nearly an hour. After he calmed

down a little, he asked me whether I was against the early decision on the bid. I said that I only wanted everything to proceed according to the rules. He reluctantly gave up and said that he would not push for an early bid decision. However, he told me that I should listen to him from then on. That was only the beginning of Mr. Havelange and Mr. Blatter's effort to undermine Korea's bid by repeatedly violating the rules and procedures of the bidding process.

After this fracas, Korea formally submitted its bid to host World Cup 2002 in September 1995. In October, the World Cup Inspection Team, headed by Mr. Horst Schmidt, the General Secretary of the German Football Association (DFB), arrived in Korea to evaluate Korea's preparedness for World Cup 2002.

After visiting both Korea and Japan, the Inspection Team submitted an official report in early December. The report apparently concluded that both Korea and Japan were equally qualified to host the World Cup. However, I was informed that a "second version" was submitted in January which contained a new section with certain subtle amendments unfavorable to Korea. In March, I wrote Mr. Blatter urging him to "make the original untranslated signed version available to all Executive Committee Members as soon as possible." When I received no response, I wrote him again in May.

As incredible as it may sound, the Inspection Team's Final Report was never released. Instead of playing the role of an impartial umpire as was their job, President Havelange and General Secretary Blatter were 'blatantly, overtly, and arrogantly' biased. When the report was not to their liking, they simply suppressed it. It showed that they regarded FIFA as their own private property and felt that they could do whatever they wished in complete disregard of rules, regulations and procedures.

Then, the suggestion arose that Korea and Japan co-host the event. The proposal was enthusiastically supported and publicly endorsed by the Asian Football Confederation (AFC), the Union of European Football Associations (UEFA) and the Confederation of African Football (CAF).

More than 180 out of 191 member associations of FIFA supported the proposal of a co-host. However, President Havelange immediately rejected the proposal, saying that “The dossier is now in the final phase and the FIFA Executive Committee will decide in Zurich on the coming 1st June which candidate will host the World Cup 2002.” He was saying that it was too late to change to rules to allow co-hosting.

Japan also adamantly opposed the idea of co-hosting. In May 1996, Japanese Prime Minister Ryutaro Hashimoto said that co-hosting was “not an option.” Were there to be a vote, Japan felt confident that it would win the bid. After all, President Havelange, General Secretary Blatter and Japan were all intimately linked through the ISL and Dentsu connections.

Up to this point, Mr. Havelange, Mr. Blatter, as well as the Japan Football Association (JFA) were confident that Japan would win should the bid go to a vote. However, it became increasingly clear that the support for Korea’s bid was growing and that there was more than a fair chance that Korea might actually emerge victorious in the final tally. Ironically, even though Mr. Havelange and Mr. Blatter wielded absolute power, they were unpopular precisely because they were so ‘blatant, overt, and arrogant’ in their exercise of power. As a result, support for Japan shrank as support for Korea grew.

Finally, on May 30, two days before the vote, President Havelange and General Secretary Blatter reluctantly called the chairman of the Japan bid committee, former Prime Minister Miyazawa, and JFA President Naganuma to tell them to accept co-hosting World Cup 2002 or go home empty-handed. Japan had no choice but to comply and it was finally decided that Korea and Japan would co-host World Cup 2002.

This was a crushing defeat for Mr. Havelange and Mr. Blatter. They had wished to award the World Cup to Japan from the beginning even by flaunting the regulations. They did everything they could to undermine Korea’s bid by shortening the campaign period, by withholding the full inspection report, and resisting calls for a joint host.

I fought every step of the way to ensure a fair and open process.

This was the first time that Mr. Havelange and Mr. Blatter could not do as they pleased.

During FIFA's World Cup Organizing Committee meeting after the decision to have Korea and Japan co-host World Cup 2002, Mr. Blatter, the General Secretary of FIFA, proposed that the final match of the tournament be held in Japan and that the name of the tournament be called "2002 FIFA World Cup Japan-Korea," not "Korea-Japan." I relented on his choice to have Japan host the final match. However, I asked him what his rationale was to have Japan's name appear first. He said that FIFA had four official languages and that among them English was the "1st language." As I had never heard this before, I asked him where it was written down that English was the "1st language." I told him that FIFA, "Fédération Internationale de Football Association" itself was French and that in French "Korea" was spelled "Corée" with a "C" and as such should come before "Japan." After much back and forth, it was finally decided that it would be "Korea-Japan," after all.

Mr. Blatter tried to favor Japan by lying. Mr. Blatter had no qualms about lying if he thought it would help him achieve his goal. As the Visa-MasterCard case had clearly illustrated, Mr. Blatter fostered a culture of chronic mendacity at FIFA.

Mr. Blatter did not stop there. When Korea reached the semi-finals against Germany in the 2002 Korea-Japan World Cup, the FIFA's temporary headquarter in Tokyo announced the list of referees for the match. All three referees were Swiss of German descent. There is an unwritten rule that for big international matches an effort should be made to select the referees from confederations that neither team belongs to. As such, it was highly unusual, but I did not raise an objection because I thought that there must have been a reason. However, the bias of the referees became clear during the match. Whenever there was a questionable call, the referees would penalize the Korean player. During half-time, I protested directly to Mr. Blatter. I told him that having three German-Swiss referees for the

match is just as unfair as having three Japanese of Korean descent as referees. However, Mr. Blatter ignored my protests and the match proceeded. Later, in Tokyo, where the final match was taking place, a FIFA Vice President told me that he heard Mr. Blatter say publicly that the Korean team should never be allowed to advance to the finals. That was why Mr. Blatter had assigned three German-Swiss referees for the Korea-Germany semi-final match. I also later heard that the committee that selected referees protested Mr. Blatter's decision to assign three German-Swiss referees, but Mr. Blatter had over-ridden them.

Mr. Blatter's wanton disregard of the rules of the game and of the spirit of fair-play was astonishing. Mr. Blatter was not biased in favor of Japan, after all. He was just biased against me.

Still, I was proud that the Korea-Japan World Cup 2002 greatly contributed to the improvement of relations between the two countries despite our unfortunate past history, and brought the youths of the two countries together like never before.

Even after it was decided that Korea and Japan would co-host World Cup 2002, Mr. Blatter took every opportunity to criticize it by insisting that this was the first and last time there would be a co-host, even though he had no authority to decide such matters. His point was that MJ Chung was responsible for the co-hosting of World Cup 2002 and that it set a bad example for FIFA.

However, it was not the first time that a major football tournament was co-hosted. The 2000 UEFA Championship tournament was co-hosted by the Netherlands and Belgium. After the success of the Korea-Japan World Cup, many other countries opted to bid for the World Cup as co-hosts: for the 2018 World Cup, Spain and Portugal, as well as the Netherlands and Belgium, bid as co-hosts. As for UEFA, the 2008 Championship tournament was co-hosted by Austria and Switzerland and the 2012 tournament by Poland and Ukraine.

Recently, FIFA President Infantino said in an interview that he would

actively encourage “two, three, four countries” to co-host the World Cup.

Opposing Blatter's Bizarre Proposals

In 1998, soon after his first election as FIFA president, Mr. Blatter formed the Strategic Studies Committee. This was an effort to weaken the Executive Committee, whose role is precisely to oversee FIFA's strategic planning. Mr. Blatter appointed figures close to him, such as Jack Warner, President of the Confederation of North, Central American and Caribbean Association Football (CONCACAF), Julio Grondona, FIFA Senior Vice President, and Chuck Blazer, General Secretary of CONCACAF to this committee.

In the fall of 1998, Mr. Blatter first suggested this idea to the Executive Committee. The IOC had persistently requested FIFA to eliminate the age limitation (age 23) for players on Olympic football teams. FIFA was unwilling to eliminate the system because the composition of an Olympic football team would be almost identical to a World Cup football team. This would be tantamount to holding the World Cup every two years. Mr. Blatter's also sought to expand the wild-card system from three players to five players. This idea was strongly resisted and ultimately rejected by the Executive Committee members.

Thinking that his leadership was in trouble, Mr. Blatter made a shocking announcement that FIFA would hold the World Cup every two years. The IOC opposed this idea because it would overlap with the Olympic Games. In response, Blatter said that, in order to avoid overlapping with the Olympic Games, FIFA would hold the World Cup in odd-numbered years. However, this would mean that the World Cup would overlap with the International Association of Athletics Federation (IAAF)'s World Championships. Holding the World Cup every two years would also create chaos for FIFA since it would overlap with each confederation's championships. Ultimately, Blatter's bizarre proposal was discarded.

Every time Blatter made ludicrous proposals, the FIFA Executive Committee rejected them. All of his proposals were so bizarre that they could not have come from an experienced FIFA administrator. They only contributed to unnecessary confusion. Looking back, it was a bad joke, at

best.