

All Bets Are Off: Gambling, Match-Fixing, and Corruption in Sport



DECEMBER 4, 2018

**Briefing of the
Commission on Security and Cooperation in Europe**

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ABOUT THE ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE

The Helsinki process, formally titled the Conference on Security and Cooperation in Europe, traces its origin to the signing of the Helsinki Final Act in Finland on August 1, 1975, by the leaders of 33 European countries, the United States and Canada. As of January 1, 1995, the Helsinki process was renamed the Organization for Security and Cooperation in Europe (OSCE). The membership of the OSCE has expanded to 56 participating States, reflecting the breakup of the Soviet Union, Czechoslovakia, and Yugoslavia.

The OSCE Secretariat is in Vienna, Austria, where weekly meetings of the participating States' permanent representatives are held. In addition, specialized seminars and meetings are convened in various locations. Periodic consultations are held among Senior Officials, Ministers and Heads of State or Government.

Although the OSCE continues to engage in standard setting in the fields of military security, economic and environmental cooperation, and human rights and humanitarian concerns, the Organization is primarily focused on initiatives designed to prevent, manage and resolve conflict within and among the participating States. The Organization deploys numerous missions and field activities located in Southeastern and Eastern Europe, the Caucasus, and Central Asia. The website of the OSCE is: <www.osce.org>.

ABOUT THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE

The Commission on Security and Cooperation in Europe, also known as the Helsinki Commission, is a U.S. Government agency created in 1976 to monitor and encourage compliance by the participating States with their OSCE commitments, with a particular emphasis on human rights.

The Commission consists of nine members from the United States Senate, nine members from the House of Representatives, and one member each from the Departments of State, Defense and Commerce. The positions of Chair and Co-Chair rotate between the Senate and House every two years, when a new Congress convenes. A professional staff assists the Commissioners in their work.

In fulfilling its mandate, the Commission gathers and disseminates relevant information to the U.S. Congress and the public by convening hearings, issuing reports that reflect the views of Members of the Commission and/or its staff, and providing details about the activities of the Helsinki process and developments in OSCE participating States.

The Commission also contributes to the formulation and execution of U.S. policy regarding the OSCE, including through Member and staff participation on U.S. Delegations to OSCE meetings. Members of the Commission have regular contact with parliamentarians, government officials, representatives of non-governmental organizations, and private individuals from participating States. The website of the Commission is: <www.csce.gov>.

All Bets Are Off: Gambling, Match-Fixing, and Corruption in Sport

DECEMBER 4, 2018

Page

PARTICIPANTS

Paul Massaro, Policy Advisor, Commission on Security and Cooperation in Europe	1
Stacy L. Hope, Director of Communications, Commission on Security and Cooperation in Europe	
David Larkin, U.S. Lawyer and Co-Founder of ChangeFIFA	2
Alexandra Wrage, President and CEO, TRACE and Former Member of FIFA's Failed Independent Governance Committee	7
Declan Hill, Professor of Investigations, University of New Haven	11
Marko Stanovic, Balkan-based Former Match-Fixer (via teleconference)	13

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Commission on Security and Cooperation in Europe Washington, DC

The briefing was held at 11:31 a.m. in Room 188, Russell Senate Office Building, Washington, DC, Paul Massaro, Policy Advisor, Commission on Security and Cooperation in Europe, presiding.

Panelists present: Paul Massaro, Policy Advisor, Commission on Security and Cooperation in Europe; Stacy L. Hope, Director of Communications, Commission on Security and Cooperation in Europe; David Larkin, U.S. Lawyer and Co-Founder of ChangeFIFA; Alexandra Wrage, President and CEO, TRACE and Former Member of FIFA's Failed Independent Governance Committee; Declan Hill, Professor of Investigations, University of New Haven; and Marko Stanovic, Balkan-based Former Mbenhurbatch-Fixer [via teleconference].

Mr. MASSARO. Okay, well, thank you all for coming, despite all the festivities going on today. I know it's very busy on the Hill. So good morning, and welcome to this briefing of the U.S. Helsinki Commission. The commission is mandated to monitor compliance with international rules and standards across Europe, which include military affairs, economic and environmental issues, human rights, and democracy. My name is Paul Massaro, and I am the policy advisor responsible for economic and environmental issues, including anticorruption. I would like to welcome you today on behalf of our bipartisan and bicameral leadership to discuss a national security threat hiding just below the surface of the world's most beloved pastimes—corruption in sport.

It will not come as a surprise to many that sport has major geopolitical implications. As far back as Hitler's 1936 Berlin Olympics, authoritarian regimes have been using sport to shore up support for domestic oppression and foreign aggression. The Soviet Union and its Warsaw Pact satellites engaged in this behavior, and this tactic was even on display as recently as this year with the World Cup in Russia. However, these moments of clear geopolitical manipulation are the exception, not the norm. As you will hear from our participants, today's international sports structure is an opaque web of deception, built

to enrich a handful of top administrators at the expense of the world's athletes, while at the same time facilitating the soft-power objectives of authoritarian states.

It is given preference to and is under the control of those willing to engage in corrupt acts, including but not limited to bribery, doping fraud, and match-fixing, and has left clean athletes, low-income athletes, and those who care about fair scoring out in the cold.

This corrupt structure has penetrated the political framework of multiple states, and wields an almost religious power, thanks to its control over the sports that so many around the world dedicate their lives to.

This has led to an abundance of corruption, but a dearth of action. In 2015, the FBI broke the global silence on sports corruption by indicting over 25 top FIFA officials and associates for alleged decades-long racketeering, wire fraud, and money laundering. Named by journalist Declan Hill, who we are lucky enough to have with us on the panel today, as "one of the most successful pieces of American foreign policy since the Marshall Plan. U.S. law enforcement was seen by billions of people around the world taking down corruption that everyone else knew existed, but few would do anything about ..."

Yet, despite this decisive action by the United States, corruption in international sport continues unabated. Moreover, for the first time, it may successfully find its way into the borders of the United States—a market previously thought more resilient to the corruption that has swept over the rest of the world.

We have a truly distinguished panel with us here today to help us understand and address this pressing issue. We will first hear from David Larkin, who will provide us with an overview of the geopolitical implications of corruption in international sport. David is a U.S. lawyer and co-founder of one of the first sport anticorruption groups in the world, ChangeFIFA.

We will then hear from Alexandra Wrage, president and CEO of TRACE International. She is an antibribery expert who was previously a member of FIFA's failed Independent Governance Committee. She will speak today on her experience regarding the difficulties of fighting corruption in sport.

We'll then move to Declan Hill. Declan is one of the world's foremost authors and experts on match-fixing and corruption in sport. He'll speak specifically to the dangers of the globalized sports gambling market, and its potential to impact the United States.

Finally, we will hear from Marko Stanovic, who was himself a match-fixer. He will speak to his experience on the other side of the law, and the incentives for criminals to engage in match-fixing and sports betting fraud.

David, the floor is yours.

Mr. LARKIN. I think this is on. Can everyone hear me?

OPERATOR. You are the only participant. [Laughter.]

Mr. MASSARO. That's not true. [Laughter.]

Mr. LARKIN. Thank you to the Helsinki Commission for having me. Thank you, Paul, for organizing it. Nice to see the fellow panelists.

Today, I want to do something that's almost never done in this world of global sport anticorruption. And I want to declare my conflicts. I want to talk to you about who I may or may not be working for, because it's incredibly important to understand who people are if we're going to tackle these problems. Here are my conflicts: None. Zero. I don't work for a benevolent benefactor. I don't work for a GCC [Gulf Cooperation Council] state. I

don't work for a nation with a sport agenda to promote national interests via sport. I never have. And that means that I don't have a horse in this game. In Washington, DC we see millions of dollars traded in the proxy fight that is geopolitics as sport. And so it's really important that you understand who I am, and who I am not. I have no conflicts in this space. And it's from that perspective that I'll be discussing this today.

Global sport. Something is terribly wrong. In May 2015, the FBI, the IRS, and the DOJ unleashed a torrent of indictments that suggested that sport was systemically corrupt. It had a huge corruption problem. Twenty-seven football officials were ultimately indicted. They were charged with wire fraud, racketeering, and money laundering. Allegations were that up to \$160 million in bribes were involved. But understand something. We're not talking about over there. We're talking about right here in the United States. The tentacles of these operations were in New York, Florida, Georgia, places you and I are familiar with. This is not a problem over there. It's a problem over here.

That said, the problem is everywhere. Let me illustrate that. There were allegations that Copa America, for 2015 to 2022, were—there were four contracts. And it is alleged that out of \$300 million, a third of it was from bribes. How bad is the problem? In the leadership of CONMEBOL, indicted were three CONMEBOL presidents in a row. And in North America, we had two in a row.

I think one of the really interesting illustrations of this, how powerful sport is across the world, is what happened with CONMEBOL HQ between 1997 and 2015. Do you know that if you are a police officer or a judge in Paraguay in those years, you literally could not set foot or arrest anyone on the grounds of CONMEBOL's HQ? Why? They were granted legal immunity from the police and the judges. This is the world we live in in sport.

But understand something. Scandal is nothing new. We've seen scandal in the 2002 Winter Olympics, the era of doping in cycling in 2007, the 2010 controversial award of the FIFA World Cup and the allegations that attended that, the recent Russian doping scandal, that actually started, you could say, in 2010. So this is nothing new.

But here's the thing: It's far from over. Right now, we have now—who are currently in the frame—and with questions over their heads: the head of the Brazil Olympics; the former president of the International Athletics Association; the head of the Olympic Council of Asia; more FIFA officials. This is still ongoing.

My introduction to global sport was me and my partner, Oliver Fowler at ChangeFIFA, were just two guys who were a grassroots organization, who grow and shrink based on who's interested in the issues we're working on. We had a legendary player, Elias Figueroa. And Elias Figueroa is one of the best players in the history of the game. Pele said he was the best defender he ever played against. And we tried to get him nominated. So we went to the FIFA world. And we traveled. And we tried to get one nation just to nominate him for the office—to sit for the office of FIFA president. And what was amazing is, as you go around the world, for all the noise that you heard about, oh, Australia was upset, and the U.K. was upset, and the U.S. was upset—none of them would nominate him. But it was even worse than that. A moment of clarity came when we had the Babe Ruth of Chile, and not even Chile would nominate him, Babe Ruth, to even stand for the office of FIFA president.

Our eyes opened with another event. About 9 months in, these guys reached out. And they said, Hey, you're the ChangeFIFA guys. And we're, like, yes. We tried to quit already

a couple times. And we were thinking of wrapping up when this guy said: You know, can you guys help us? And we were like, All right, what do you need? They said, Well, we kind of want to challenge the status quo in our local FA [Football Association]. It's got problems. Okay, what's the problem? They said, Well, the last guy that challenged the status quo they killed.

This is soccer, folks. This is about a ball. And they're killing people? That, for me, was a moment, again, when things sort of crystallized.

Now, let me tell you something, America. I've got good news for you. NFL, NBA, MLB, NHL, all America's sports, they're the good guys. American sport is healthy and doing well. It's not perfect, but let me tell you something, it's a really good place compared to everywhere else.

Where is the trouble, then? The trouble is in the IOC [International Olympic Committee] world. And the victims of that world are U.S. athletes, U.S. administrators, and people across the world.

So why is global sport so troubled? It's because it's a parallel universe that's unaccountable and untouchable. It's layered over every country in the world. In the United States, sport—global sport is literally immune, in reality and effect, from U.S. regulation and oversight.

Society has made a terrible quid pro quo with international sport. And it's this: We'll provide you billions of dollars for your major events, and in return you owe us nothing, nada, zero. It's a bad deal. Part of the problem is this huge imbalance between players and officials. In the United States, we have a really good, healthy balance between administrators and players. And what happens is, it's kind of, like, a check on power. In the international realm, it's gone. And that allows gross excess and overreach.

There is an awful governance model in international sport. There are unsophisticated statutory schemes that, from a legal perspective, allow you to drive trucks through things all the time. It allows sport to be bent to the will of its administrators because there's so many holes in the law. There's failed self-regulation mechanisms, which Alexandra will touch upon. There are rampant election problems. We've dealt with so many of these. I can't tell you how many times elections are awful. And we've fought these out in the Third World. And it's crazy. You would not believe what passed for an election in sport. And the problem isn't just isolated—it's systemic.

Another huge reason—and I would argue the number-one reason that sport is corrupt—the number one reason is because the sport justice system is absolutely awful. The sport justice system falls under—and so in this parallel universe you have something called the Court of Arbitration for Sport [CAS]. It's not independent. It's stacked by the IOC with their people. And I'm sure they're good, well-meaning people. But there's a problem. It's pay-to-play justice. That means that poor people are locked out. It means that to get your day in court you have to file a \$1,000 filing fee. And you say, Well, Dave, what's the problem with that? What's \$1,000, \$1,040, 1,000 Swiss francs? To 80 countries in the world, that's more than 10 percent of their annual income.

But that's not the only fee you're paying. That's to just lock your place in. To hold your place in court, you have to come up with \$30,000–\$100,000. Folks, do you know what that looks like in the Third World? It's impossible. And the good guys, when they come—and we've represented several of them—when they come up against corruption in their local FA, there's nowhere to go. Nowhere to go. Now CAS will come back to you and

say, Well, Dave, we have legal aid. It's arbitrary. You can't rely on it. There was an athlete who was fighting their way through the system. They decided not to pay for a translator at the last moment. Have you ever tried to defend yourself when you have no idea what the language being spoken is?

Let me tell you, I've got a letter that I want to read you from a colleague out in the Third World who is fighting these battles in CAS. And I said, If you could say anything to an American audience about sport justice, what would you say? And they said: Dear colleague, whereas the CAS considers itself to be an impartial and independent body, evidence suggests that CAS as an institution treats some parties as being more equal than others. As much as the sports community observes the autonomy of sport, such autonomy is susceptible to abuse. Unless the CAS takes on reforms, then the sports justice system will fail tremendously.

Ladies and gentlemen, I offer to you that it's already failed. And what's worse, is that with the IRS, the FBI, and the DOJ having cleaned up portions of sport, there is zero ability to keep it clean—none. And so all the work of the FBI and the DOJ, is it in vain? If CAS stays as it is, absolutely.

I want to talk about a really important topic that, as an American audience, it's really important that you understand. And that's the geopolitics of sport. You see, the Olympics sounds like a wonderful ideal. The goal—and the Olympic charter says this: The goal of Olympism is to place sport at the service of the harmonious development of humankind, with a view of promoting a peaceful society concerned with the preservation of human dignity. Sounds great, doesn't it? Who doesn't want that? There's only one problem. At the highest levels of sport, sport has absolutely nothing to do with sport. It's everything to do with geopolitics.

To a DC audience I'm not going to explain soft power. That's the game that's used by nations. Is this a new game? Is sport being used for geopolitics a new game? Absolutely not. Hitler's 1936 Olympics. We've seen it before. You know, you look at the pictures of that time, and Americans were doing the Nazi salute, Canadians, Britain. What narrative did Hitler sell? He sold, quote, "Sporting chivalrous contests helps knit the bonds of peace between nations. Therefore, may the Olympic flame never expire." What was Hitler doing? Hitler was trying to get Germany back in the fold of nations after World War I. And you know what? It worked. Here's what The New York Times said: The Berlin games put Germany, quote, "back in the fold of nations." Mission accomplished.

Joseph Nye, who came up with the term of "soft power," warns us it can be deceptive, okay? And that's something we have to be guarded about. If sport is geopolitics, then we've got to watch for deceptive soft power uses. Who are the countries that play this game? I think all of us know one: Russia. They're excellent at it. But there's others—Qatar, China—the new kids on the block are the Kingdom of Saudi Arabia, Azerbaijan, who are pretty poor at it. But who are the worst at the entire world at this game? The United States. We don't even understand this game. Nobody in DC—thank God for the Helsinki Commission, nobody in DC understands this game—no one. And nobody's watching out for it.

What happens with geopolitical hijacking? What does that look like in the sports movement? We know what traditional corruption is, right? We—yes, okay, there's traditional corruption. When you see geopolitical hijacking, Lawrence Lessig came up with a great definition of what he calls institutional corruption. And this is where you really see the geopolitics played out in sports entities. He defined it this way: Institutional corrup-

tion is manifest when there is systemic and strategic influence which is legal, or even ethical, that undermines the institution's effectiveness by diverting it from its purpose or weakening its ability to achieve its purpose, weakening either the public trust in the institution or the institution's inherent trustworthiness.

Folks, I got to tell you something—if you watch international global sports administration, this is everywhere. So where do you see it? You see it in the election of sport leaders. You see it in the treatment of sport corruption. Does anybody think that the Russian doping scandal and the way that WADA handled that was really equitable? Or did it seem to favor Russia a little bit?

Mr. MASSARO. The World Anti-Doping Agency?

Mr. LARKIN. Yes. Yes, oh, sorry. The World Anti-Doping Association.

You also see it in these sort of turf fights. Right now the turf fight between expansion of the 2022 World Cup. You've got—I would argue that you're seeing a turf fight between the Kingdom of Saudi Arabia and Qatar. And it's a GCC fight.

There's one issue I want to raise with you that I think is important for an American audience, because we're seeing some participants in the U.S. market emerge for sports integrity. This last week, thrust into the media spotlight was an entity called the International Center for Sport Security. Its sister organization is called the Sports Integrity Global Alliance. The full name of it is the ICSS Sports Integrity Global Alliance, because they started it. The story was featured in France by an organization called Mediapart.

But it really wasn't the first time I'd heard of them. In 2015, Reuters reported that ICSS was allegedly 70 percent funded by the State of Qatar. But these really weren't the first questions about these organizations either, because the first questions came when the Sunday Times did an excellent exposé, and authors Heidi Blake and Jonathan Calvert wrote a book that I encourage everyone to read, called "The Ugly Game," in which it first asked questions about the origins of the ICSS.

Questions—and if you follow it, as I have, then there are questions about its purpose, questions about its independence, questions about its transparency, questions about its affiliation, questions about its conflicts, and questions about its track record—but you see, I don't need media organizations to inform me about this organization. When they emerged I was watching them, because I was curious. I didn't understand. You see, there were a lot of allegations of impropriety around the world of the World Cup, including that of Qatar. And what was weird is that when ICSS showed up, they never mentioned anything about it, as an anticorruption group.

Where they really made me angry is when I had a player stuck in Qatar named Zahir Belounis. Zahir Belounis was a football player who was trapped in the kafala system in Qatar, held against his will. We worked with Human Rights Watch. We worked with his family. We worked with—there were others working on this issue. And ICSS was just down the road. And they were making great postures about, oh, human rights, and sports integrity, and duh, duh, duh. And they never helped our guy. And I never understood why. In 2015, they came to DC and they had an event. And they talked about how they were independent from Qatar. Okay. On the way out, somebody offered me a flight to Qatar for free. I didn't understand that.

In 2015, you saw the ICSS host events to legalize U.S. sports betting. In 2016, you saw the ICSS launch the Sports Integrity Global Alliance. Where do you find these guys today? Well, they partner with the Qatar Olympic Committee. And that entity is called

Save the Dream. They're found partnering with USADA, the United States Anti-Doping organization. They're found at the White House. They're found—this is also interesting to me—they have a U.S. sport corruption hotline. That's an organization funded by a foreign government has a U.S. sport corruption hotline? But it gets even weirder. There's a Broadway play, believe it or not, that features the ICSS. *What?* So if you have questions, welcome to the club. I do, too. But I think it really begs some questions.

With regards to U.S. sports integrity, there's a real vacuum out there, okay? It's a new field. U.S. sports betting is brand new. We don't have regulation in place. It's all being developed and thought about here in Washington, DC.

So here are some questions that I have, and maybe you do, too. Are we sure that we want to outsource U.S. sports integrity to entities or persons funded by foreign governments? How about where those governments have explicit agendas to use sport to achieve national aims? How about where those governments' aims may be diametrically opposed to the best interests of the United States, U.S. athletes, or U.S. sport and sport-betting sectors? Example: Should we turn over U.S. anti-doping efforts and regulation of U.S. athletes to a Russian-funded anti-doping group? So lots of questions on that front for me. And it's an evolving field. And I think we need to pay attention to it.

Wrapping up, here's what I would say: Why should Americans care? Why should anybody care in the United States about this stuff? It's because U.S. sport officials and U.S. athletes are being victimized. U.S. taxpayers, the FBI, the DOJ, and IRS have spent years and vast sums to clean up global sport, yet there is no means to keep it clean—none. Sport is a tool of foreign governments. And the question I have is, is sport being used as an end-run around the Foreign Agent Registration Act? And, folks, there's a—something Declan's going to touch upon—is there's a new, huge U.S. sport betting market that is a huge golden goose. And the question is, who's going to fill the void of regulation?

It's time really, folks, for us to renegotiate—the United States to renegotiate its relationship with global sport. The only people who I would suggest can do it are the United States. The U.S. needs to take a proactive role. It needs to demand global sport overhaul of athletes' rights, governance, justice, law, and elections. And Congress should legislate to protect the integrity of U.S. sport.

Folks, I don't really care about the details, but for goodness sake, we've got to act. We've got to protect Americans. And the last thing I would say is that any foreign government-funded or -affiliated entity seeking to regulate or influence the U.S. sport market should be required to register under the Foreign Agent Registration Act to put on notice the U.S. sport community.

Thank you very much.

Mr. MASSARO. Thank you, Dave. And thank you very much for that comprehensive overview, as well as raising some important questions and some potential policy responses.

So we'll go ahead and move onto Alexandra, please. The floor is yours.

Ms. WRAGE. Thank you. It's compelling to list people who have been banned or arrested in soccer lately. And it's a long list. But I'm hopeful that we can also talk about some constructive solutions. Because of my own experience, I'm going to talk about FIFA. But most of this applies to the International Olympic Committee as well. I served in a pro-bono capacity on the FIFA Independent—it wasn't—Governance Committee from late 2011 through the spring of 2013, when I resigned. The IGC, Independent Governance

Committee, wrapped up a few months later. I was the first compliance professional to leave, I believe, the compliance effort at FIFA. But others have quit or been forced out after my departure.

I was not a soccer fan. I thought: This is a sports organization and I'm a compliance lawyer. How hard can it be to review their current processes, restructure their controls, and highlight areas for improvement, leaving the place better than we found it? It's what I do at my organization, TRACE, and we're pretty good at it. But I completely misjudged the situation. FIFA was resistant. Then-President Sepp Blatter and others showed flashes of indignation when it seemed that we might actually interfere. The place was rife with intrigue and conflicts of interest. They appeared uninterested in any serious reform, and resistant—really, remarkably resistant to external scrutiny. Because they had invited us in, I assumed they wanted us there. But it became clear really quickly that we were expected to stay on the outer edges of things and limit our efforts to a paper review.

A few of our recommendations were ultimately adopted, but not in any recognizable form. They were watered down or cherry picked so that any cumulative benefit was lost. Most importantly, the structure didn't change so the problems weren't going to either. And as we know, they haven't. Without robust structural safeguards, the integrity of the organization continues to depend on personalities—whether the leadership in Zurich or the teams of lawyers camped out there right now. FIFA and other international sports federations still lack meaningful checks and balances. They're still plagued by conflicts of interest. And still accountable to absolutely no one. As such, there's little to prevent the resurgence of old problems as soon as the world, and especially the FBI, look the other direction.

A cynic might say that the structure was actually designed to avoid oversight. While I was on the FIFA IGC, it was still in vogue for then-President Sepp Blatter to refer often to FIFA's desire to keep things in the football family, which doesn't facilitate good governance, although it probably facilitates a RICO charge. It should be obvious on its face that a candidate for president who can offer huge sums to those who vote him into office, without regard to organizational need and without any meaningful controls around how that money is spent, creates an irreconcilable conflict and a fairly grotesque example of backscratching.

And just as it isn't the president's money to award—it's FIFA's money, not the president's money—the recipients don't receive it based on any personal investment in the organization. Compare this to a corporation where shareholders are by definition invested in and highly motivated to make demands of the leadership, to hold the board accountable, and to ensure the protection of their investment, and to avoid waste and maximize their profit. They also have an interest in protecting the corporation's reputation, because of the negative impact that a scandal can have on their bottom line. But in the FIFA scenario, the president hands out money, and makes the voters happy. The voters keep the president in power and continue the cycle. It is the purest form of patronage.

If you haven't seen it, I urge you to watch the footage of then-candidate Infantino on the day of his election, as he promises the football associations in the room more money than they have ever received at one time, if he is elected, and then a few minutes later he is elected. The controls are better than they were when I was there, but the problem isn't just policing the handouts. It's also about ensuring that they're used in the best possible way to develop soccer—which is, after all, the organization's stated purpose. Without shareholders demanding financial accountability, rampant financial waste and

abuse of these expenditures shouldn't surprise anyone. It's so much worse if it is likely that shareholders actually benefit from opacity. It isn't incidental. They benefit from the opacity.

Now, of course, FIFA doesn't have shareholders, because it's a nonprofit. But nonprofits in most developed countries are subject to rigorous oversight precisely because their tax-advantaged status is granted and maintained to the extent that they are fulfilling their stated mission. There are lessons learned from the corporate world which are applicable here. While multinationals have an imperfect track record, they do at least fear consequences for misconduct, which is a concern that hasn't ever been apparent at FIFA.

What can we learn from corporate governance? Let me just give two quick examples of improvements still around the edges that could have a modest, but immediate impact.

First, a separate and independent foundation within FIFA to be set up to manage development funds to ensure that charitable contributions aren't just steered to curry favor. Large corporations are increasingly moving to stand-alone charitable foundations for their CSR, their corporate social responsibility, in order to avoid the actual or perceived conflicts of interest. This ensures that contributions are not controlled by the same people seeking to influence, inappropriately, the beneficiaries.

Second, truly independent board members could be recruited by an executive search firm. This was a theme we raised back in 2013, and it was completely shut down by FIFA at the time. When I raised it again over lunch just informally, Blatter was horrified by the idea. Major global corporations include independent, non-executive board members to avoid a too-clubby, comfortable setting. And that is exactly what you find at FIFA and what needs to be avoided there.

These and other governance improvements would help, but they won't resolve the overarching problem inherent in self-regulation, which is that conflicts of interest are built directly into the structure. FIFA's structure was good enough—it was appropriate—in the very early days, but it has long since been inadequate for a multibillion-dollar sports and media empire. At the outset, there was no massive commercial event, no television rights. The organization has grown, but its governance structure hasn't kept up. When corporations try to manage rapid growth in too many directions, they often end up spinning off into separate pieces or shedding sectors that no longer make sense for their core business. This makes a lot of sense for sports organizations too, including FIFA.

Sports organizations generally set their own schedule. They decide where they're going to have events, the number of events. They manage their own commercial side. They regulate themselves and their members. And they distribute the excess revenue, ostensibly in keeping with their overarching mission. FIFA could very sensibly restructure into four or more decentralized divisions acting under a single central governing body, supervising from headquarters in Zurich, much like the parent company in a conglomerate. These divisions could include one for event management, a separate one—a separate foundation to oversee the development that I described, the body tasked with technical regulations—that could be an entirely independent body—and then the regulation of the sport itself through a body that could depoliticize decisions, addressing governance, match-fixing, and doping. I'm going to come back to that in a minute.

It would be important that these divisions or units had separate budget allocations cordoned off from interference from headquarters, but still subject to robust audit provisions and reporting requirements in order to ensure transparency. It could be located in

different countries, perhaps different continents, to underscore their independence and the truly international nature of the organization. This would not incidentally loosen the stranglehold that Switzerland has on global sports and that global sports seems to have on Switzerland. As an aside, to my knowledge, no sports official has ever been convicted in Switzerland of any criminal offense. Given the sports community's rampant misconduct that is almost impossible to believe.

I'm going to return to this idea in a moment, but before I do it bears stating plainly that self-regulation has not worked for sports organizations. It can't work. Self-regulation is particularly hollow when there is the high level of co-option that we see in sports organizations, where there are huge sums of money in play. Council members are paid \$250,000 for three meetings a year. And that is separate from a very generous per diem that they get at the same time. And sports organizations, apart from the money, inspire a unique passion in people who want to be near the action for their beloved sport or sports community. When the IGC was first established and my role was announced, I was stunned by the number of people who reached out to me—complete strangers—expressing their enthusiasm for soccer, but also their revulsion for FIFA. But then a significant subset of these people asked me for advice on how to get a job with FIFA, even after vilifying the organization earlier in the same conversation.

So taken together, the people we're asking to regulate themselves have the ability to make extraordinary amounts of money, working on a world stage, with what most people consider a pretty glamorous lifestyle, all while engaging with a sport that they are, on the whole, pretty obsessed with. So even if new people arrive on the scene with the best intentions, the co-option process begins almost immediately. More junior actors are reluctant to speak out, fearful about their tenure and unwilling to risk what they consider an absolute dream job. Even at its worst, so many people just feel lucky to be a part of it. This overarching problem of self-interest on the one hand and co-option on the other means that even substantial government enhancements aren't going to resolve the structural problems entirely. We all just stand by and watch the continuing cascade of criminal cases on a near-weekly basis.

So back to an idea that does something more than just pluck around the edges. The only solution that I believe will be truly consequential is the independent international sports governance body and that four-part structure that I described. This would be separate from political considerations and separate from the commercial division. This supervisory group would need legal acumen, and the political support from its host nation to impose controls, and accountability, and transparency on international sports organizations. We have to be careful to repel attempts to muscle in by high-level, well-funded opaque entities—like David has just described. And we'd have just one shot at getting this right because, frankly, the public is running out of patience with sports.

It probably goes without saying that I'm speaking to this group in this setting because I feel strongly that the oversight organization should be based in the United States operating under U.S. law. The happy coincidence of the 2026 World Cup provides a rationale, but also an urgency. It would be sad if, after the U.S. Department of Justice has made so much progress cleaning up FIFA—or, at least, CONCACAF, that it is packed up and 2026 World Cup settled back into the international governance muck that has left so many stakeholders in despair. Wishful thinking is not a strategy. And betting—probably an unfortunate analogy in this group—betting everything on the integrity of the leadership at sports organizations has had mixed results. [Laughs.]

There is definitely still opportunity for minor, incremental improvements in sports governance. And those are welcome. But there's also an exciting opportunity for a really bold new approach, with the potential to restore public confidence in sport.

Thank you.

Mr. MASSARO. Well, thank you so much, Alexandra, for that inside look, very intriguing look, as well as your reform proposals. And you've brought it back to the United States now. So let's go ahead and move to Declan, who will speak to the very specifics of how this relates to match-fixing and sport gambling. Thank you.

Mr. HILL. America is a great country. Now, let's make it better.

On May 14th, 2018, six short months ago, one of the most significant social transformations occurred in this country. It is comparable with the repeal of Prohibition in 1933, 85 years ago. The Supreme Court of this great country effectively allowed single wagering sports gambling for the first time since the Chicago White Sox scandal in 1919.

This is huge.

As my colleague Tony, from Global Gambling Compliance, will confirm, if the United States follows the path of the United Kingdom, similar in language and culture, you will have sports gambling inside stadiums. Heck, you'll even have the stadiums named after the bookmakers. Already, there is a channel being established 24/7 that will broadcast—not on sports. We've all seen that. There are a multitude of sports TV networks. This is simply and specifically set up to be the MSNBC of sports gambling—24/7, simply on sports gambling.

In the conversations, in the discussions, the multibillion-dollar deals, the links between the Los Vegas bookmakers, the casinos, the major leagues, there has been one phenomenon which I will focus this conversation on. And that is the globalization of sports gambling. Globalization, we all know, has affected the travel industry, journalism, and numerous other industries. It's hit the sports gambling world. I will now demonstrate this.

Now, usually I do an interpretive dance. I get up and do a kind of a Blue Man thing. Paul Massaro, who's organized this, said: Whatever you do, Hill, do not do your interpretive dance, got it? So——

Mr. MASSARO. Singing's okay, though, if you want.

Mr. HILL. So I have now brought a tape measure. That's my personal interpretive dance has been reduced to that. And to give you a sense of how big this market is and how small the American share is in this, I'm now going to use this tape measure. Okay, everyone understand? Photo if you want. Hill clutching tape measure. Right. Fellow panel members grab tape measure across here. This table, by the way, to anyone mathematically challenged, is 12 feet long. Tony, can you come over here?

Mr. MASSARO. Is it exactly a 12-foot-long table?

Mr. HILL. It is a 12-foot-long table. [Laughter.] A quick round of applause for my chum from Global Compliance, a journalist. [Applause.] A long-suffering man, who's had the pain of having to interview me not once but twice. The marks of the trauma are set on his face forever.

Tony will now show you—he will now be my witness as to how big Las Vegas' share of this 12-foot-long sports gambling market is around the world. You got it? Gentleman with the trendy-looking black tie, who's a man of the world, you understand what I'm about to do? Good man. Okay, sorry, I don't mean to draw attention to your tie. I'm just jealous. [Laughter.] Okay, Tony, are you ready for this? We are now going to demonstrate

to this group the approximate size of Las Vegas' share of the world sports gambling market. You ready, everyone? You ready, Tony? One, two, three, go.

You see that?

Let the record show, for my friend who's doing the transcript, that my hand has not moved very far on this tape measure. In fact, it's basically at the 5-inches mark on a 12-foot-long table. Thank you, Tony. Quick round of applause. Please, could you guys just give the man applause. The Las Vegas share of sports gambling is tiny. It's basically a way of getting people to come into the casinos. The line—that is, which odds on which game, be it NFL, MLB, NHL, any of the major events in North America—moved offshore two decades ago. Las Vegas does not set the line in sports events in North America.

Well, who does?

Let me demonstrate on my handy tape measure the next measurement, to about here. Everyone got that? You all can see that? This measurement—that measurement is all the bookmakers that you've ever heard about. And let the record show that I moved my finger up to four feet. Those are the British bookmakers that you've heard of, like William Hill and Ladbrokes. It's the European bookmakers, like Bet365 and Paddy Power. It's the betting exchange, like Betfair.co.uk, the effective eBay of gambling. It is the World Lottery Association's sports companies, sports lotteries, be they in Sweden or the provinces of Canada, or around the world. That is the on-shore market.

The rest—and hopefully this tape measure will now swing across like that, in that dramatic gesture—are Asian and offshore bookmakers. They control, and they dominate this industry.

Let me give you one example of the power of this market. Everyone, I think, in this room knows Adidas, one of the world's biggest sports manufacturing companies. Their total gross sales in each—in one year is roughly \$10 billion U.S. The gross gaming revenue for one of the largest Asian bookmakers, based in Manila, Philippines, is roughly \$45 billion. Now, as Tony and any other experts in gambling will certify, those figures aren't quite accurate, gross sales in clothing isn't quite accurate to betting, but they're similar.

What does that mean? Well, this market that I'm trying to demonstrate across this table is estimated at somewhere between \$500 billion and \$1½ trillion. It is an enormous pool of liquidity flowing onto sports events and games around the world. You can make bets on Highland Caber Tossing in small towns in Scotland. You can make bets on women's second-division Australian basketball, games that any Australian in the room will testify attracts less than two hundred people watching the game.

What has that vast pool of liquidity done to Asian sports? Well, there are a few honorable exceptions of sports in Asia that have kept their credibility, but they are exceptions. I'll give you one example of a myriad. Sumo wrestling. We all know it's an honorable, historic sport. Its history goes back several hundred years. But the national championship of Sumo wrestling has only been canceled twice. Once was 1945. And I don't have to explain to anybody in this room what happened in 1945, a devastated landscape after the Second World War. The second time was in 2011, when my colleagues in the Japanese media received thousands of the texts between the Yakuza, the Japanese mafia, and the top stables in Sumo wrestling who were match-fixing. Sumo wrestling officials said: There's no point in carrying on. We have lost so much face, so much credibility, that we're just going to cancel, for only the second time.

Bear that image in your mind of a ruined, devastated credibility of sport, a bombed-out reputation. The same thing is in Taiwanese baseball, which started with 13 teams. It's now down to four. The same thing is in South Korean motorboat racing, in basketball, in baseball, in e-sports, and now in soccer where, very sadly, there were a number of athletes who took their own lives in suicide after they were exposed for widespread match-fixing. I could go on. There's similar cases in China, Singapore, Malaysia, Indonesia, Cambodia and Thailand. But the key point, the takeaway point, is that Asian sports fans are not idiots. And they've transferred their attention to European sports, to Latin American sports, and to North American sports.

Ten years ago I faced many similar parliamentary committees in Europe, where I warned them about a tsunami of match-fixing coming to European sport. At first, they did not listen. I was the lonely Cassandra prophetess waving my arms, warning of the dangers. Now, after over 30 national police investigations, they have woken up.

I believe there is a clear and present danger to U.S. sports from this globalized sports gambling market. And let us be clear where it will come. It will not come to the major leagues. They have billions of dollars of resource and integrity programs in monitoring this globalized sports gambling market. But there is a clear and present danger to minor league sports in America. The tens of thousands of athletes, the majority of athletes, the well over 90 percent of U.S. athletes who are in grave danger to this phenomenon. Tier two and tier three NCAA are under that same clear and present danger. And finally, most shocking of all, high school sports. I'm not saying that it's going to happen now. I'm not saying that it's going to happen in the next year, 2, 3 years. But it will inevitably come.

Last week, in the Belgian Parliament, one of the top soccer officials testified publicly to three of their 15-year-old girl players—female players—receiving an offer to sell a game for 50,000 euro [\$65,000 U.S.], to 15-year-olds playing a game. I had a similar experience when I went inside one of the bookmakers in Manila, Philippines, when there was \$4 million U.S. on one game played by teenagers in Hong Kong.

Ladies and gentlemen, on Friday is one of the most significant anniversaries in American history. I don't have to remind anybody in this room what happened in 1941 when people refused to wake up, when they refused to acknowledge that there was a new threat coming. In no way do I want to equate the dangers, the trauma, and the awful life and death situation, the tens of thousands of people killed at Pearl Harbor in the Second World War—I don't—to match-fixing, it's ridiculous. But I do want to say, this is our time. This is our watch. This is our moment to protect U.S. sport, to protect the ideals, the emotions, and the beauty of American sport from this new danger. It is time for us to wake up.

Thank you.

Mr. MASSARO. Well, thank you so much, Declan, for that colorful presentation. I'm very curious as to what the dance would have looked like after seeing the tape measure, but maybe we can get that at a hearing in the future, something like. [Laughter.]

So do we have Marko with us? Will he be speaking today?

Mr. HILL. Yes, I think so. Marko, are you there, brother?

Mr. STANOVIC. Hello, everyone. Nice to meet you.

Mr. HILL. Marko is under hiding at the moment. He's a friend and colleague. He was a former match-fixer until a few months ago. And we're just doing it in this way so that his identity is not revealed, and he's not placed in any more danger. Marko, thank you

so much for sharing. Everyone's eager, particularly after my presentation which put most people to sleep, for you to cheer them all up.

Mr. STANOVIC. [Laughs.] Absolutely not true. Absolutely not true. I was just amused by all this measure once you started. [Laughs.] So firstly, I want to thank you for this opportunity. This is basically a huge part of my life was match-fixing games. All this shady stuff which is undergoing in Europe, Asia, and most likely, without any doubt for me, is they're going to fix U.S. courts as well soon enough.

I'm 100 percent certain. I mean, whenever there is an opportunity to earn some extra cash, especially for those kids which are playing high school, for example, college basketball—[inaudible]. And they can bet hundreds, hundreds, even millions online or even underground bookies, and they can just earn so much without any—basically without any risk. This is human nature. We're not talking about Americans. We're not talking about Asians or Europeans. We are people. Everybody's greedy. Everybody wants to earn something for their efforts. And just looking at them, so many people are betting on college basketball and saying: Of course. There's going to be a point when they will be tempted to do that. That's just inevitably, in my opinion.

But how that starts—shall I first make an introduction for myself, what was going on in my life and so on, Declan?

Mr. HILL. Yes, please.

Mr. STANOVIC. All right. So years—maybe 5 or 6 years I was involved in illegal match-fixing across Europe. Across Europe, in the physical boundaries, across Europe and Asia in online boundaries, because most of the bets were placed in Asia. As Declan said, that's basically the biggest market. You can place millions without even risking anything, because you're totally anonymous. So how it went for me, I started by exploiting all the websites bonuses that were given for customer by basically getting other people's identification documents and registering them, registering accounts on their behalf, thus exploiting the welcome bonuses that different bookmakers are providing to new customers.

And from there, I ended up with a number of accounts, let's say, 1,000, this would be a small number to reality but I'm not quite sure, so thousands—18,000. I had thousands of accounts. So syndicates—betting syndicates decided that I could be of use. They decided that I can help them out with placing some bets in some of the major bookmakers, some of which Declan also mentioned when he was talking about the U.K. gambling companies. And they saw that I'm useful for that. They saw that I have all—that I know all the matches, how to exploit how to be able to place the maximum amount of bets without tracing, because everything is anonymous.

And from there, they, of course, wanted me—I wanted, and they also gave me the opportunity to do some operations of my own—helping them fixing bets, helping them bet in Asia. Afterwards I had my own collections in Asia, which apparently were even better than theirs. So I ended up with this huge network across half of Europe on tennis, soccer, basketball, handball, volleyball, even national teams. You can imagine women's national teams in a huge world event. It's absolutely fixed. They are just—it was just theater, nothing more. And there is no doubt—

Mr. HILL. Marko, how many games were you fixing a day or a week?

Mr. STANOVIC. Oh, if we're talking about tennis, I think I've mentioned that before, we had some really curious cases. Actually, sometimes we fixed more games than we could bet. So we were in situations like, 'Hmm I'm not really sure that I have time for this

game. We'll just pay the player and we'll just leave it. We don't have enough. We don't have enough. We'll just give him \$700 and that's it. He'll be happy, we won't bet it, we don't have time.' So it could be, in tennis for example, only from this syndicate, some are—we could end up with 120, 130, 150 games sometimes per month. You can imagine, this is more than 50 players involved in this.

Mr. HILL. So you're saying, on average in tennis, about five games a day, more or less, around the world?

Mr. STANOVIC. Oh, no, no. This is only from a single syndicate. It's not around the world. This is only one single syndicate. And I'm not talking any BS. I mean, all this information, it's revealed by the tennis integrity unit. They confirmed—like, half confirmed it that, yeah, we know that it's true, but we really can't do that much without the involvement of enforcement—of law enforcement. And law enforcement when asked are not really helpful because they don't see anything in their—I mean, it's a huge investigation. They have to invest a lot of funds. So basically there's not a huge return for them, so why bother?

Mr. HILL. And how many—how many of those tennis games roughly—were any of them based here in the United States? In any—

Mr. STANOVIC. Oh, there are so many based in the United States. I mean, it doesn't matter. It could be based on something anywhere. It's a person playing somewhere, ATP [Association of Tennis Professionals] Challenger or—[inaudible]—tournament, yeah, of course. I can—[inaudible]—I can think of three ridiculously fixed events which took place in USA. In one—

Mr. HILL. I just want to say, Marko, before you give those examples, not only have you been working with various police agencies and sports integrity agencies in Europe, your general findings were confirmed by the independent investigator's report for ATP tennis in April of this year that describe a tsunami of match-fixing in tennis. So you and I know this is not controversial, but I just want to make sure the Americans who are listening—this is not some fantasy that Declan and his fixer friend are talking about.

Mr. STANOVIC. Yeah. I have to add something to that. I was talking with one of the officers in the tennis integrity unit. And I was laughing that basically I have more information—however, of a single syndicate, keep in mind only one—than all of those reporting tsunami number. So you can imagine that the number is at least tenfold—at least tenfold.

And then there was an ATP, I don't know how much points it was, but that was ATP tournament which was fixed in two places in America. But two places in America. What is the reasoning behind that America is somehow immune to this? There is no logical explanation. And that's totally—that's not true at all. America is involved, although not that much with American players but more in taking place in tournaments. It's already involved in some of the European sports—European, I mean those which are not officially sanctioned, like U.S.—like hockey, which is—American football, things like this.

But changes will definitely come. I mean, so many scenarios that I can imagine, that I could envision, where this could go from a single tennis fix for \$3,000 bets to the person who is fixing this event who is a player, to a few, like, 20K for a NCAA, college football.

Mr. HILL. Okay. Marko, I'm going to end your remarks here, because there are a couple of people with their mouths open here who are desperate to ask questions, both

of yourself and the other members on the panel. So thank you so much for speaking. Hang tight, because I think there may be some questions coming your way.

Mr. STANOVIC. Of course.

Mr. HILL. Thank you, brother. Hang on.

Mr. MASSARO. So thank you so very much to Marko and Declan there for that discussion. I mean, the point that really stuck with me was sort of this idea that we fix more matches than we bet on. [Laughs.] So we'll go ahead and move to sort of the Q&A phase of the discussion. I'm going to ask a few questions, and then we'll open it to the floor, as well as Facebook Live, if there's anybody watching that would like to ask questions.

So let me go ahead and just ask the first one that's eating away at my mind. And that is, is there this preventive type of fixing? Do you just go ahead and fix a game, just in case there's betting? That's what it sounded like? For Marko, since he's the one that brought that up. I don't know if Declan had anything to add to that, but—

Mr. HILL. Marko, did you hear Paul's question?

Mr. STANOVIC. Unfortunately, I couldn't.

Mr. MASSARO. Yes, well, do you want to—I don't know if he can just hear you because you've got the mic in your computer.

Mr. HILL. So say the question again?

Mr. MASSARO. Is there some sort of preventive match-fixing? Like, you'll go ahead and you'll fix a match just in case there's betting on it, as opposed to, we're going to fix this match because there's betting on it and we need to make sure it turns out the right way?

Mr. HILL. Okay, Marko, I don't know if you heard that the first time. But the question from Paul was are there any opportunities just to fix a game, even if there's no betting on the game?

Mr. STANOVIC. Even if there's no betting? Meaning that you'd fix the game as reinforcement to them that only the team is winning and that's it, or . . . ?

Mr. HILL. So some context here. Sorry, Marko, I'll just speak for you. First is that this happens rarely. This isn't an everyday occurrence. And what you have to do as a match-fixer is you have to rig the market—the sports gambling market. And to rig the sports gambling market takes time, it takes effort, and it takes energy. So what he's saying is that they had more players ready and willing to fix games than they had the resources to be able to fix the market.

Mr. STANOVIC. Exactly. Exactly what I meant.

Mr. MASSARO. Okay.

Mr. STANOVIC. We basically had to deal with so many players we didn't have time to take the opportunities of all the winning ones to bet on.

Mr. MASSARO. There was more business than there was resources to take advantage of that business.

Mr. STANOVIC. Yes.

Mr. HILL. Exactly.

Mr. MASSARO. All right. Gotcha. Okay. Let me ask a couple other questions. I guess my next question is for anybody that'd like to take it. We've heard a lot about the international sports structure. Obviously we've heard a lot about authoritarian regimes and how they take advantage of this structure. And then there's transnational criminal

organizations [TCOs]. I mean, for me, I think we're really seeing a kind of globalization context where there are two narratives that are doing sort of battle everywhere in the world. And that is democracy, rule of law and human rights, versus sort of this authoritarianism mixed with corruption and crime. And it's just who's going to win in various contexts. And it doesn't always look so great for human rights and democracy, I have to say.

So in that context, where do we see interplay between kind of the transnational criminal organizations, the international sports structure, which in a certain sense functions like a TCO, and authoritarian regimes? So where does match-fixing, where does the kind of stuff that Marko finds himself—or had found himself involved in in his past—meet sort of the Putin regime's ambitions, meet the international sports structure? It's a big, loaded question, I guess, but I think it's really important for the commission to kind of understand that.

Ms. WRAGE. Well, I'll just start with a very broad point, which is—I'm an enormous fan, unsurprisingly, of transparency. But the reason transparency is important, and the reason that we invest energy in trying to reduce corruption is because it does breed this incredible cynicism in the international community, including cynicism in government. People lose their confidence in democratically elected governments when they see high levels of corruption. The fascinating thing to me about sports is that it is overarching. It crosses borders and it absorbs the attention and energy of far more people—perhaps sadly, but in any event—far more people than are engaged in the politics of their own countries.

So when you see corruption take hold at this extraordinary international level, it results in this demoralization and cynicism. And I don't think the impact of that can be really overstated. When I travel, constantly as people in the international compliance field do, and when you go and talk to people they say: If we can't even have confidence in this, then what? And so it's a slightly unformed problem. It's a difficult problem to really characterize. But there isn't any question at all in my mind that the loss of confidence in democratic governments and the loss of confidence in things like ostensibly democratically managed sports, run in parallel. And we are not going to get either back until we reinforce both.

Mr. MASSARO. Great. Thanks. Would anyone else like to take a shot at that?

Mr. LARKIN. Yes. I think one of the activities I've undertaken is trying to figure out how to get votes for a candidate for FIFA office and nominations. And what was weird is that as we calculated how we were going to get those nominations, one would have thought that Europe would be sort of a reliable ally for cleaning up FIFA. And to be very specific, with regards to Putin, if you're going to play the European sports politics, there's a factor that I would suggest you study. And that is where Russian gas lines go throughout Europe. Because if you want to know where Putin's power in European sport is, I would argue that you could roughly correlate Putin's power in European sport with the travel of Russian gas lines through countries in Europe.

Mr. MASSARO. Great. Declan, I see you writing furiously. Did you have something to say to that, or is that just one that—

Mr. HILL. No.

Mr. MASSARO. Okay.

Mr. HILL. I think Marko and I are just interested in protecting the Little League baseball, frankly. You know, 15- and 16-year-old people playing baseball. So I leave the high politics to David and Alexandra.

Mr. MASSARO. There is one question I did have regarding the high politics of bookmakers, though. And that's if you're talking about a half-trillion to a trillion-point-five, you were saying, dollar industry, then you're talking about some real political power potentially. So I mean in this particular context, where do you see sort of corrupt bookmakers and those sorts of administrators around the globalized sports gambling market exercising political power? Or do you see that at all?

Mr. HILL. I think there's one thing I got to make sure that is very clear. Often in the United States the conversation around bookmakers and fixers is almost as if they're synonymous. The great majority, certainly in that four feet on my tape measure of bookmakers, are thoroughly decent business people. They're just trying to do their job. They're doing it well. And they're the people that are actually victimized in a match-fixing. I think that's all I can say in terms of that link between politics and bookmakers.

Ms. WRAGE. No, I wanted to make sure before we moved on that we shouldn't overlook—and David has touched on this—the importance of the events and the prestige, and the reputational whitewashing that can go on when a country hosts a major event like the World Cup. And when you see them back-to-back in Russia and then Qatar, again, the cynicism is extraordinary. If the purpose of FIFA is the good of the game, why isn't FIFA determining where the game would best reward a World Cup, and then going all-in to support that location to ensure that the World Cup is an enormous success, instead of just basically what we've seen is putting it out to the highest bidder, in a nefarious way.

Mr. MASSARO. Great. And a final question from me, and then we'll open it to the audience. And that's one of the big reasons why the United States and the commission in specific has become interested in corruption in sport is largely thanks to the incredible revelations surrounding the Russian doping scandal. I mean, that was just unbelievable, extremely high level, you know, went up to the minister of sport, the FSB, you know, unbelievable resources in order to dope their team in a secretive way. So I'd be interested in your thoughts on the connections between, again, this kind of authoritarian, criminal corruption governance machine and doping, and where doping fits into the equation.

Mr. LARKIN. I'd start by saying that a lot of the talk—while Russia was first, Rodchenkov talked about how China was this huge manufacturer of doping substances. And so, you look at—and, you know, China should not be overlooked on the global stage in terms of anti-doping. I mean, Russia's got a lot of the attention appropriately—and credit to the Helsinki Commission for the work you guys have done raising this issue—I think, though, that you've got to think about China, you've got to think about a lot of other places. You know, and I am on record for being a huge critic of the world anti-doping system. We have some, and it actually plays into the sport justice system problems I talked about. We have a procedural due process problem in sport.

For example, the IOC, when they were investigating the Russian doping scandal, what was the standard by which they unleashed these investigations? From a legal perspective, the legal terminology they used was natural justice. Well, any lawyer will tell you that natural justice means nothing procedurally, okay? There's no safeguards that you have. So what the IOC basically said was: Dear Commission, investigate Russian doping.

And by the way the standard by which you're going to do it is anything you guys think is appropriate.

How can the public have faith in processes which are so ill-defined and in organizations where, as Alexandra was talking about, personality is such a factor? And as we see from the statutory schemes, you can drive a truck through these things. So the arbitrariness by which these sorts of things are handled is part of the problem. And we've got to look not just at Russia, not just at China, but a lot of other places. And the World Anti-Doping Association right now, I would argue, runs a pretty poor shop.

Ms. WRAGE. If you believe, as I think anybody paying any attention to this hearing does, that sports can be a force for good, then the idea that either through shoddy governance, or match-fixing, or doping, the whole thing can be reduced to a sort of sad, cynical theater, puts everything at risk. And the three run in parallel. The governance is the least sexy, and I understand that, but they run together, and together are undermining public confidence in sport. And not without good reason. People should have less confidence in sport right now, when everything is for sale and doping ensures that the person who would otherwise win has not won, and then on top of that the rampant match-fixing. It's a sad situation.

Mr. HILL. If I can add two cents—I just want to focus this on America. I mean, we're here at the power center of America. I don't know what we can do internationally. I do know that there is a new day coming to America and American sports gambling. I don't think it's being debated enough. I don't think that it is a partisan issue. I know that in this room there are Democrats, there are Republicans, there are independents. And it's time—we have this moment to get this right, unlike the rest of the world. We can genuinely protect U.S. sport in a way that no other country in the world can. And it's time to start that debate. It's time to start it without commercial agendas and it's time to start it without the political agendas that David Larkin has spoken about.

Mr. MASSARO. All right. Thanks so much. Can we take some questions from the audience? Anybody here? Yes, please. So unfortunately, with this room, you're going to have to stand up and go to the mic, if that's okay. Sorry about that.

QUESTIONER. Good morning. Great presentation. I'm Patrick Malloy, the director of the Master's of Investigations Program at the University of New Haven. So I have a question basically for Marko and for Declan.

In the world of the cyber financial crimes, there's a lot of cooperation between the different syndicates. Is that cooperation the same in the match-fixing? In other words, Marko, you're fixing one tennis match. Is there a conflict if somebody's fixing the same match from the other side? Is there cooperation to make sure that doesn't happen?

Mr. STANOVIC. No. Unfortunately, that's not the case. And sometimes it could happen that two syndicates are close enough to exchange information. But due to the huge volume, due to the nature of business that you don't really want to reveal your corrupt tennis player, per se, there is no actual exchange. And often, it's the case that two or three syndicates at the same time are fixing the same event for the same outcome, which, frankly, diminishes the profits for all those syndicates.

QUESTIONER. Has it ever been the conflict where you're fixing one player and another syndicate is fixing the other player so that that conflict—and somebody's going to lose, and we know in the world of match-fixing, sometimes when a player loses when they've been ordered, basically, to fix, there could be physical consequences.

Mr. STANOVIC. Yes. I have witnessed such a case. It wasn't our event. There were two really powerful syndicates which can fix a volleyball high-level tournament. And they have fixed two opposing sides. So it was a huge problem when everybody realized what happened. These two syndicates, one of those, got to ask for some advice, because they needed to get in touch with the other syndicate. So the bigger one—the bigger piece won by basically there was a, like, 10 to 15 minutes when they had to stop the game in order for fixers to figure out what to do. [Laughter.] They had to take numerous reasons for stopping the game because nobody was sure what's happening on the other side. Volleyball players were thinking: What are those doing? And the same.

Mr. HILL. And just to make sure everyone in the room understands this, up until that moment—up until the table talk between the organized crime groups, both teams were trying to lose. [Laughter.]

Mr. STANOVIC. Yes, exactly. Exactly. And everybody was wondering what is happening.

Mr. MASSARO. Great question. Thanks, Patrick.

Mr. STANOVIC. Bookmakers were not sure what's happening because they're seeing huge amounts of bets on both sides. So some of the bookmakers just excluded the match from offering. Others were really happy about it. So it was a huge thing happening. It was a first of a kind in my experience. And afterwards, I haven't had such a situation, thankfully.

Mr. MASSARO. Wow. So we either need to beat the crime, or we need to have so much of it that it's fair again, is what I'm hearing. [Laughter.]

Go ahead, go ahead. So another policy response perhaps. So, please, any other questions from the audience? Nothing on Live? Oh, yes, please. Sorry, again, you got to stand. Got to make you guys walk. I apologize.

QUESTIONER. Since the Supreme Court decision in May, there is a struggle between state governments and Congress over who should regulate sports betting activity in America. What would you advise Congress, if they decide to become aggressive on this issue and regulate, and if they don't—I mean, what would you advise states to do as far as regulation of this activity to maintain the integrity of the events?

Mr. HILL. The ethics and integrity in sport is too important to be left only to sport. And I'm not saying that lightly. There have been case after case where athletes have been let down by sports officials. There's an entire case of sexual abuse of dozens of America's top gymnasts that were failed by the very people who were supposed to be protecting them. David has spoken about the international doping nightmare, where clean athletes are now handicapped.

It is time for America to wake up. It's time for American Federal regulators to implement a national independent sports integrity agency. It must happen at a national level. It must be bipartisan. We need that agency, and this is the time to put it in. It's a bipartisan issue to protect U.S. sports in a way that have not been protected before.

Mr. MASSARO. All right. Well, thanks so much. By the way, if we have any other questions, if you could say your name and affiliation. I know this is Patrick here, and this is Tony. You know, you guys—I learned your name today, so that's great. [Laughs.] But do we have any other questions? Do you have a question?

QUESTIONER. So, David, you seem like you're pretty angry about the people in charge of making sure anti—the doping doesn't happen, the anti-doping association, I think?

Mr. LARKIN. Well, it's a combination.

Mr. MASSARO. Sorry, Dave. Could you say your name and office, if you don't mind?

QUESTIONER. Oh. My name is Hope Duran [sp]. I'm an intern with one of the offices of the Hawaii [ph] Delegation.

What would you suggest is a way to change that? Should we just get rid of the entire group? Should we reform it? Should we make a group that's parallel to it to, like, keep things in check? What do you think?

Mr. LARKIN. Well, I think we've got to—there's two things in play in anti-doping that are tough. First of all, WADA is not really independent. It's both a sport governance entity and it's a true government entity. It's actually half-funded by the IOC, half-funded by governments. So, for example, Russia gives \$700,000 a year. So part of the problem is, I think, philosophy. WADA has this philosophy—I mean, let's take Russian doping. When the Russian doping system failed, okay, it was clear that Rusada was a failed entity. WADA's response, what was it to do? It was to say, Oh, Rusada's failed, Russian athletes, too bad. I think we have a philosophical problem in anti-doping, and that is this: That WADA is at the service of athletes.

I cannot tell you how many times athletes are treated—this is unbelievable. But if you take away anything today that's the most important thing: The reason that things go wrong, is because athletes are treated like second-class citizens across the world in sport. They are, across the board, second thought of, in the profession in which they endeavor, and was created, and they cause to happen. So when WADA—when Rusada failed, philosophically I think we should totally change the paradigm. There were good, clean Russian athletes who had nowhere to go. I was the weird American saying—defending Russian athletes and criticizing due process. RT loved me for a while. Why? Because due process, for Russian athletes, like everybody else I'd seen for 7 years, sucked.

And WADA's part of the problem, but it also plays into the other issue I talked about, the sport justice system. The sport justice system was totally unprepared for what came down the line in the Russian doping system. So in terms of WADA, we need to absolutely reform WADA, make it completely independent, okay? But we've also got to take into account the idea that this philosophical idea that this is—athletes are nation members—screw that. They're athletes. If you're from Azerbaijan, or Russia, or whatever, you're an athlete. You're part of the brotherhood, the sisterhood. Let's treat these people like the allies that they are. Most athletes don't want to dope. They want somewhere to go where they can prove that they were clean.

And so you had Russian athletes who were good guys ostracized simply because they had nowhere to go. The other issue is that we've got to get to a place where the justice system no longer allows the victimization of people, and the procedure's in place. So the due process—again, part of the due process considerations the Russian athletes were subjected to was arbitrary. So what happened is that you had entire classes of people basically condemned. And from a lawyer's perspective, an ACLU guy who loves due process, you're like, guys, it's not about nations. It's about individuals. So let's treat them as individuals.

So I think there's a whole organizational due process, legal process reform that needs to take place so we get to a place where we treat athletes like individuals, and we treat them as customers of the anti-doping system.

QUESTIONER. It is difficult to change people's mindsets. Would you suggest vetting members of the doping prevention agencies, or——

Mr. LARKIN. Well, I think you can get to a place—I honestly think that the great untapped pool of talent in the world—which is unbelievable—are athletes. Look at people like Beckie Scott. Look at people like the athletes who've risen up and taken some leadership roles. Why don't we empower athletes to look after their own sport? We don't need a bunch of guys in suits and bureaucrats and red tape. Athletes have an automatic vested interest in their own sports. Let's give them the power to do that. And I think philosophically that's where we look for talent and we look for people who really care about the sport and really care about the athletes.

QUESTIONER. Thank you.

Mr. LARKIN. Thank you so much.

Mr. MASSARO. Other questions? We maybe have time for one more, but we are getting to the end. If there are no other questions, we'll close the briefing. So thank you all very much for coming. Really appreciate it. Look forward to staying in touch.

Mr. HILL. Thank you. Thanks, Marko.

Mr. LARKIN. Thank you so much.

Mr. STANOVIC. Thank you very much, everybody.

[Whereupon, at 12:57 p.m., the briefing ended.]



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