

1.7 Impunity and corruption in South American football governance

Juca Kfour¹

The intangibility of its assets means that sport, and not just football, is one of the sectors of the entertainment industry most prone to money-laundering.

How much is Lionel Messi worth: €200 million? Gareth Bale of Wales was worth €100 million to Real Madrid. Is Messi worth two Bales? 'No,' some would say; 'he's worth three!' It will never be known how much he is worth, however, and what the true amount paid would be should he be transferred, as was also the case with the nebulous transaction that brought Neymar da Silva Santos Júnior of Brazil to Barcelona.

The trajectory of Havelange, FIFA and CONMEBOL

Following the election of João Havelange as president of the Fédération Internationale de Football Association (FIFA) in 1974, with the help of the Dassler family of Adidas, the entity was transformed into a large multinational that resembles the Cosa Nostra more than it does the Red Cross.²

The repercussions throughout Brazil and South America were immediate. Havelange had presided over the Brazilian Sports Confederation for 18 years, from 1956 to 1974. He capitalised on the fame of Pelé to collect votes in Africa and defeat Stanley Rous of England, who had presided over FIFA since 1961.³

Taking advantage of this ‘global village’,⁴ Havelange aimed to make football big business, and profitable, especially for those who surrounded and supported him. This included even his son-in-law, Ricardo Teixeira, then married to his only daughter. In 1989 Havelange successfully lobbied for him to become president of the Brazilian Football Confederation (CBF).⁵

The South American Football Confederation (CONMEBOL) was similarly transformed, into a fiefdom of patronage from which shadowy and folkloric figures emerged, such as the late Julio Grondona, who presided for decades over the Argentine Football Association. Grondona wore a ring with the inscription ‘Todo pasa’ (in English, ‘Anything goes’ or ‘In time, it will all be fine’), reflecting his method for managing the scandals and crises that surrounded him.⁶

In the same circle was the Paraguayan Nicolás Leoz, president of CONMEBOL from 1986 to 2013, who is alleged to have offered his vote in support of the UK bid to host the 2018 World Cup on the condition that the queen would grant him a knighthood.⁷ With full confidence of impunity – indeed, the CONMEBOL headquarters in Paraguay had ‘embassy’ status – the heads of the national associations and the confederation operated to a large extent as if they were part of an immense and untouchable gang.

Less concerned with football and more preoccupied with its luxurious benefits, these leaders had their operators to make sure that the ball was bouncing on the field and that the sponsors were attended to. Furthermore, although they are referred to as sports marketers, in reality many such companies throughout South America have been a screen for all sorts of fraud.⁸ Sports marketing companies in South America often serve as intermediaries for large contracts and distribute payments, from sponsors or broadcasters to football association executives, in a manner that guarantees, in the small world of these fortunate ones, that everybody gets along. Sports marketing executives from Kléfer and Traffic (both of Brazil) and Torneos Y Competencias (Argentina) are

reportedly under investigation, linked to business deals with national and international football officials.⁹ It is a vicious cycle that has the virtue of keeping everyone – including the marketers, sponsors, broadcasters and football executives – indeed satisfied.

Impunity in South American football governance

It is in South America where, thanks to this prevailing sense of impunity, less caution is taken with such fraudulent behaviour, to the point that it is discussed with a smile on the face, as a sign of expertise. This brazenness is what led to the downfall of the former president of the CBF, José Maria Marin, who is now in prison in Zurich awaiting his likely extradition to the United States, charged in May 2015 with racketeering conspiracy, money-laundering conspiracy and wire fraud conspiracy.¹⁰

An octogenarian, a servant of the former Brazilian dictatorship and a millionaire thanks to a lifetime of scandal,¹¹ Marin was caught in a conversation taped by a convicted defendant working for the FBI, José Hawilla, the owner and founder of Traffic Group, the sports marketing company that controlled the television rights for the 2014 World Cup in Brazil as well as the Copa Libertadores, the Copa America and the Copa do Brasil.¹² Hawilla admitted that he had paid bribes to association heads across the continent in the course of his work.¹³

Teixeira, Marin's predecessor as president of the CBF, had resigned from his position in 2012, amid various corruption allegations, and moved to Florida.¹⁴ To Marin's dismay, Teixeira continued to receive commissions from CBF contracts.¹⁵ Marin had indicated to Hawilla that Teixeira no longer deserved such privileges, and said that they should instead be transferred to him and his successor as CBF president, Marco Polo Del Nero,¹⁶ and speculated to be the unidentified 'co-conspirator 12' in the FBI indictment of May 2015.¹⁷

The problem with CBF, like other national associations in the region, like CONMEBOL and like FIFA, is structural. There is a need to change the rules, rather than individuals, in order to reform the governance of football in South America. Otherwise, any individual aiming to rise up the ranks will have to play the game that is dictated by vested interests, in which the end always justifies the means.

There is an urgent need to break away from the undemocratic methods for reaching the top, be it term limits or, more importantly, giving voice to the athletes. It is the athletes who are the main actors in sports, yet they are mere spectators of what happens in their governing bodies, and victims of their decisions.

It became clear that the ‘emperor had no clothes’, and sponsors began to depart. Yet other sponsors have nonetheless stepped in, confident that the magic of football will mesmerise all and that the fans won’t see Adidas as a sponsor of FIFA but instead of the World Cup, or, in the case of Brazil, that they won’t see Nike as a sponsor of the CBF but, rather, the Brazilian national team.

Movements for change

Occasionally fans mobilise, form movements and denounce what goes on behind the scenes. In the case of Brazil, the 1980s saw the Corinthian Democracy, an ideological movement for the sound management of clubs led by the famous Brazilian footballer Socrates. Today the Bom Senso FC movement represents over 1,000 players who stand for fair financial play and the democratisation of access to power.

The Brazilian government has also taken steps, namely by proposals for new legislation on the governance of clubs in the quest to modernise Brazilian football. There have been difficulties in passing these ideas through the National Congress, however, which is heavily influenced by the

'bancada da bola', or the 'ball bench' – a group of congressmen and senators who are close to and guided by the CBF.¹⁸

Brazil and the rest of South America are still far from seeing football as an opportunity for all, fans in particular, to enjoy and benefit from. To the contrary, they still operate under the logic that the accumulation of capital comes first. It is difficult to predict the future of football in South America and to imagine a structure free of corruption, given how engrained these practices are and the amount of money involved. It is hoped that CONMEBOL and the national associations will look to other regions and countries, to learn from their mistakes as well as their best practices.

Notes

¹ Juca Kfoury is a columnist for *Folha de São Paulo* and Universo Online (UOL) and a leading sports writer in Brazil.

² ESPN (US), 'Havelange to Blatter: the dynasty based on corruption', 28 February 2002, www.espnfc.com/global/news/2002/0228/20020228featjenningsmain.html.

³ David Yallop, *How They Stole the Game* (London: Poetic Publishing, 1999).

⁴ The 'global village' is a term coined by Marshall McLuhan to describe the increasingly small world as a result of growing networks of communication.

⁵ *The Guardian* (UK), 'Fifa corruption intrigue deepens as Brazil's Ricardo Teixeira resigns', 12 March 2012, <http://www.theguardian.com/football/2012/mar/12/fifa-ricardo-teixeira-resigns>; World Soccer, 'Ricardo Teixeira: how 25 years of absolute power came to an end', 26 January 2014, <http://www.worldsoccer.com/columnists/keir-radnedge/ricardo-teixeira-how-25-years-of-absolute-power-came-to-an-end-344414>

⁶ *Clarín* (Argentina), 'El Señor del anillo', 30 July 2014, www.clarin.com/deportes/Muerte_de_Julio_Grondona-murio_Julio_Grondona_0_1184281997.html.

⁷ *The Guardian* (UK), 'Former MP claims Nicolás Leoz made earlier request for British honour', 11 May 2011, www.theguardian.com/football/2011/may/11/mp-nicolas-leoz-honour.

⁸ United States District Court, Eastern District of New York, Indictment CR 14-609 (RJD), 12 December 2014, www.justice.gov/opa/file/450216/download.

⁹ *The Wall Street Journal* (US), 'Brazil, Argentina Probe Soccer Industry', 28 May 2015, <http://www.wsj.com/articles/brazil-kicks-off-soccer-graft-probe-1432845022> and *The Washington Post* (US), 'Here's who the FBI arrested in connection to its FIFA investigation', 27 May 2015, <http://www.washingtonpost.com/blogs/early-lead/wp/2015/05/27/heres-who-the-fbi-arrested-in-connection-to-its-fifa-investigation/>.

¹⁰ *The Washington Post* (US), 'After FIFA arrests, Brazilians ask: why didn't we do this?', 29 May 2015, www.washingtonpost.com/blogs/worldviews/wp/2015/05/29/after-fifa-arrests-brazilians-ask-why-didnt-we-do-this.

¹¹ *The Blizzard* (UK), 'A troubled history: José Maria Marin', June 2014, www.theblizzard.co.uk/articles/a-troubled-history-jose-maria-marin; *The New York Times* (US), 'A Region's Soccer Strongmen Are Facing a Hard Fall', 27 May 2015, <http://www.nytimes.com/2015/05/28/world/americas/a-regions-strongmen-are-facing-a-hard-fall.html>.

¹² *Folha de Sao Paulo* (Brazil), 'Réu confesso, Hawilla colabora com o FBI desde o final de 2013', 4 June 2015, <http://www1.folha.uol.com.br/esporte/2015/06/1637703-reu-confesso-hawilla-colabora-com-o-fbi-desde-o-final-de-2013.shtml>; *The Guardian* (UK), 'Brazil starts congressional inquiry into corruption after Fifa arrests', 29 May 2015, www.theguardian.com/football/2015/may/29/brazil-corruption-fifa-arrests-romario.

¹³ *Ibid.*

¹⁴ BBC (UK), 'Brazil football boss Ricardo Teixeira resigns', 12 March 2012, www.bbc.co.uk/news/world-latin-america-17345455; *Folha de Sao Paulo* (Brazil), 'A year after leaving the presidency of the CBF, Ricardo Teixeira enjoys luxury homes and cars in Florida', 27 February 2013, <http://www1.folha.uol.com.br/internacional/en/sports/2013/02/1237583-a-year-after-leaving-the-presidency-of-the-cbf-ricardo-teixeira-enjoys-luxury-homes-and-cars-in-florida.shtml>.

¹⁵ *Folha de Sao Paulo* (Brazil), 'Réu confesso, Hawilla colabora com o FBI desde o final de 2013', 4 June 2015, <http://www1.folha.uol.com.br/esporte/2015/06/1637703-reu-confesso-hawilla-colabora-com-o-fbi-desde-o-final-de-2013.shtml>;

¹⁶ *Ibid.*

¹⁷ Reuters, 'Brazil soccer head to review suspicious deals, rules out resignation', 29 May 2015, <http://in.reuters.com/article/2015/05/29/soccer-fifa-brazil-idINKBN0OE1ZQ20150529>.

¹⁸ UOL (Brazil), '10 fatos sobre a bancada da bola no Congresso Nacional', 15 June 2015, <http://esporte.uol.com.br/futebol/ultimas-noticias/2015/06/15/10-fatos-sobre-a-bancada-da-bola-no-congresso-nacional.htm>.