

### 3.16 Urban speculation by Spanish football clubs

Nefer Ruiz Crespo<sup>1</sup>

Corruption and football have always gone hand in hand. The 'beautiful game' deals with huge amounts of money, and public institutions have all too often been accused of possible corrupt involvement.

The fact that a 2013 Europol report exposed a corruption network in professional football involving match-fixing in more than 15 countries and 425 individuals around the world,<sup>2</sup> but with no Spanish among them, might suggest that Spanish football is not implicated. The reality is quite different, however. Corruption in Spanish football tends to assume a different form, through urban-planning speculation, with clubs becoming involved in land 'rezoning',<sup>3</sup> and often, allegedly, collaborating with government institutions.

Urban-planning corruption in Spanish football derives from the rezoning of land that is a consequence of the real estate boom in recent decades, combined with the growing political and social influence of football clubs. Social pressures generated by these football authorities first led the Spanish government, primarily the Treasury and the Ministry of Employment and Social Security,<sup>4</sup> to allow clubs to become burdened with progressively higher levels of indebtedness.<sup>5</sup> Debts became so high that it was clear the clubs could never realistically pay them back.<sup>6</sup>

A new Sports Act (Law 10/1990) was therefore enacted to redress the debt imbalance and improve the transparency of companies operating in professional sports in Spain.<sup>7</sup> The law obliged an indebted club to be legally categorised as a 'sociedad anónima deportiva' (SAD), a 'public limited sports company' – a special form of public limited company in Spain. This allowed the government to negotiate with these clubs on how to repay their debts in instalments, according to their economic

circumstances.<sup>8</sup> In Spain there are only four football clubs that are not SADs: Real Madrid CF, FC Barcelona, Athletic Club Bilbao and Osasuna Athletic Club.

Conversion to SAD status also meant that clubs' social capital was put on sale through company shares. When this coincided with a national urban development model that encouraged speculation, the absence of anti-corruption oversight, coupled with an abuse of public power arising from massive political decentralisation, created the ideal conditions for criminal enterprise.<sup>9</sup>

### **Boom times to 2010**

After 1990 the construction of most football fields in Spain has consisted of relocating the new stadium to the outskirts of the city on land of little value, which has then been rezoned by the municipalities, thus converting rural land into urban areas and giving rise to speculation and profiteering from the sale of the remaining land.<sup>10</sup> The clubs of the Spanish First and Second Divisions have collectively made more than €1 billion from rezoning to date.<sup>11</sup>

Illegal activities were carried out through agreements between the clubs' management and public agencies with zoning authority.<sup>12</sup> Rural land or spaces were rezoned for public facilities and services (parks, petrol stations, etc.) through clause modifications not requiring the revision of the General Urban Plan.<sup>13</sup> The intensity of the alterations carried out by these clause modifications was significant enough to merit a review by higher authorities but, because they were simply clause modifications, they were approved.<sup>14</sup> With this rezoning, deviating from the common interest and the spirit of the law, large sports facilities were built and, at the same time, commercial complexes were constructed around the facilities, on land that now had a much higher value than before the rezoning.<sup>15</sup> In this way, clubs received large revenues, which served to stabilise their finances, and, in turn, the local councils benefited from the rezoning and increased their assets.

Many SAD clubs and boards of directors have been investigated for rezoning corruption or illegal transfers<sup>16</sup> since the enactment of Law 10/1990.<sup>17</sup> These have largely been cases of mismanagement conducted by club leaders, most of them businessmen linked to building businesses (19 of La Liga's 42 teams in the First and Second Divisions have fallen into bankruptcy since the creation of SAD clubs).<sup>18</sup> These leaders, elevated to administrative roles in top clubs by purchasing blocks of shares, took advantage of their position and sought solutions to debt through speculation in urban land, often with the participation of public agencies.<sup>19</sup>

Examples of this practice include the city council of Murcia, which purchased 1 million square metres of rural land, for €3 per square metre, reclassified it and then valued it at €600 per square metre, with an increase of 20,000 per cent for the construction of a new stadium: the New Condomina.<sup>20</sup> Similarly, Valencia Football Club announced plans to demolish the Mestalla stadium, sell the site and build a new field on newly reclassified land to the north of the city (the stadium is still standing but a court order has mandated its demolition soon).<sup>21</sup> Even the Royal Spanish Football Federation (RFEF) was implicated in a 1998 urban-planning scandal for an irregular transfer of 120,000 square metres of public land by the municipality of Las Rozas, just outside Madrid. In 2007 Superior Court of Madrid confirmed the illegality of the transfer of public land, and ruled that the land be returned to Las Rozas.<sup>22</sup>

The city council of the City of Murcia purchased 1 million square meters of rural land for 3 euros per square metre, reclassified it, and then valued it at 600 euros per square metre for the construction of the New Condomina stadium.

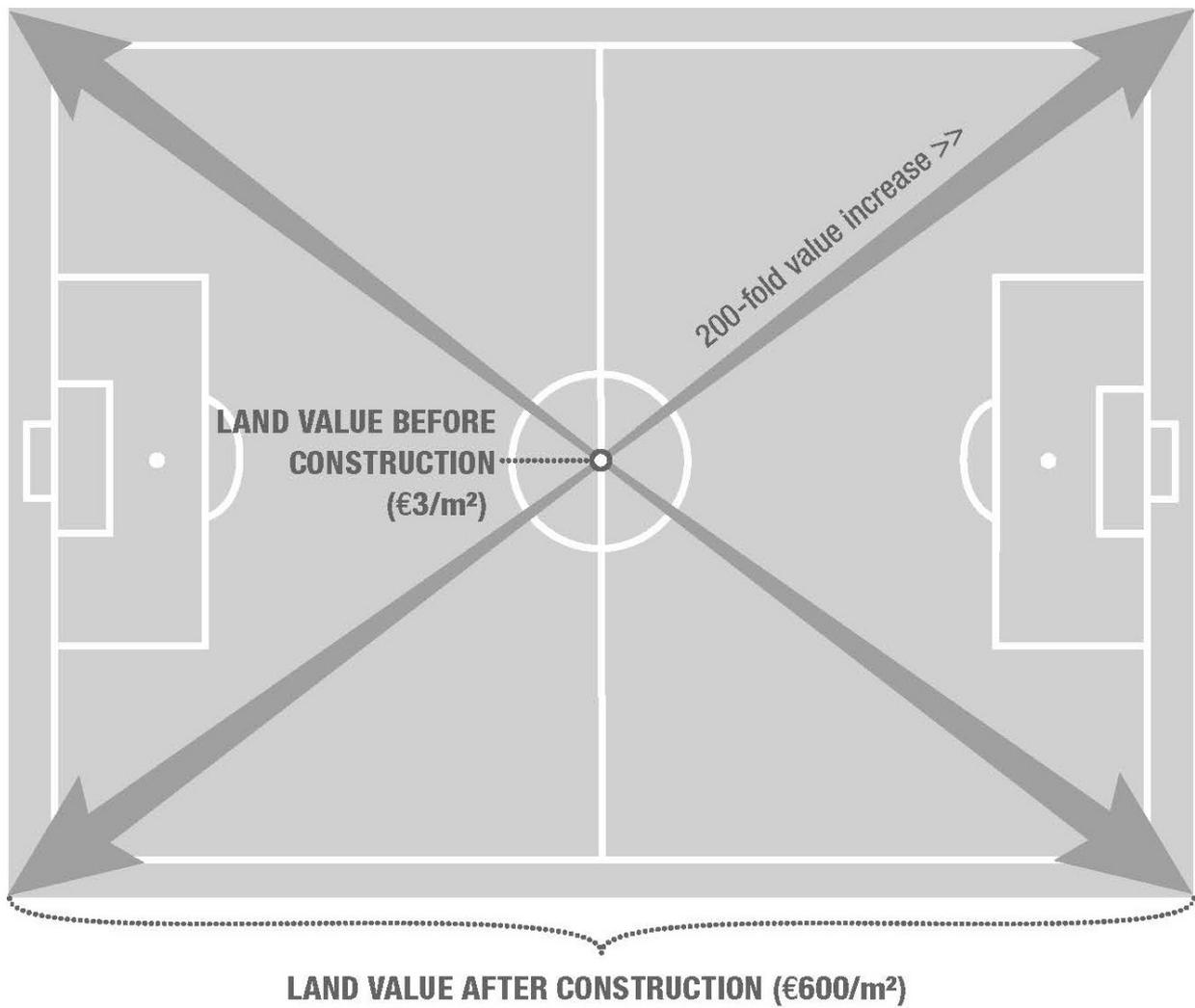


Figure 3.10 Land value before and after construction of the new Condomina stadium, Murcia

Source: El Periodico Extremadura, 'El presidente del Real Murcia protagoniza un sonoro pelotazo', 16 February 2004, available at [http://www.elperiodicoextremadura.com/noticias/deportes/presidente-real-murcia-protagoniza-sonoro-pelotazo\\_96698.html](http://www.elperiodicoextremadura.com/noticias/deportes/presidente-real-murcia-protagoniza-sonoro-pelotazo_96698.html)

Investigations of the multiple and complex relationships between private football clubs and public money led in 2011 to the approval of a Regulation of Economical Control to promote accountability, increase transparency and protect creditors. In 2013 the regulation was completed with the 'rules of economic control a priori of 2013', ratified by the Sports Council of the Spanish government. Similarly, article 74.2 (d) of Law 10/1990, the Sports Act, gives professional leagues

the administrative authority to discipline and sanction clubs in order to establish order and rationalise club finances.<sup>23</sup>

Urban-planning regulation needs to improve in Spain, as current standards are ineffective in controlling land speculation activity. One of the greatest problems in urban development control is the wide range of agents who have discretion over matters of urban planning, leading to confusion and legal uncertainty. If all the state and regional regulations were published together, the document would be over 5,000 pages long.<sup>24</sup> Implementing the legal framework contained in the Land Act of 2008 could be a good step towards reducing the number of competing authorities in this area, though it would probably fall short in this respect.<sup>25</sup>

*Any* urban-planning anti-corruption strategy requires several instruments to be effective: a clear and strong political will to raise collective awareness and provide the means to overcome it; strong sanctions for perpetrators; citizen involvement; and the assessment of both public and private institutions' vulnerability to corruption.<sup>26</sup> Rigorous administrative control is necessary in Spain, but is in short supply. Such oversight is at the discretion of the local councils themselves, with no real control exercised by the regional governments, even though this is stipulated by law. Greater legal/administrative control should begin with the creation of a state agency that monitors urban planning, as well as a reformulation of urban-planning laws in the country.<sup>27</sup>

## Notes

---

<sup>1</sup> Nefer Ruiz Crespo is a lawyer working at A25 Abogados y Economistas sl, and is a member of Transparency International Spain.

<sup>2</sup> Europol, 'Results from the largest football match-fixing investigation in Europe', 6 February 2013, [www.europol.europa.eu/content/results-largest-football-match-fixing-investigation-europe](http://www.europol.europa.eu/content/results-largest-football-match-fixing-investigation-europe).

<sup>3</sup> See Público (Spain), 'Bruselas confirma el expediente a Real Madrid y Barça por recibir ayudas públicas ilegales', 18 December 2013, [www.publico.es/deportes/490070/bruselas-confirma-el-expediente-a-real-madrid-y-barca-por-recibir-ayudas-publicas-ilegales](http://www.publico.es/deportes/490070/bruselas-confirma-el-expediente-a-real-madrid-y-barca-por-recibir-ayudas-publicas-ilegales).

<sup>4</sup> The debt incurred with the social security corresponds to the proportion of the IRPF (personal income tax) of the player's salary that has to be paid by the club (third paragraph of the reference). See article V of the Finance Law, chapter II, Del régimen de la Hacienda Pública estatal, section 1<sup>a</sup>, Derechos de la Hacienda

---

Pública estatal, at 'Ley 47/2003, de 26 de noviembre, General Presupuestaria' ['Law 47/2003, of 26 November, on the General Budget']: [www.seg-social.es/Internet\\_1/Normativa/index.htm?ssUserText=188871&dDocName=195014#5](http://www.seg-social.es/Internet_1/Normativa/index.htm?ssUserText=188871&dDocName=195014#5).

<sup>5</sup> *El Economista* (Spain), 'El fútbol profesional español debe 752 millones de euros sólo a Hacienda', 13 March 2015, <http://ecodiario.eleconomista.es/futbol/noticias/3816543/03/12/El-futbol-profesional-espanol-debe-a-Hacienda-752-millones-de-euros.html#Kku8WmV3SS234GfV>; *El Confidencial* (Spain), 'Montoro da vida a los clubes de fútbol al aplazarles deuda por 255 millones de euros', 29 September 2014, [www.elconfidencial.com/economia/2014-09-29/montoro-da-vida-a-los-clubes-de-futbol-al-aplazarles-deuda-por-255-millones-de-euros\\_216617](http://www.elconfidencial.com/economia/2014-09-29/montoro-da-vida-a-los-clubes-de-futbol-al-aplazarles-deuda-por-255-millones-de-euros_216617).

<sup>6</sup> See *El Confidencial* (Spain), 'Atlético y Deportivo lideran el ranking de la deuda con 120 y 90 millones de euros', 8 July 2013, [www.elconfidencial.com/deportes/futbol/2012/03/15/atletico-y-deportivo-lideran-el-ranking-de-la-deuda-con-120-y-90-millones-de-euros-94365](http://www.elconfidencial.com/deportes/futbol/2012/03/15/atletico-y-deportivo-lideran-el-ranking-de-la-deuda-con-120-y-90-millones-de-euros-94365).

<sup>7</sup> Law 10/1990 of 15 October, on Sport; effective from 6 November 1990.

<sup>8</sup> *El País* (Spain), 'La Liga intensifica la presión para aplazar la deuda de los clubes', 7 October 2014, [http://deportes.elpais.com/deportes/2014/10/06/actualidad/1412620473\\_204155.html](http://deportes.elpais.com/deportes/2014/10/06/actualidad/1412620473_204155.html).

<sup>9</sup> Juan-Cruz Alli Aranguren, 'Del inicio de la prueba de la corrupción urbanística', *Auditoría Pública*, no. 46 (2008).

<sup>10</sup> For a detailed assessment, see Jordi Blasco Díez, 'La especulación inmobiliaria de los clubs de fútbol en España', *Revista Bibliográfica de Geografía y Ciencias Sociales*, vol. 13 (2008).

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

<sup>14</sup> See, for example, 20 Minutos (Spain), 'El ladrillazo: los ayuntamientos con urnaismo polémico', 18 June 2008, [www.20minutos.es/noticia/165247/0/corruptelas/urbanisticas/ediles](http://www.20minutos.es/noticia/165247/0/corruptelas/urbanisticas/ediles). See also Alli Aranguren, 'Del inicio de la prueba' (2008).

<sup>15</sup> Manuel Villoria Mendieta, 'Corrupción en España', in Peter Eigen (ed.), *Las redes de la corrupción: La sociedad civil contra los abusos del poder* (Barcelona: Planeta, 2003).

<sup>16</sup> See, for example, IUSport.es, 'El Supremo reitera la ilegalidad de la Ciudad Deportiva de Las Rozas', 4 March 2010, [www.iusport.es/php2/index.php?option=com\\_content&task=view&id=1158&Itemid=27](http://www.iusport.es/php2/index.php?option=com_content&task=view&id=1158&Itemid=27).

<sup>17</sup> The European Union has indicted seven Spanish football clubs for possible violations of EU free competition regulations regarding the acceptance of state aid. See *El Diario* (Spain), 'Los "señores" del fútbol español, de la A a la Z', 26 January 2015, [www.eldiario.es/deportes/duenos-futbol-espanol\\_0\\_221528591.html](http://www.eldiario.es/deportes/duenos-futbol-espanol_0_221528591.html).

<sup>18</sup> They include Alfonso García Gabarrón (president of Unión Deportiva Almería), Enrique Ortiz (president of Hercules Football Club), Agapito Iglesias (former president of the Real Zaragoza SAD) and Jesús Samper Vidal (Real Murcia Football Club). For a recent case and background, see *As* (Spain), 'Se abre una causa general de la FIFA contra el fútbol español', 27 January 2015, [http://futbol.as.com/futbol/2015/01/27/primera/1422317098\\_357755.html](http://futbol.as.com/futbol/2015/01/27/primera/1422317098_357755.html); *El País* (Spain), 'A diabolical business', 17 April 2013, [http://elpais.com/elpais/2013/04/17/inenglish/1366204502\\_127818.html](http://elpais.com/elpais/2013/04/17/inenglish/1366204502_127818.html).

<sup>19</sup> For a detailed assessment, see Jordi Blasco Díez, 'La especulación inmobiliaria de los clubs de fútbol en España', *Revista Bibliográfica de Geografía y Ciencias Sociales*, vol. 13 (2008).

<sup>20</sup> *El Periódico Extremadura* (Spain), 'El presidente del Real Murcia protagoniza un sonoro pelotazo', 16 February 2004, [www.elperiodicoextremadura.com/noticias/deportes/presidente-real-murcia-protagoniza-sonoro-pelotazo\\_96698.html](http://www.elperiodicoextremadura.com/noticias/deportes/presidente-real-murcia-protagoniza-sonoro-pelotazo_96698.html).

<sup>21</sup> *El Mundo* (Spain), 'El Valencia será multado si la UE prueba que recibió ayudas ilegales', 18 September 2014, [www.elmundo.es/comunidad-valenciana/2014/09/18/541a888ce2704ed6768b456c.html](http://www.elmundo.es/comunidad-valenciana/2014/09/18/541a888ce2704ed6768b456c.html); Valencia Plaza (Spain), 'Recados para Lim: La Generalitat reactiva el proyecto del nuevo campo de Mestalla', 4 June 2015, [www.valenciaplaza.com/ver/132642/-recados-para-lim--la-generalitat-reactiva-el-proyecto-del-nuevo-campo-de-mestalla.html](http://www.valenciaplaza.com/ver/132642/-recados-para-lim--la-generalitat-reactiva-el-proyecto-del-nuevo-campo-de-mestalla.html).

<sup>22</sup> See *Marca* (Spain), 'Bruselas expedienta a Real Madrid y Barça por ayudas de Estado ilegales', 16 December 2013, [www.marca.com/2013/12/16/futbol/1adivision/1387212302.html?a=5c595d78d2f1353e1ba3e6dd975a8977&t=1423264575](http://www.marca.com/2013/12/16/futbol/1adivision/1387212302.html?a=5c595d78d2f1353e1ba3e6dd975a8977&t=1423264575); *La Vanguardia* (Spain), 'Bruselas expedienta a Madrid, Barça y otros cinco clubes', [www.lavanguardia.com/deportes/20131218/54398344430/bruselas-expedienta-a-madrid-barca-y-otros-cinco-clubes.html](http://www.lavanguardia.com/deportes/20131218/54398344430/bruselas-expedienta-a-madrid-barca-y-otros-cinco-clubes.html); *El Mundo* (Spain), 'Bruselas expedienta a España por ayudas ilegales a siete clubes de fútbol', 16 December 2013, [www.elmundo.es/deportes/2013/12/16/52af2b9f61fd3de1798b4599.html](http://www.elmundo.es/deportes/2013/12/16/52af2b9f61fd3de1798b4599.html); IUSport.es, 'El Supremo reitera la ilegalidad de la Ciudad Deportiva de Las Rozas', 4 March 2010, [www.iusport.es/php2/index.php?option=com\\_content&task=view&id=1158&Itemid=27](http://www.iusport.es/php2/index.php?option=com_content&task=view&id=1158&Itemid=27).

<sup>23</sup> Noticias Jurídicas (Spain), 'Ley 10/1990, de 15 de octubre, del Deporte: título XI' ['Law 10/1990, of 15 October, on Sport: article XI'], [http://noticias.juridicas.com/base\\_datos/Admin/l10-1990.t11.html#t11](http://noticias.juridicas.com/base_datos/Admin/l10-1990.t11.html#t11).

<sup>24</sup> Fundación Alternativas, *Urbanismo y democracia: Alternativas para evitar la corrupción* (Madrid:

---

Fundación Alternativas, 2007).

<sup>25</sup> *Ibid.*

<sup>26</sup> See Spanish-language edition (Buenos Aires: Editorial Sudamérica, 1994), pp. 10 et seq., of Robert Klitgaard, *Controlling Corruption* (Berkeley: University of California Press, 1988).

<sup>27</sup> Fundación Alternativas (2007).