

**EXAMINING THE GOVERNANCE AND INTEGRITY
OF INTERNATIONAL SOCCER**

HEARING

BEFORE THE

SUBCOMMITTEE ON CONSUMER PROTECTION,
PRODUCT SAFETY, INSURANCE,
AND DATA SECURITY

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

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JULY 15, 2015
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ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

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EXAMINING THE GOVERNANCE AND INTEGRITY OF INTERNATIONAL SOCCER

WEDNESDAY, JULY 15, 2015

U.S. SENATE,
SUBCOMMITTEE ON CONSUMER PROTECTION, PRODUCT
SAFETY, INSURANCE, AND DATA SECURITY,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:25 p.m. in room SR-253, Russell Senate Office Building, Hon. Jerry Moran, Chairman of the Subcommittee, presiding.

Present: Senators Moran [presiding], Gardner, Daines, Blumenthal, and Klobuchar.

OPENING STATEMENT OF HON. JERRY MORAN, U.S. SENATOR FROM KANSAS

Senator MORAN. This hearing of the Subcommittee is now called to order.

We have votes scheduled for 3 o'clock, which is troublesome to our schedule here in this subcommittee. We will see how this goes as far as how we handle that circumstance when it arises.

I would like to first thank the witnesses today for participating in what I think is a very important hearing regarding international soccer governance. I am not one who generally thinks Congress should investigate every scandal in the world of professional sports, nor do I believe that the topics we are discussing today will lead to legislation that must be enacted. But as chairman of this Subcommittee with jurisdiction over professional sports, I do believe this is a significant issue that deserves public attention.

By shining a light on the corruption, bribery, and other criminal activity that has been a part of international soccer for far too long, my hope is that the American people, current and future sponsors, and media companies that support the games today will better understand the consequences of allowing the organizations governing soccer to continue without reform, including the tragic loss of life. According to some reports, as many as 4,000 migrant workers will die before the first ball is kicked in the 2022 World Cup. That is appalling.

Soccer is by far the most popular sport in the world. It is truly a global institution that connects humanity across language, culture, and continent. Soccer is attracting a wider audience by the day right here in the United States. One must look no further than the excitement surrounding the U.S. Women's National Team win-

ning the 2015 Women's World Cup last week to see the impact that soccer has on lives.

Along with this excitement comes billions of dollars of annual revenue from TV contracts, sponsorships, and endorsements. That is why the revelations of bribery, corruption, and mismanagement at FIFA and CONCACAF are so troubling. I am even more disturbed by the reports of migrant workers losing their lives in preparation for the world's biggest soccer tournament, the World Cup.

In fact, bribery, corruption, and criminal activity within international soccer is so serious that on May 27, 2015, the U.S. Department of Justice unsealed a 47 count indictment against nine FIFA officials and five corporate executives charging the defendants with racketeering, bribery, wire fraud, and money laundering. Four other individuals and two corporate defendants have also pled guilty to various charges. And Swiss investigators are now investigating 81 suspicious activities related to money laundering in connection with the 2018 and 2022 World Cup bids.

The culture of corruption must be addressed.

With the announcement that FIFA President Blatter plans to step down, we are at a crossroads for the future of soccer. Now is the time for the United States and the U.S. Soccer Federation to engage and determine how we can encourage meaningful reforms, as well as elect a leader at FIFA who will spearhead long overdue changes within the organization.

The goal of this hearing is to have a serious and meaningful conversation about how to address FIFA's culture of corruption, the United States' participation in the organization, and the human rights violations stemming from the organization's lapses in integrity. Without evidence that reforms are being implemented, we must examine our country's own participation in FIFA and how it can restore integrity to the world of soccer. We cannot, should not, must not turn a blind eye to this issue any longer, especially when human lives are at stake.

I now would like to turn to the Ranking Member, Senator Blumenthal, for his opening statement. Senator Blumenthal?

**STATEMENT OF HON. RICHARD BLUMENTHAL,
U.S. SENATOR FROM CONNECTICUT**

Senator BLUMENTHAL. Thank you, Mr. Chairman. And I want to thank you for having this hearing and for our witnesses being here. I also want to thank the Department of Justice for its vigorous and profoundly significant investigation.

And I want to note that soccer is a growing and important sport in the United States. We can all take pride and enjoyment from the game, most especially from the wonderful and convincing win last month by our world champion women's team.

And I want to congratulate them and say very bluntly that the corruption uncovered in world soccer is a disservice to the game. It is a disrespect to them. It betrays the trust of countless men and women, many of them young people just beginning in this sport who have a right to expect better from the leaders of this sport.

The fact of the matter is that what has been revealed so far is a mafia-style crime syndicate in charge of the sport. My only hesitation in using that term is that it is almost insulting to the mafia

because the mafia would never have been so blatant, overt, and arrogant in its corruption. The simple fact is that this indictment, more than 100 pages long, shows a crime organization, a racketeering conspiracy. It has an organizational chart that shows how it was run. And the question is who knew about this criminal wrongdoing, when did they know it, and what did they know? Why did they not act more quickly? And those are the questions that the U.S. Soccer Federation has to answer today.

These are classic questions involving any racketeering conspiracy investigation, and that is why there is, in fact, an ongoing criminal investigation. We know some of the individuals who were responsible and should be held accountable. At least one of the principals has pleaded guilty already, and others may be cooperating.

But the facts show that there had to be either willful ignorance or blatant incompetence on the part of many of the members of this organization, and that is true of U.S. Soccer as well. They either knew about it or they should have known about it. And I am not sure which is worse.

The recent success of our professional women's soccer team should remind us and all Americans that FIFA, the international organization responsible for regulating and promoting soccer, has engaged in this willful and prolonged, disgracefully corrupt conduct, including wire fraud, money laundering, and racketeering practices spanning more than 2 decades. Many of these crimes were committed in the United States, which is especially troubling.

I am saddened by the fact that these corrupt practices over many years have deprived American national teams, our youth leagues, and millions of American soccer fans of the full value and integrity of the game they love. The actions of FIFA's international and regional soccer officials have undermined the very sport this organization was established to serve.

And this hearing is an opportunity for us not only to ask these questions about who knew what when and why they did not do anything about it but also to lay the groundwork for reform, just as sports scandals in the past have led to fundamental, far-reaching overhauls in the way those sports are organized and conducted. I want to know what reforms the U.S. Soccer Federation is planning to introduce to instill greater transparency and accountability in the governance of soccer in America, not whether, but what and when, because clearly there is an urgent and immediate need for such reforms.

But I also believe that America's national soccer federation has those serious questions to answer. And I think it has to answer them not only at this hearing, but for its fans around this country.

Clearly, we can no longer indulge the idea of FIFA, a multi-billion dollar, nonprofit global enterprise being run behind closed doors. That is a recipe for disaster and moral catastrophe. Only reforms that install greater transparency and accountability can shed the necessary sunlight required to disinfect this corrupt organization. One proposal is in fact to reorganize it as a public corporation or some part of it as a public corporation.

I am proud that the United States has led the world in bringing these scandals to light and holding individuals responsible, but that job is far from over. There needs to be additional action, and

it should involve not only members of the public and public officials but also—let me emphasize—the private corporations that sponsor these events. Corporate organizations that sponsor international soccer like McDonald’s, Nike, Coca-Cola, and Visa play their part by ensuring that they stand as guardians of good governance. They must do so rather than silent beneficiaries who benefit from opaque governance. And at least one of those corporations is mentioned without naming it in the indictment.

As my colleague, Senator Moran, has just mentioned, these actions have real-life consequences not only financially but in potential discrimination against women in the game and potential physical harm to the workers who may have been involved and may be involved in other countries where major physical construction involves human trafficking and human rights abuse and worse. The international community must collectively work to ensure that human rights are upheld wherever our athletes compete. The betrayal of trust is no less when human trafficking is involved in building the stadiums where our athletes compete. It is a betrayal of trust on the part of those organizations that sponsor the game, and it implicates the entire sport. We should not tolerate the world’s most preeminent sporting competitions being staged at the expense of our most vulnerable citizens.

Today’s hearing is a first step, and I want to thank all of you for being here today. I look forward to your testimony and to restoring the trust of American fans’ trust which has been betrayed but which they certainly deserve.

Thank you, Mr. Chairman.

Senator MORAN. I thank the Ranking Member.

Our panel today for this hearing consists of four witnesses: Mr. Dan Flynn, who is the CEO and Secretary General of the U.S. Soccer Federation. That is the United States’ representative at FIFA and CONCACAF. Mr. Michael Hershman. Mr. Hershman is the President and CEO of the Fairfax Group, a member of FIFA’s Independent governance Committee. Mr. Sunjeev Bery, the Advocacy Director for the Middle East and North Africa, Amnesty International, the United States of America. He will testify about findings of the May 2015 Amnesty International report regarding working conditions. And finally, Mr. Andrew Jennings, who has traveled perhaps the furthest to join us. He is an investigative writer and filmmaker credited with blowing the cover on the FIFA scandal.

We will start with Mr. Flynn. Mr. Flynn, please testify.

**STATEMENT OF DANIEL FLYNN, CHIEF EXECUTIVE OFFICER
AND SECRETARY GENERAL, U.S. SOCCER FEDERATION**

Mr. FLYNN. Thank you, Senator.

On behalf of the United States Soccer Federation, I would like to thank Senator Moran, Senator Blumenthal, Senators Blunt and McCaskill from my home state of Missouri, and other members of the Subcommittee for giving U.S. Soccer the opportunity appear today and answer questions you may have.

On behalf of our Women’s National Team, I would like to also thank President and Mrs. Obama, Vice President and Dr. Biden, distinguished members of this subcommittee, your Senate and

House colleagues, and the tens of millions of fans in the United States, including the largest television audience ever to watch a soccer match in this country who supported and cheered this wonderful group of women to the Women's World Cup title just 10 days ago.

I am Daniel Flynn, and I have been U.S. Soccer's Chief Executive Officer and Secretary General for the last 15 years, and I am ultimately responsible for the day-to-day operations of the federation.

We are a nonprofit membership organization recognized by the U.S. Olympic Committee as the national governing body for soccer and by FIFA, the world's governing body for the sport of soccer, as its national association member for the United States. As required by FIFA, we are also a member of CONCACAF, the regional confederation which covers the North and Central America and Caribbean nations.

For more than 100 years, U.S. Soccer's mission has been to make soccer a preeminent sport in the United States and to continue the growth and development of the sport at all levels.

U.S. Soccer directly fields 17 national teams, including the Women's National Team, which has won three World Cup titles and four Olympic Gold Medals, and the Men's National Team, which is in the process of defending its 2013 CONCACAF Gold Cup title. We also field the national paralympic team and numerous age-based boys and girls national teams.

U.S. Soccer is made up of various member organizations including, among others, our professional leagues, the adult amateur leagues, soccer organizations for disabled athletes, and the youth amateur organizations. U.S. Soccer is governed by a 15-person volunteer board of directors elected by its members which includes independent directors, athlete representatives, and directors representing different segments of our membership.

Our annual tax returns, audited financial statements, business plans, bylaws, policies, and board of directors meeting minutes are all publicly available on our website.

In FIFA, we are one of 209 national association members. FIFA members must vote on any substantial changes to the organization. And the vote of every member, regardless of the size, the number of players, or the quality of their national teams, counts the same. Until 2 years ago, when our president, Sunil Gulati, was elected to the FIFA Executive Committee, the federation did not have a direct representative on that important policymaking body.

Although our role and influence in FIFA has historically been limited, the federation has been a strong advocate for reforming the organization by, among other things, improving governance, increasing transparency, and strengthening ethics rules.

U.S. Soccer supported FIFA's decision in 2011 to engage experts to conduct a review of its governance structure and then urged the adoption of the reforms after the governance report was released. U.S. Soccer supported the investigation by the FIFA Ethics Committee into the bidding and award processes for the 2018 and 2022 World Cups and publicly advocated for the release of the full investigative report, not just the summary report released by FIFA last fall.

U.S. Soccer was one of the national associations which nominated Prince Ali and then publicly supported his challenge to FIFA's long-standing president, Mr. Sepp Blatter, in the recent election. We did so notwithstanding the potential political risks, including the potential impact on our possible bid to host the 2026 Men's World Cup. But U.S. Soccer believes good governance and good leadership at FIFA is paramount and more important to the sport than hosting any individual World Cup.

Going forward, we believe reform will have to start at the top, beginning with the election of a new FIFA president in light of Mr. Blatter's stated intention to resign. U.S. Soccer will look to the new president to lead this reform. We understand that many traditional soccer powers also believe it is time for a change. U.S. Soccer will continue to work with likeminded national associations and confederations to promote change and to alter the culture at FIFA.

At CONCACAF, efforts at reform have proceeded more rapidly. In light of the recent events, CONCACAF appointed a three-person Special Committee, which includes U.S. Soccer's President Sunil Gulati, to help guide the confederation through this period of turmoil. And over the July Fourth weekend, the CONCACAF Executive Committee, based on the recommendations of the Special Committee, unanimously approved a series of sweeping reforms to address governance, fraud prevention, and compliance and transparency.

Thank you for your time, and I look forward to responding to specific questions you may have on this or other subjects.

[The prepared statement of Mr. Flynn follows:]

PREPARED STATEMENT OF DANIEL FLYNN, CHIEF EXECUTIVE OFFICER AND
SECRETARY GENERAL, U.S. SOCCER FEDERATION

I. Introduction & Overview of U.S. Soccer

On behalf of the United States Soccer Federation, I would like to thank Senator Moran, Senator Blumenthal, Senators Blunt and McCaskill from my home state of Missouri, and other members of this Subcommittee for giving U.S. Soccer the opportunity to appear today and answer questions you may have.

On behalf of our Women's National Team, I would also like to thank President and Mrs. Obama, Vice President and Dr. Biden, distinguished members of this Subcommittee, your Senate and House colleagues, and the tens of millions fans in the United States, including the largest television audience ever to watch a soccer match in this country, who supported and cheered this wonderful group of women to the Women's World Cup title just 10 days ago.

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U.S. Soccer is made up of various member organizations, including, among others, our professional leagues, the adult amateur leagues, soccer organizations for dis-

abled athletes and the youth amateur organizations. U.S. Soccer is governed by a 15 person volunteer board of directors elected by its members which includes independent directors, athlete representatives and directors representing different segments of our membership.

Our annual tax returns, audited financial statements, business plans, bylaws, policies and board of directors meeting minutes are all publicly available on our website.

II. FIFA & CONCACAF Governance

In FIFA, we are 1 of 209 national association members. FIFA members must vote on any substantial changes to the organization. And, the vote of every member, regardless of size, number of players or quality of their national teams, counts the same. Until two years ago, when our President, Sunil Gulati, was elected to the FIFA Executive Committee, the Federation did not have a direct representative on that important policy making body.

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Going forward, we believe reform will have to start at the top—beginning with the election of a new FIFA President in light of Mr. Blatter's stated intention to resign. U.S. Soccer will look to the new President to lead this reform. We understand that many traditional soccer powers also believe it is time for a change. U.S. Soccer will continue to work with like-minded national associations and confederations to promote change and to alter the current culture at FIFA.

At CONCACAF, efforts at reform have proceeded more rapidly. In light of recent events, CONCACAF appointed a three-person Special Committee, which includes U.S. Soccer's President Sunil Gulati, to help guide the confederation through this period of turmoil. And, over the July 4th weekend, the CONCACAF Executive Committee, based on the recommendations of the Special Committee, unanimously approved a series of sweeping reforms to address governance, fraud prevention and compliance and transparency.

III. Conclusion

Thank you for your time, and I look forward to responding to specific questions you may have on this and other subjects.

Senator MORAN. Mr. Flynn, thank you for your testimony.
Mr. Hershman?

STATEMENT OF MICHAEL HERSHMAN, PRESIDENT AND CEO, FAIRFAX GROUP

Mr. HERSHMAN. Good afternoon, Chairman Moran, Ranking Member Blumenthal, and members of the Subcommittee. Thank you for this opportunity to appear before you today alongside such esteemed colleagues in the field of transparency and integrity in the global world of sports. I am honored to speak on an issue that has been a passion and driving force throughout my career, including having served for 2 years on the Independent Governance Committee of FIFA and as co-founder of Transparency International, the world's leading NGO on issues relating to transparency and ac-

countability. Additionally, I am currently spearheading an integrity project in sports as an advisory board member for the International Centre for Sport Security.

As Senator Moran has stated before, "Soccer is by far the most popular sport in the world, and it is attracting a wider audience by the day in the United States." However, the upper echelons of the sport's governing body have been notoriously corrupt for many years. Until the laudable recent efforts of the U.S. Justice Department and the FBI, many allegations were mostly swept under the rug. Now that FIFA's lack of transparency and accountability has been brought into the global public attention, there is a tremendous opportunity to discuss the inherent autonomy in sporting organizations.

Sports organizations have long maintained that autonomy is essential to the preservation of the values embedded in sport. Now, this is a difficult concept to argue with, that is, until the core values in sport are undermined by a lack of accountability and trust, which we have seen recently in one of the world's largest, most profitable sporting bodies, FIFA.

The growing commercial interests at play, the protection that many governments offer large sporting organizations, and the rapidly growing sports gambling industry, both legal and illegal, are all converging to create a situation where self-regulation is increasingly challenging. The sports industry must put in place governance and compliance standards which demonstrate the best practices in transparency and accountability. FIFA is a big business with revenue of about \$5.6 billion every 4-year World Cup cycle.

And FIFA had a chance to be a leader in reform when the scandals first began popping up about 10 years ago. Despite multiple chances to change, after being presented with reform proposals by Transparency International, as well as our own Independent Governance Committee, FIFA held to the irresponsible notion that it was autonomous, it did not have to adhere to outside oversight or interference.

The U.S. public cannot assume that FIFA is the only sporting body with endemic structural problems. Every single governing body in the sports world, from the International Olympic Committee to the ICC to the NFL needs to agree to modern standards of transparency and accountability. While many people around the world hold sport as sacred, it has become an incredibly profitable industry that needs to be regulated and treated for what it is: big business.

These recent events are bigger than FIFA. They require coordinated global action across all sporting bodies, and I believe there is a way we can achieve this reform with the cooperation and support from governments and sport industry leaders around the world. The International Centre for Sport Security, which is also a nonprofit organization, has borne the idea of the Sports Industry Transparency Initiative. I serve on their board of advisors, and we have established a set of global standards which would be voluntarily adopted by sports organizations. This collective action agreement will form a governing group that would work with the sports community to promote transparency and accountability while strengthening a higher standard of ethics and values in sports.

These standards would finally create a benchmark to evaluate the effectiveness and efficiency of sports governance and compliance programs.

The standards would include but not be limited to professionalizing boards of directors in sports, managing conflicts of interest, building a democratic foundation, embracing transparency and accountability, leveling the playing field for athletes, men and women, motivating ethical behavior for staff and volunteers, engaging with key stakeholders, showcasing sport event integrity, considering the positive role of sport in society, and establishing effective risk controls.

This approach will be comprehensive and far-reaching. While every principle does not apply to all sports organizations, there is enough common ground to ensure that sports groups understand what is expected of them in terms of integrity and transparency. As Attorney General Loretta Lynch so rightly pointed out in her speech after announcing the FIFA charges, “Many of the individuals and organizations we will describe today were entrusted with keeping soccer open and accessible to all. They held important responsibilities at every level, from building soccer fields for children in developing countries to organizing the World Cup. They were expected to uphold the rules that keep soccer honest and protect the integrity of the game. Instead, they corrupted the business of worldwide soccer to serve their interests and enrich themselves.”

Mr. Chairman, thank you. I look forward to answering your questions and those of the Committee members.

[The prepared statement of Mr. Hershman follows:]

PREPARED STATEMENT OF MICHAEL HERSHMAN, PRESIDENT AND CEO,
FAIRFAX GROUP

The hearing will examine the integrity and impending leadership changes at FIFA, the role of the United States in international soccer, and concerns about the labor conditions of workers in Qatar, the host of the 2022 World Cup. The Consumer Protection Subcommittee exercises jurisdiction over sports within the Senate Commerce Committee.

“Soccer is by far the most popular sport in the world, and it is attracting a wider audience by the day in the United States,” said *Sen. Moran*. “Children across America and the globe look up to athletes as role models, and professional sports must be held to the highest standards. The recent revelations of bribery and mismanagement at FIFA should be of concern to us all. The organization’s culture of corruption is turning a blind eye to significant human rights violations and the tragic loss of lives. This hearing on the recent FIFA scandals will begin the discussion about our country’s own participation in the organization, ways the United States and our allies can work to reform FIFA, and how we can restore integrity to the game so many Americans and citizens of the world enjoy.”

Good afternoon Chairman Moran, Ranking Member Blumenthal, and the members of the Subcommittee. Thank you for the opportunity to appear before you today alongside such esteemed colleagues in the field of transparency and integrity in the global sports world. I am honored to speak on an issue that has been a passion and driving force throughout my career, including having served as a Member of the Independent Governance Committee of FIFA and as Co-Founder of Transparency International the world’s leading NGO on issues relating to transparency and accountability. Additionally, I am currently spearheading an integrity project as an advisory board member of the International Centre for Sport Security.

As Senator Moran has stated before, “Soccer is by far the most popular sport in the world, and it is attracting a wider audience by the day in the United States.” However, the upper echelons of the sport’s governing body have been notoriously corrupt for many years. Until the laudable recent efforts of the U.S. Department of

Justice and the FBI, these allegations were mostly swept under the rug. Now that FIFA's lack of transparency and accountability has been brought into the global public attention, there is a tremendous opportunity to discuss the inherent autonomy in sporting organizations. Sports organizations have long maintained that autonomy is essential to the preservation of the values embedded in sport. This is a difficult concept to argue with, that is until the core values in sport are undermined by a lack of accountability that we have seen recently in one of the world's largest, and most profitable, sporting bodies.

The growing commercial interests at play, the protection that many governments offer large sporting organizations, and the rapidly growing sports gambling industry, legal and illegal, are all converging to create a situation where self-regulation is increasingly challenging. The sports industry must put in place governance and compliance standards, which demonstrate the very best practices in transparency and accountability. FIFA is a big business with revenue of approximately 5.6 billion dollars with every four-year World Cup cycle.

FIFA had a chance to be a leader in this area when the scandals surrounding the organization began to unfold some 10 years ago. Despite multiple chances to change after being presented with reform proposals from Transparency International as well as their own Independent Governance Committee, FIFA held to the irresponsible notion; it was autonomous and did not have to adhere to outside oversight or interference. The U.S. public cannot assume that FIFA is the only sporting body with endemic structural problems. Every single governing body in the sports world, from the IOC to the ICC to the NFL, needs to agree to modern standards of transparency and accountability. While many people around the world hold sport as sacred, it has become an incredibly profitable industry that needs to be regulated and treated for what it is: big business. These recent events are bigger than FIFA. They require coordinated global action across ALL sporting bodies.

I believe there is a way that we can achieve this reform with the cooperation and support from major government and sports industry leaders around the world. The International Centre for Sport Security, a non-profit organization working towards the integrity, safety, and security of sport, has borne the idea of the Sports Industry Transparency Initiative (SITI). This visionary organization, of which I serve as an advisory board member, has established a set of global standards, which would be voluntarily adopted by sports organizations. This collective action agreement will form a governing group that would work with the sports community to promote transparency and accountability while strengthening a higher standard of ethics and values in sports. These standards would finally create a benchmark to evaluating the effectiveness and efficiency of sports governance and compliance programs.

The standards would include but not be limited to:

- Professionalizing the board of directors
- Managing conflicts of interest
- Building a democratic foundation
- Embracing transparency and accountability
- Leveling the playing field for athletes
- Motivating ethical behavior for staff and volunteers
- Engaging key stakeholders
- Showcasing sport event integrity
- Considering the positive role of sport in society
- Establishing effective risk controls

The SITI approach will be comprehensive and far-reaching. While every principle does not apply to all sports organizations, there is enough common ground to ensure that sports groups understand what is expected of them in terms of integrity and transparency. As Attorney General Loretta Lynch so rightly pointed out in her speech after announcing the FIFA charges, "Many of the individuals and organizations we will describe today were entrusted with keeping soccer open and accessible to all. They held important responsibilities at every level, from building soccer fields for children in developing countries to organizing the World Cup. They were expected to uphold the rules that keep soccer honest, and protect the integrity of the game. Instead, they corrupted the *business* of worldwide soccer to serve their interests and enrich themselves."

As the Attorney General noted, whether we like it or not, sport is now a big business. Therefore, we must treat this industry as such. FIFA is not a non-profit organization, thus it should not be allowed to function in this respect. With the ICSS's visionary SITI standards and global collaboration from sports leaders, there is hope

that we can reform the blights of corruption, lack of integrity, and weak transparency that currently characterize our sporting world.

Senator MORAN. Mr. Hershman, thank you.
Mr. Bery, welcome and we welcome your testimony.

**STATEMENT OF SUNJEEV BERY, ADVOCACY DIRECTOR
FOR THE MIDDLE EAST AND NORTH AFRICA,
AMNESTY INTERNATIONAL USA**

Mr. BERY. Chairman Moran, Ranking Member Blumenthal, Senator Gardner, Senator Daines, and distinguished guests, on behalf of Amnesty International thank you for the opportunity to address the issue of human rights in Qatar and the 2022 FIFA World Cup.

The 2022 FIFA World Cup has brought into global focus the shocking conditions that are routine for migrant workers in Qatar. Under Qatar's Kafala employment sponsorship system, foreign migrant workers cannot change employers or leave Qatar without the permission of their current employer. Even if the employer is not paying the employee, the employer can still block the employee from changing jobs or leaving the country.

In 2012, the Qatar National Research Fund funded a survey of some 1,000 low-income labor migrants. Ninety percent of migrants said their employers possessed their passports, a violation of poorly enforced Qatari law. Twenty percent said their salary was different than the salary they had been promised prior to leaving their home country. Twenty-one percent said they sometimes, rarely, or never receive their salary on time.

As document by Amnesty International researchers, James Lynch and Mustafa Qadri, in the most extremely examples, foreign migrant workers in Qatar have become suicidal after being trapped without pay by employers. They have been forced to depend on charity from others simply to eat. Meanwhile, their family members in poor communities in their countries of origin can face eviction and other serious challenges because a family member is trapped in Qatar and not being paid for work they have done.

There are an astounding more than 1.5 million foreign nationals working in Qatar today. Well over 90 percent of the total workforce consists of foreign nationals. These numbers have increased at a dramatic rate with Qatar's population growing by a staggering 43 percent since the country was awarded the World Cup in December 2010. This is occurring in the context of a massive construction boom in the country. The Government of Qatar is spending hundreds of billions of dollars in a massive infrastructure development program. This new construction goes well beyond stadiums. Many of these construction projects are not solely for the World Cup but they remain central to the success of this sporting event and the overlapping effort to make Qatar a global destination for tourism and commerce.

The problems faced by foreign migrant workers in Qatar go beyond the restrictions placed by the Kafala employer sponsorship system. Foreign migrant workers are forbidden from forming or joining trade unions. While Qatar does have labor laws which should offer some protection for workers, these are not enforced effectively.

To make matters even worse, thousands of foreign migrant workers in domestic service roles are specifically excluded from the protections set out under Qatar's poorly enforced labor law. These migrant workers, who are mainly women working in households, are exposed to even greater labor exploitation and abuse, including sexual violence.

Now, despite repeated announcements to the contrary, the Government of Qatar has failed to address the problem of labor exploitation. In May 2014, the Qatar Government promised some limited reforms to address the widespread exploitation of migrant workers in the country. But one year later, none of these reforms have been implemented.

In 2014, Amnesty International identified nine key labor exploitation issues that Qatar should address urgently. One year later, nothing has changed in four of the most critical areas of abuse. Only limited actions have been taken in the remaining five areas, actions which do not address the fundamental structural factors that facilitate abuse in Qatar.

The ultimate responsibility for the rights of workers in Qatar rests with the Qatari authorities, but when FIFA awarded the 2022 World Cup to Qatar, it assumed a responsibility for the human rights impact of that decision. Unfortunately, FIFA's efforts have fallen far short of the concrete action needed to ensure that the World Cup in Qatar is not based on labor exploitation.

In my written testimony, I have outlined specific solutions to Qatar's problem of labor exploitation. These solutions should be implemented by the Government of Qatar, FIFA, companies in the construction sector, and countries that migrant workers are from. The United States Government can help in specific ways.

For the Government of Qatar, the solution, of course, is to fix its deeply flawed Kafala sponsorship system and address the many other problems that I have highlighted today.

For FIFA, it is not enough for the organization's officials to simply accept the verbal commitments of the Government of Qatar. FIFA must send a strong public message to the Qatari authorities and the construction sector that human rights must be respected in all World Cup-related construction projects, and FIFA must put in place effective systems to monitor and report on this. This includes not only stadiums and training facilities, but also hotels, transportation projects, and other infrastructure.

If reforms are not put in place urgently, the facilities for the 2022 World Cup will carry the permanent stain of forced labor and human suffering.

On behalf of Amnesty International, thank you for the opportunity to testify today.

[The prepared statement of Mr. Bery follows:]

PREPARED STATEMENT OF SUNJEEV BERY, MIDDLE EAST AND NORTH AFRICA
ADVOCACY DIRECTOR, AMNESTY INTERNATIONAL USA

Chairman Moran, Ranking Member Blumenthal, distinguished members of the Subcommittee, and distinguished guests: On behalf of Amnesty International, thank you for the opportunity to address the issue of human rights in Qatar and the 2022 FIFA World Cup.

My name is Sunjeev Bery, and I serve as Amnesty International USA's Advocacy Director for the Middle East and North Africa. Together with our researchers, vol-

unteer leaders, and millions of members and supporters, Amnesty International works to advance human rights worldwide.

Amnesty International's Research on Qatar

The 2022 FIFA World Cup has brought into global focus the shocking conditions that are routine for migrant workers in Qatar. Through multiple on-the-ground investigations and human rights reports, Amnesty International researchers James Lynch and Mustafa Qadri have closely documented an array of human rights violations, how private companies take advantage of Qatar's abusive Kafala labor system, and the failure of the Qatari state to protect migrant workers from abuse.

Amnesty International has investigated the on-the-ground realities for thousands of foreign migrant workers at corporate construction sites and in Qatar's homes, where foreign nationals are employed as domestic workers. We have engaged with dozens of companies involved in construction from India, Lebanon, South Korea, Japan, Spain, France, and Qatar itself. We have spoken to hundreds of migrant workers in the construction sector from Bangladesh, Egypt, India, Nepal, Pakistan, the Philippines and Sri Lanka. We have held more than twenty meetings with Qatari government representatives and directly engaged FIFA officials.

The Scale of the Problem

Well over 90 percent of the total workforce in Qatar consists of foreign nationals. There are over 1.5 million foreign nationals working in Qatar today. And that number has increased at a dramatic rate, with Qatar's population growing by a staggering 43 percent since the country was awarded the World Cup in December 2010.

Under Qatar's Kafala employment sponsorship system, foreign migrant workers cannot change employers or leave Qatar without the permission of their current employer. Even if an employer is not paying the employee, the employer can still block the employee from changing jobs or leaving the country. As noted by the Qatari government's own review of its migrant labor system, conducted by the international law firm DLA Piper, this system gives rise to abuse.

In addition to the restrictions placed by the Kafala system, foreign migrant workers are forbidden from forming or joining trade unions, denying them a key avenue for advocating for their rights. While Qatar does have labor laws which should offer some protection for workers, these are not enforced effectively. In particular, there are not enough inspectors, and inspection is not stringent. When abuses do occur, access to justice for victims of labor exploitation is difficult, time-consuming and expensive.

In the most extreme examples, foreign migrant workers have become suicidal after being trapped without pay by employers in Qatar. They have been forced to depend on charity from others simply to eat. Meanwhile, their family members in poor communities in their countries of origin can face eviction and other serious challenges because a family member is trapped in Qatar and not being paid for work they have done. The ordeal sometimes only ends when workers agree to sign documents that falsely state that they had received all their pay, simply to get their passports back and go home.

When foreign migrant workers decide to stop working under abusive circumstances, employers sometimes levy the threats of penalties to prevent work stoppages, creating conditions that amount to forced labor.

Companies from around the world—Europe, the Americas, Asia, and the Middle East and North Africa—are working in the construction industry in Qatar and have been involved in projects in which abuses were documented by Amnesty International. In some cases, these companies were the direct employers of workers, while in other cases they were acting as main contractors that had subcontracted parts of a project to smaller companies. These subcontractors in turn were subjecting their employees to exploitation.

All of this is occurring in the context of a massive construction boom in the country. The Government of Qatar is spending hundreds of billions of dollars in a massive infrastructure development program. The new construction goes well beyond stadiums. It includes new roads, thousands of new hotel rooms, a new airport which opened last year, and a metro system and railway system. Roads are being overhauled, sewage systems are being revamped, and a new port will open—in part simply to cope with the massive demand for raw materials on other projects. Many of these construction projects aren't solely for the World Cup, but they remain central to the success of this event and the overlapping effort to make Qatar a global destination for tourism and commerce.

Measuring the Abuses

The size of the problem is staggering. In 2012, the Qatar National Research Fund funded a survey of some 1,000 low-income labor migrants.

- 90 percent of migrants said their employers possessed their passports, a violation of Qatari law.
- 20 percent said their salary was different than the salary they had been promised prior to leaving their home country.
- 21 percent said they “sometimes, rarely, or never” received their salary on time.

According to the 2010 census, the last year for which a detailed breakdown is available, construction companies in Qatar employed over a half-million foreign national workers. This number has without doubt risen significantly over the last five years. If you extrapolate the above polling numbers across the vast numbers of foreign workers in Qatar, it suggests that there are many thousands of foreign migrant workers who have been abused in Qatar.

The human rights violations and abuses go beyond forced labor:

- Migrant workers frequently go into debt and pay substantial fees to recruitment agencies in order to obtain work in Qatar. Often the recruitment agencies make false promises about salaries or the type of work on offer. This can amount to human trafficking.
- Employers can leave workers “undocumented” by not issuing them the residency papers they need. This leaves them at risk of being detained by Qatari authorities when they leave their physical workplace.
- Employers can house workers in squalid and unsafe accommodations.
- On-site conditions for construction workers can be harsh and dangerous. Workers face barriers in accessing health care.

To make matters even worse, thousands of migrant domestic workers are specifically excluded from the protections set out under Qatar’s poorly enforced Labor Law. These migrant domestic workers, who are mainly women, are generally based within their employers’ homes. As a result, and because they are excluded from the protections of Qatar’s Labor Law, migrant domestic workers are exposed to even greater labor exploitation and abuse, including sexual violence. Women migrant domestic workers can even face prosecution and imprisonment for “illicit relations” if they report sexual abuse by employers. In addition, all women in Qatar face the heightened risk of abuse due to the absence of a law specifically criminalizing domestic violence.

Migrant workers may also fall victim to the flaws in Qatar’s criminal justice system. In 2010, the government arrested Ronaldo Lopez Ulep, from the Philippines. He was convicted of espionage after being held for one month in incommunicado detention. To date, the government has not rebutted allegations of torture during the first eight months of his detention. In 2011, Colombian national Juan Pablo Iraborri was arrested and faced serious violations to his right to a fair trial and due process.

It is worth briefly noting that the same flaws in the administration of justice negatively impact Qatari nationals. In 2011, the Qatari government unfairly arrested and convicted poet Mohammad al-‘Ajami for the peaceful expression of his conscientiously held beliefs. Al-‘Ajami had published many poems, some of them in praise of Gulf leaders, and others critical of other poets or the authorities.

Al-‘Ajami was convicted of breaking vaguely worded laws that did not constitute internationally recognizable criminal offences. Interrogators forced him to sign a document used to convict him. The investigating magistrate served as presiding judge, trial sessions were closed and he was forced to change lawyers. Al-‘Ajami, whose trial was flagrantly unfair, is serving a 15-year prison sentence.

Qatar’s Claims of Reform: The Reality

Despite repeated announcements to the contrary, the Government of Qatar has failed to address the problem of labor exploitation. In May of 2014, the Qatar government promised some limited reforms to address the widespread exploitation of migrant workers in the country. But one year later, none of these reforms have been implemented. It remains unclear whether there will be any new legislation relating to Kafala in 2015.

Since the issue of labor abuses in Qatar first achieved significant national and international attention, there have been some limited steps taken by the government. These include an increase in the number of labor inspectors, a new law requiring that companies pay wages electronically rather than in cash, and a commitment to building new decent accommodation for workers. Some major Qatari institutions, including the Supreme Committee for Delivery and Legacy—which is organizing the construction of World Cup stadiums—and the Qatar Foundation have introduced mandatory “Worker Welfare Standards” which they require contractors to observe. If these standards were implemented in full, conditions for workers on

these specific projects would be significantly higher than for the average migrant laborer in Qatar.

These various steps, while positive in and of themselves, do not address the fundamental structural factors that facilitate abuse in Qatar. Our on-the ground research in 2015 has found that the violations continue, and that state authorities are still failing to address these violations when workers raise grievances.

In particular, despite some promises, there has been no concrete progress whatsoever on the following issues since Qatar was awarded the 2022 World Cup:

- Abolishing the exit permit system so that foreign migrant workers can leave Qatar without being blocked by their employers.
- Ending the restriction on foreign migrant workers changing employers without the permission of their current employer.
- Establishing basic legal protections for the labor rights of domestic workers.
- Lifting the ban on foreign migrant workers forming or joining a trade union.

FIFA and the World Cup

While the ultimate responsibility for the rights of workers in Qatar rests with the Qatari authorities, FIFA has a clear responsibility as set out by UN and OECD guidelines on business and human rights. This responsibility is to act when there is a clear risk of abuses in the staging and hosting of a World Cup. Migrant construction workers and migrant service industry workers are on the frontline in delivering the World Cup experience in Qatar.

FIFA makes frequent public reference to its concerns about migrant labor conditions in Qatar. According to FIFA, concerns over migrant worker rights have been raised with senior Qatari officials, including the Emir. While this engagement is welcome, FIFA's efforts fall far short of the concrete action needed to ensure that the World Cup in Qatar is not based on labor exploitation. This engagement also pales in comparison to the focus FIFA has placed on the issue of Qatar's seasonal temperatures and tournament scheduling in relation to the 2022 World Cup. When FIFA awarded the 2022 World Cup to Qatar, it assumed a responsibility for the human rights impact of that decision.

The Solution

Government of Qatar

The solution, of course, is for the Qatar government to fix its deeply flawed Kafala sponsorship system and address the many other problems that have been highlighted above. It is ultimately the obligation of the Government of Qatar to protect the migrant workers who are constructing its World Cup vision.

As a first critical step, Qatar must abolish the inherently abusive Exit permit, which can enable abusive employers to trap foreign migrant workers in Qatar for months on end. Foreign migrant workers shouldn't need the permission of their employers to leave the country and return home. Qatar and Saudi Arabia are the only countries in the Gulf region that still have this requirement in place.

Second, the Government of Qatar must abolish the requirement for foreign migrant workers to obtain their current employer's permission before changing jobs. This is known as a "No objection certificate" or "NOC."

Third, the Government of Qatar must enforce the protections for workers that are already written into Qatar's laws. The government must strengthen the labor inspection system, ensure that workers do not have their passports confiscated, and abolish fees charged to workers filing cases of abuse against employers in the courts.

Finally, the Government of Qatar must fix the country's flawed Labor Law. Domestic workers and other categories of workers should no longer be excluded from its protections. Foreign migrant workers must be allowed to form or join trade unions.

FIFA

It is not enough for FIFA officials to simply accept the verbal commitments of the Government of Qatar, especially given Qatari officials' record of failure when it comes to actually turning promises of reform into any kind of reality. FIFA must send a strong public message to the Qatari authorities and the construction sector that human rights must be respected in all World Cup-related construction projects. This includes not only stadiums and training facilities being managed by the Qatar 2022 Supreme Committee, but also increased hotel capacity as well as key transport and other infrastructure that will support the staging of the World Cup. The organization should also work closely with the Qatar 2022 Supreme Committee and the Qatari authorities to ensure that the protection of migrant workers is addressed as a matter of urgency.

FIFA has said that for the 2026 World Cup, it will include human rights requirements in its bidding process. Any such initiative must result in FIFA having adequate human rights due diligence systems in place that would enable FIFA to become aware of and prevent human rights abuses as a consequence of the staging of World Cup events in the future.

Companies in the construction sector

The weaknesses in Qatari law do not absolve companies of responsibility to respect the rights of foreign migrant workers and to ensure that subcontractors do not abuse their workers. Major companies managing projects in many cases appear to lack effective policies and procedures to prevent labor exploitation.

Companies and employers have a responsibility to prevent abuses even if they did not directly contribute to them. This is true both for major corporations who own or manage large projects as well as for small contractors who are often the direct employers of migrant construction workers.

Sending countries

Finally, governments of countries from which migrant workers come (“sending countries”) also have responsibilities for protecting migrants from abuse. In our 2011 report, *False Promises: Exploitation and forced labor of Nepalese migrant workers*, Amnesty International documented the failure of the Government of Nepal to properly implement its own laws to stop trafficking and forced labor.

The U.S. Congress and Executive Branch

There are several key steps that the U.S. Congress and the Executive Branch can take to help address labor exploitation in Qatar today.

First, U.S. officials can ensure that commercial promotion activities in the Gulf region are not ignoring the real risks to workers. Any U.S. trade delegation going to Qatar to push for World Cup construction contracts should be fully briefed on the risks of abuses in their contracting chain, and informed of their responsibilities to address this risk. The U.S. should be aspiring to lead in terms of the way in which its multinational construction firms deliver on human rights throughout their contracting chain.

Second, the U.S. can make the reform of migrant labor a key U.S. foreign policy goal and convey that message to partners in the Gulf. The U.S. Senate has many opportunities to build support for such a priority. One key opportunity is in the context of confirmation hearings for U.S. diplomats appointed by the White House to serve in the Middle East.

Finally, U.S. officials should raise this as a public issue. The U.S. State Department’s Trafficking in Persons (TIP) report is an important instrument for applying pressure, but it is released once a year. The same is true of the U.S. State Department’s annual Country Reports on Human Rights Practices. When it comes to the 2022 FIFA World Cup in Qatar, Congress has an opportunity to institutionalize the spotlight of today’s hearing by establishing a more frequent public report from the U.S. State Department that focuses on foreign migrant labor exploitation in Qatar. Such a report could shine a regular and ongoing public spotlight on the key issues raised in my testimony today. Qatari officials’ rhetoric on reforms to the Kafala system and related labor violations could be matched against the ongoing reality. In addition, related issues like international media and NGO access to foreign migrant workers and foreign domestic workers in Qatar could also be documented.

Conclusion

When World Cup fans arrive in Qatar in 2022, it would be troubling for many to learn that their experience there was built on the backs of abused migrant workers. If reforms are not put in place soon, the facilities for the 2022 World Cup will carry the permanent stain of forced labor and human suffering.

On behalf of Amnesty International, thank you for the opportunity to testify today.

Senator MORAN. Mr. Bery, thank you for testifying.

Mr. Jennings, welcome and we welcome your testimony.

STATEMENT OF ANDREW JENNINGS, INVESTIGATIVE WRITER AND FILMMAKER

Mr. JENNINGS. Chairman Moran and Ranking Member Blumenthal, I would like to join with everybody else in honoring American’s soccer players and the gracious way they and the other

23 teams conducted themselves in the Women's World Cup. And this contrasts sadly with the massive, massive deficiencies of the U.S. Soccer Federation, frightened to upset President Blatter's corrupt FIFA, while enjoying the elite lifestyle that he provides. We are here to discuss how American soccer relates to FIFA.

I note the absence of your FIFA delegate, Mr. Sunil Gulati. That is one crucial question today. Where is Sunil? Where is he? He is the man who takes American values supposedly to FIFA and to CONCACAF, and he is not here to talk about it. It rather undermines the whole process I think.

Anyway, I am an investigative reporter. I write books and I present documentaries for the BBC. I have worked with CBS and *60 Minutes* and with Frank Deford at HBO's *Real Sports*. I also have reported from war zones in Beirut, Chechnya, and Central America.

I am not a sports reporter. Send me to the match, and I might get the score wrong. It is not what I do.

I am very proud of being the only reporter in the world banned by Mr. Blatter because of my disclosures of his corruption over the last 13 years.

Before stumbling on the FIFA lowlives, I had experience of organized crime, filming nose to nose with the mafia in Palermo.

Blatter's FIFA ticks all the boxes defining an organized crime syndicate: seizing and holding power, massive stealing, running rackets, compromising and outwitting the public authorities, and hiding their criminality behind the world's most popular game.

After 7 years of probing these sleazebags and putting up with their legal threats and their attacks on my computers, I was invited to meet FBI special agents in London. Their business cards said "organized crime." I was not alone anymore. The real people had arrived.

In August 2011, I gave them financial and other documents that America's Chuck Blazer hid from the fans and the public.

And by the way, you talked a moment ago about not having, Mr. Flynn, a representative of FIFA. Chuck Blazer was there since 1955. You were represented. Look who represented you. Look who U.S. Soccer was happy to have representing American values. I hope we can come back to that.

Chuck Blazer had hidden all this financial information from the fans and the public. My source obtained them from the archives of CONCACAF, as you know, the regional body of 35 footballing nations, including the USA. They were circulated privately to all Executive Committee members of CONCACAF, including U.S. Soccer who also suppressed them.

U.S. Soccer had to know that Blazer and his fellow crook, Jack Warner from Trinidad—you know, fighting extradition at the moment—with the approval Blatter, were looting regional football and evading rightful taxes. But they looked away.

I have got a long list here of the failings of U.S. Soccer with CONCACAF and with Blatter. I would be happy to present it to any of you and discuss it later.

Now, if America's soccer leaders had taken action when they should have done, Blazer and Warner would have been in jail,

Blatter seeking asylum in Zimbabwe, and the 2022 World Cup being hosted by the USA, not some graveyards in the Gulf.

It only took the FBI and the IRS a few weeks to check out the information that I gave them. They arrested Chuck Blazer. He immediately turned informant, and FIFA has imploded.

FIFA is now a smelly shell. That is all. It has no credibility. We do not want to know it. Nobody wants to know it. You know, once upon a time, FIFA officials would walk down the street with a FIFA blazer, the logo. I am from FIFA. I am important. Who would do that now? Who would dare do that now? None of them. And that is how we sum FIFA now.

Blatter is determined to stay in power. I do not believe this nonsense about his going. Watch his words carefully. I have put down my mandate, but I will pick it up again. His hit men are working to eliminate rivals. His handpicked Ethics Committee are—I am running over time—to obey his instructions. His PR operation briefs the wire services that he is innocent. But this international sports leader can only travel to Doha, Russia, and stay in Switzerland. That is not an international leader.

Now, what America can do is engage with clean, decent football associations around the world, create a new organization based in another land, and invite sponsors and TV networks to go with them. I cannot see Coca-Cola, McDonald's, and Visa preferring the remnants of Blatter's organized crime family.

And there is one other crucial thing that U.S. Soccer should do. Some of you may remember that when the U.S. Olympic Committee was in disarray over the Salt Lake scandal 16 years ago, they called in Senator George Mitchell and Ken Duberstein to investigate where they had gone wrong with the IOC and make recommendations for reform. External, respected nonpartisan investigation.

This Committee could help U.S. Soccer set up a similar independent committee to find out what on earth has gone so badly wrong and is being covered up.

Also, U.S. Soccer could do what your government does, which is put everything online. A 990 form is inadequate. And then this new, reorganized, reinvigorated U.S. Soccer could really say to the world, look, this is how it is done. We are not America pushing you around. We are saying, but we can do it. It is all wide open. Join with us. An awful lot of the 209 national associations will come with you.

Finishing off, next Monday, Mr. Gulati, the absent Mr. Gulati, who I think he is treating you with contempt. I think he is treating U.S. Soccer, the men and women, the moms and dads, the people who run the line, the whole sport with contempt when he cannot come here and defend U.S. Soccer's activities in CONCACAF and in FIFA.

And so he is going over to Zurich next week for a private meeting of what is left of the leaders of FIFA who are not in jail. And I urge and I hope everyone else would urge Mr. Gulati to today e-mail Blatter and say, when I get to Zurich, I want all your pay slips. I want to know everything you paid yourself, your perks, your bonuses, your per diems. I want it on the desk now because if it is not there, I am coming home and I am going to help America

kickstart the reform. That is what you have got to do as a country to get some credibility back internationally.

Thank you.

[The prepared statement of Mr. Jennings follows:]

PREPARED STATEMENT OF ANDREW JENNINGS, BBC INVESTIGATIVE REPORTER,
SPECIALISING IN FIFA CORRUPTION

Chairman Moran, Senator Blumenthal and Members of the Senate Committee on Commerce, Science, and Transportation.

Let's start by honouring America's soccer players and the gracious way they—and the other 23 teams—conducted themselves at the Women's World Cup.

That contrasts, sadly, with the deficiencies of the U.S. Soccer Federation, frightened to upset President Blatter's corrupt FIFA—while enjoying the elite lifestyle he provides. We are here to discuss how American soccer relates to FIFA. I note the absence of your FIFA delegate Mr. Sunil Gulati.

I'm an investigative reporter. I write books and present documentaries for the BBC. I have worked with CBS Sixty Minutes and with Frank Deford at HBO's Real Sports. I have reported from war zones in Beirut, Chechnya and Central America.

I am not a sports reporter; send me to the game and I may get the score wrong. I am proud of being the only reporter in the world banned by Blatter because of my disclosures of his corruption over the last 13 years.

Before stumbling upon the FIFA lowlifes I had experience of Organised Crime, filming nose to nose with the Mafia in Palermo.

Blatter's FIFA ticks all the boxes defining an OC syndicate. Seizing and holding power; massive stealing; running rackets, compromising and outwitting the public authorities. Hiding their criminality behind the world's most popular game.

After 7 years probing these sleazebags and putting up with their legal threats and attacks on my computers I was invited to meet FBI Special Agents in London. Their business cards said Organised Crime.

In August 2011, I gave them financial and other documents that America's Chuck Blazer hid from the fans and the public. My source obtained them from the archives of CONCACAF, the regional body of 35 footballing nations including the USA.

These were circulated privately to all executive committee members of CONCACAF, including U.S. Soccer who also suppressed them.

U.S. Soccer had to know that Blazer and his fellow crook Jack Warner from Trinidad, with the approval of Blatter, were looting regional football and evading rightful taxes. But they looked away.

If America's soccer leaders had taken action Blazer and Warner would have been in jail, Blatter seeking asylum in Zimbabwe and the 2022 World Cup being hosted by the USA, not some graveyards in the Gulf.

It only took the FBI and the IRS a few weeks to check out the information I gave them. They arrested Chuck Blazer. He immediately turned informant and FIFA has imploded.

FIFA is now a smelly shell. Blatter is determined to stay in control of this irredeemably corrupt organisation. His hitmen are working to eliminate rivals. His handpicked Ethics Committee obeys his instructions.

His PR operation briefs the wire services that he is innocent, knew nothing and it is all the fault of others. That is totally untrue.

This international sports leader can only travel to Russia and Qatar, fearing arrest elsewhere. He will resist reform—but we need not waste time on such a barren exercise.

America can engage with the clean decent football associations around the world, create a new organisation housed in another land and invite sponsors and TV networks to come with them. I cannot see Coca-Cola, McDonalds and VISA preferring the remnants of Blatter's Organised Crime family.

When the U.S. Olympic Committee was in disarray over the Salt Lake Olympic scandal 16 years ago they called in Senator George Mitchell and Ken Duberstein, President Reagan's former chief of staff, to investigate where they had gone wrong with the IOC—and make recommendations for reform.

This committee could help U.S. Soccer set up a similar independent review of their missteps at CONCACAF and FIFA

One urgent change must be U.S. Soccer adopting online transparency to the standard of the U.S. government. Then this newly invigorated and publicly responsive sports organization can start lobbying foreign bodies to join them following a moral path.

Next Monday the serpentine Blatter presides over a meeting of those members of his executive committee not in jail. U.S. Soccer's Sunil Gulati will attend.

I urge that tomorrow Mr. Gulati e-mails Blatter demanding that when he arrives at the FIFA boardroom he finds on his desk a list of what Blatter has paid himself for the last 5 years in salary, bonuses, allowances and perks. Everything. Two years ago Mr. Gulati said he would try to get this information. We are still waiting.

If Mr. Blatter still refuses to reveal how much he extorts from FIFA Mr. Gulati must walk out of this joke meeting, come home and contribute to the real international reform process.

Senator MORAN. Thank you, Mr. Jennings.

Let me start with Mr. Flynn in asking a question. You heard Mr. Jennings just say that U.S. Soccer had to know. So the question is, what did U.S. Soccer know? What should you have known? And in particular, with the indictments that allege racketeering, bribery, wire fraud, money laundering, what is the reaction of the U.S. Soccer Federation to that, the charges at FIFA, the executives and board members? And also, what does the U.S. Soccer Federation know about CONCACAF in similar circumstances? It is perceived as the most corrupt of the very regional associations. What does U.S. Soccer Federation know?

Mr. FLYNN. Thank you, Senator.

I knew nothing about any corruption.

Senator MORAN. Let me interrupt just one moment, Mr. Flynn. When you say you knew nothing, you speak just for you personally?

Mr. FLYNN. I would say I or anybody that I have worked with has not brought anything to my attention, cold, hard facts regarding corruption within FIFA or CONCACAF.

That being said, there are a couple of things I would like to point out. Mr. Blazer has not been involved with U.S. Soccer since 1986. He has been a member of CONCACAF and FIFA, but not—I repeat—not U.S. Soccer since 1986.

In terms of Mr. Blatter and Mr. Warner's activities, I would like to point out that those were private, individual, secret transactions that with the full resources of the Department of Justice and the FBI took 4 years to bring to light. We are a soccer organization with our greatest focus on developing all aspects of our sport in this country.

So I wanted to point out that those private transactions also were for regional sponsorship and regional broadcast rights. That has nothing to do with U.S. Soccer and our rights and our TV and our sponsorship. So I think that is an important point of distinction I would like to make.

Senator MORAN. Mr. Flynn, thank you.

Let me ask a follow-up question then to that. So when the U.S. Department of Justice, the U.S. Attorney's Office announced indictments, you and your colleagues at the U.S. Soccer Federation would be surprised that there would be some activity occurring at FIFA or CONCACAF that would result in indictments. That would be a surprise to you?

Mr. FLYNN. Senator, I was not aware of any part of that investigation of the Department of Justice.

Senator MORAN. But the fact that someone was indicted surprises you?

Mr. FLYNN. I just was not involved. And my focus and that of my day-to-day focus is to stay focused on the domestic side of our busi-

ness. So I just did not have any knowledge nor did anybody that I work with have any knowledge of it.

Senator MORAN. Let me try to tie something together because it may be confusing as to why we are having a hearing that involves Mr. Bery, for example. My question perhaps to you, Mr. Bery, but others as well, Mr. Hershman, Mr. Jennings, even Mr. Flynn—we have heard Mr. Bery's testimony about the conditions involving the preparation for the 2022 soccer World Cup. What is the relationship between the testimony that we are hearing, Mr. Bery, about corruption, bribery, racketeering, criminal activity related to FIFA and the findings that your organization has made in regard to what is going on in preparation for that World Cup? Are these two contrasting kinds of stories that do not belong together or are they intimately tied to each other?

Mr. BERY. Thank you, Chairman, for the question.

At the end of the day when FIFA made a decision to grant the bid for the 2022 World Cup to occur in Qatar, it took responsibility for the human rights impacts of that decision.

Senator MORAN. How can you say that? Why is that true?

Mr. BERY. Because FIFA, as an international organization with \$1 billion plus in reserves, has a responsibility under U.N. principles to ensure that its operations do not turn a blind eye to or directly involve serious human rights abuses. And it is pretty clear that human rights abuses and labor exploitation are rampant in Qatar today. Not only that, but Amnesty International's latest report shows that the Government of Qatar has yet to do anything serious or substantial about the basic labor exploitation there.

So the question remains as to why it was that FIFA provided—why it was that FIFA did not go more deeply into these questions of labor exploitation in the process? Now, FIFA has said at this point in time that in 2026, for the 2026 process, they are going to incorporate human rights concerns. But why has it taken until the 2026 process for these questions to be raised?

Senator MORAN. Mr. Jennings, let me ask you. Is there a relationship between what you describe in your testimony and the testimony that Mr. Bery has describing conditions leading up to the preparation of 2022? How do they relate?

Mr. JENNINGS. Take a step back. U.S. Soccer has its failings. So do the leaders of English soccer. They should have known better than ever to have bid for that World Cup because we all know in the business that you have to pay to play. And I do not think the U.S. pays bribes. I am pretty sure the English do not. You do not get in a race where you are going to be bribed off the planet.

Let us bear that in mind. It was a dirty decision to put a World Cup on a strip of sand that was broiling. People would die if there was a summer tournament there. FIFA knew. And you have to wonder why certain people, despite that of FIFA, voted for the World Cup to go there.

And it has got worse. And at another meeting now, knowing that cannot happen, what Blatter calls stakeholders because he has all these friends and no fans—are now moving it to November-December of the World Cup year. Now, if you want to die young, come to England and stand outside Arsenal, Manchester City, Manchester United, Liverpool, Everton, all the big clubs. The fans come

out and say, hey, we are going to stop you having football for 7 weeks because Jack Warner took the money. I hope it is a painless death. You cannot walk into somebody else's sport culture and just take it away.

But that is what Blatter is doing now. And who is questioning him? I do not see any of the officials from U.S. Soccer saying, no, no, no, we are friends with the English and the Germans and the Dutch and all the other western European federations that are going to have to stop their game because of the dirty slime bags at FIFA. That is the background to it. The money went in it from somewhere. I am not saying where it went in as long as the investigation is still going on. But it went in, and the lowlifes on the FIFA Executive Committee voted for something which is ending up with the death of migrant workers.

I just would say one other thing here. We have a saying in European football. When officials, administrators cannot remember what happened—I do not know. I was not there. I cannot remember—we say, oh, yes. When they were younger, they must have headed that big wet football too many times because the scandals of CONCACAF—and Jack Warner's ticket rackets go back—public knowledge—to 2002, again in 2006, again in 2010, richly documented that racketeering was a way of life for CONCACAF. But apparently that news never reached the Chicago offices of the U.S. Soccer Federation.

Senator MORAN. Mr. Jennings, let me turn to Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

Mr. Flynn, I appreciate your being here today. I understand it is your testimony that you had no knowledge about this corruption before May of this year when the Department of Justice issued its indictment. Is that correct? You had no knowledge?

Mr. FLYNN. That is correct.

Senator BLUMENTHAL. Did you have suspicions?

Mr. FLYNN. There were moments I would describe, if I had a level of discomfort, I would not participate and I would just get myself out of any situation that offered any level of discomfort to me.

Senator BLUMENTHAL. So there was evidence that caused you to remove yourself from discussions or meetings?

Mr. FLYNN. I would not say evidence. I would say I think it was the comfort level.

Senator BLUMENTHAL. And when did that lack of comfort level begin?

Mr. FLYNN. I could not pinpoint any particular time.

Senator BLUMENTHAL. Years before the indictment. Correct?

Mr. FLYNN. I would not necessarily say years. It would be hard to pinpoint the time.

Senator BLUMENTHAL. Months?

Mr. FLYNN. I think it would be fair to say greater than months because once again it would be hard to pinpoint exact time frames.

Senator BLUMENTHAL. Did you make any effort to investigate?

Mr. FLYNN. If there were cold facts, I would have brought that to the attention of the appropriate people. There was nothing in the way of any facts that I could take to anybody else and obviously

would consult our outside counsel. But that is as far as I would take because it was something—as I said, it was a discomfort level.

Senator BLUMENTHAL. But you made no effort to investigate and your outside counsel did not tell you to investigate.

Mr. FLYNN. No. I just passed along my level of discomfort.

Senator BLUMENTHAL. Would you agree in retrospect that U.S. Soccer acted inadequately to investigate or prevent or stop the ongoing, blatant criminal wrongdoing at FIFA?

Mr. FLYNN. I would not say that we would do it differently. What our focus has been is trying to really have two choices. We are one of 209 national associations. And we have to, really, at the end of the day, find a way to participate in a manner consistent with our mission and our core values. And we think one of the ways to do that is—and starting in 2013, we finally had somebody on the FIFA ExCo that was with U.S. Soccer. That was a start in terms of getting a louder voice and a seat at the table.

Senator BLUMENTHAL. Let me just interrupt because I think what you are stating is fairly well known history. And I want to ask about officials at U.S. Soccer came to learn and, very bluntly, why those officials did so little until the Department of Justice indicted Chuck Blazer and others who had longstanding ties to U.S. Soccer, particularly in light of the lack of comfort level that you had. In retrospect, what is the explanation?

Mr. FLYNN. I was aware of some level of discomfort, but it was all I think in general, a general feeling. So I had no hard evidence. And we wanted to continue to participate and try to influence the organization, one of 209 members.

The second choice we have is to opt out and to pull out. And with that comes a series of ramifications. We no longer have a seat at the table. We no longer are involved in the competitions, Olympics, World Cups, any competitions for our youth teams, our paralympic teams. And it has far-ranging ramifications for U.S. Soccer and soccer and the business model of soccer in our country, which we have, through ownership of our professional ranks in all three divisions, invested hundreds of millions of dollars, if not billions of dollars, building the sport over the last 20 years so we can continue to build and we can compete on the field in such a manner that we just accomplished on the women's side for the men.

Senator BLUMENTHAL. I understand those two options. But was there not a third, which is to begin asking questions, begin an inquiry, begin shining a light, begin blowing the whistle, begin essentially holding accountable officials who might be guilty—and we now know they are—of wire fraud, conspiracy, money laundering, bribery that directly impacted the quality and integrity of the sport that you are responsible for upholding.

Mr. FLYNN. Well, we did support the 2011 Ethics Committee, as I mentioned in my opening remarks. We pushed for full disclosure of the full report. As I said, we front and center were one of six nations that nominated Prince Ali to run against the longstanding Mr. Sepp Blatter with great peril for the chance of hosting in 2026 and having the FIFA Executive Committee seat. We continue to feel that that is a proper course of action to reform FIFA.

Senator BLUMENTHAL. And I want to make clear, Mr. Flynn, that my comments are directed against the collective “you,” not you per-

sonally, the executive officers, the board members, and the organization of the U.S. Soccer Federation.

And I want to ask you, as a matter of fact, why Mr. Gulati declined the invitation to be here today?

Mr. FLYNN. When the notice came of the hearing, we anticipated rather broad and specific questions potentially, and it was determined with outside counsel that I would appear before the Senate Subcommittee hearing.

Senator BLUMENTHAL. What is the reason that Mr. Gulati did not?

Mr. FLYNN. I think there was a comfort level that I had more knowledge of the day-to-day operations in the event there were questions related to that.

Senator BLUMENTHAL. Do you not think he has an obligation to answer the questions that we have been directing to you?

Mr. FLYNN. Senator, I would answer if you are not comfortable with my answers, we would be more than happy to respond in writing to your staff anything directly related—

Senator BLUMENTHAL. Will you commit that Mr. Gulati will answer these questions?

Mr. FLYNN. I will certainly do my best to do that. Yes, sir.

Senator BLUMENTHAL. Thank you.

Just a couple more questions. What is Sepp Blatter's continuing role in FIFA?

Mr. FLYNN. The best of my understanding, there is a special meeting the 20th and 21st, next Monday and Tuesday. From that, they have to do a 4 month notice to move forward, and there would be a new election for a president.

Senator BLUMENTHAL. Will U.S. Soccer take the position that he should be, in effect, excluded from FIFA?

Mr. FLYNN. Our position I think was pretty clear when we in the last election nominated and supported Prince Ali. I do not know who the candidates are. I do not think anybody does yet. But rest assured, we will look at all of the candidates and their platform from human rights to corruption to reform before we make our decision.

Senator BLUMENTHAL. One last question. Do you not believe now that U.S. Soccer has a responsibility to do more—its silence in my view has been deafening in many respects—to expose the wrongdoing and condemn it?

Mr. FLYNN. I would like to address or answer your question. I think a real prime example of what we have done is the recent reform of CONCACAF. Those were sweeping reforms from independent directors to greater transparency. We think that is a footprint that we would like to bring forward to FIFA, recognizing that we are one of 25 on the FIFA ExCo—Executive Committee, excuse me—and one of 209 nations within the FIFA organization itself. So we pride ourselves in our leadership. We also understand at times the limited capacity that we have for reform.

Senator BLUMENTHAL. My time has long expired, and I am hopeful that we may have another round of questions. I want to defer to Senator Daines at this point.

**STATEMENT OF HON. STEVE DAINES,
U.S. SENATOR FROM MONTANA**

Senator DAINES. Thank you, Senator Blumenthal.

Mr. Flynn, just to follow up on some of the questions that Senator Blumenthal was asking, how many years have you served as the CEO or Secretary General of U.S. soccer?

Mr. FLYNN. Roughly 15 years.

Senator DAINES. Fifteen years.

And I understand Mr. Blazer—the indictments—it was Mr. Blazer and 14 others. Is that correct?

Mr. FLYNN. I could not tell you the exact number.

Senator DAINES. It was more than 10, yes.

You mentioned the cold, hard facts—not having cold, hard facts and at times having discomfort. I am going to step back. In an over 15-year career—and we are going to get to the happier part of this here about what happened to Women's Soccer, and congratulations for that, by the way. You need to be recognized. Truly a tremendous accomplishment.

Mr. FLYNN. Thank you.

Senator DAINES. But regarding the discomfort that you felt at times, if I can just step back, because perhaps there was a line crossed—if we look at what the indictments read, the bribery, the racketeering, and so forth, can you tell me about a time when you experienced discomfort and you stepped back of what you were seeing?

Mr. FLYNN. As I stated, the discomfort was kind of in generalities. I will tell you in terms of how Mr. Warner, being one of 41 nations, 35 voting nations in CONCACAF, how he ran a meeting and went through an agenda and had hand votes versus sealed votes—those are the kinds of discomforts that led me to some level of discomfort.

Senator DAINES. In your distinguished 15-year career leading the organization, how long ago was it when you first started sensing perhaps something is wrong, perhaps a few bolts are loose here, perhaps there is discomfort, looking at the indictments here? These things typically just do not happen overnight. This was probably building. When did you start having some concerns?

Mr. FLYNN. It would be hard to pinpoint. As I said, they are generalities and they related to the manner in which Jack Warner and Mr. Blazer ran their meetings and how I think U.S. Soccer would like to have a greater influence, but being one of 35 voting nations—and mind you, Mr. Warner came from the Caribbean, and 25 of those 35 votes are from the Caribbean—it just gave me a level of discomfort that we were not going to make progress in terms of transparency and some of the things that I would have preferred as to how U.S. Soccer operates.

Senator DAINES. And did you ever express any of those concerns to Mr. Blazer?

Mr. FLYNN. I did not.

Senator DAINES. Is there a reason, if you were seeing these issues, knowing what you know now, why you might not have confronted him or perhaps asked why he is doing what he is doing?

Mr. FLYNN. Generally speaking, it falls into that two-choice equation and framework. Trying to participate, one of the key things we

tried to do, as an example, is try to host Olympic-qualifying and host events. And we have to, at times, balance that with the potential to opt out. And with Mr. Blazer, I just felt that we had other things to do that could help build our sport as well, and there was some concern that if I brought it to Mr. Blazer's attention that I may feel some level of discomfort in a different way.

Senator DAINES. And did you see other peers experience discomfort in other ways who maybe tried to confront Mr. Blazer?

Mr. FLYNN. It would be hard to categorize it that way. But if we reached out and when we reached out to talk to other national associations, other federations, once again we were one of 41 or one of 35 voting members. And there was not anybody else that had maybe the same feeling that I did on a personal level or that we did as an organization. So we operated as best we could within the framework.

Once again, we are in CONCACAF by virtue of being a member of FIFA, and we felt we had to find a way to participate, work our way through, and fortunate enough, by a very close vote, 18 to 17, Mr. Gulati was elected to the FIFA ExCo seat in April 2013. And we think that was a step in the right direction, a step toward reform, and that is the model that we felt was in the best interest of moving our sport forward in a very difficult and tricky environment sometimes.

Senator DAINES. I have one final question. Then I am going to wrap up here.

Back on women's soccer here, on a happier note, the most-watched soccer match in U.S. history, as many television viewers as game seven of the 2014 World Series.

I was looking at the financial numbers here with the United States Soccer Federation, and just looking at the investments in the men's national team versus the women's national team—I say that as a father of two sons and two daughters. You probably see where I am headed with this. The spending on the men's national team was up 50 percent fiscal 2014 over 2013. Yet, the spending for women's soccer actually went down, I think 13 percent of fiscal 2013 versus 2014.

Just in broad strokes, any reason why the men's soccer would have been up 50 percent and the women's down 13 percent?

Mr. FLYNN. Well, let me first say thank you for your comments about our women's national team. We are quite proud of our track record with women's soccer. We are recognized as a world leader. And I give you a few small facts. U.S. Soccer's write-in campaign is the reason that women's soccer was admitted to the Olympics in 1996 and continues to this day. We are the top paid team in the world by far on the women's side. In 2003, when we hosted the Women's World Cup, there were no winnings for any team, first, second, third, fourth, whatever. The winnings this time was \$2 million. We continued to push FIFA in the right direction.

Related to your direct question, if that was 2014—I do not have the exact numbers in front of me, but it could be—and I will be more than happy to follow up and provide in writing—it could be because of the 2014 Men's World Cup is a peak year and would create more activity. So I do not know the exact—

Senator DAINES. It was what I was kind of sensing looking at it, but it might be worth a follow-up, just getting a sense of investments because, hopefully, we will continue to invest in our women's soccer program, as you already have. But the men's program is growing quite significantly. Women's is coming down somewhat. And we are just so proud of what the women did and want to make sure we continue to invest appropriately.

Mr. FLYNN. Thank you.

If I could add, as a father of three daughters, we are quite proud at U.S. Soccer that, unfortunately, with two failed professional women's leagues, 3 years ago we took it upon ourselves as a federation. We actually run the women's league. Rather than fund 25 to 30 women and cut the team down to 23, we are providing a first division women's soccer league for 180 women's professional soccer players in this country. And we think with the success that we had in Canada 10 days ago that we will have additional ownership and investment as well.

Senator MORAN. Let me interrupt. We are about out of time. Thank you for that reply.

Senator Klobuchar?

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Thank you very much. Thank you, all of you.

I wanted to follow up on some of Senator Daines' questions. And of course, we are all very proud of the U.S. women's team. And are you aware that we are putting together a resolution that has been put in from the Senate asking for equal compensation between men and women in FIFA on the soccer?

Mr. FLYNN. I am not aware of that.

Senator KLOBUCHAR. Well, be ready for it.

And I just think, given the U.S.'s emerging role in FIFA and given what we have seen in the last few years with the corruption, I just think that while I appreciate that you say changes are being made, I do not think enough changes are being made. And I have some additional dollars from what Senator Daines was talking about.

So the U.S. women's team for the victory was compensated \$2 million. Is that right?

Mr. FLYNN. That is correct.

Senator KLOBUCHAR. And the men's team, the Germans' team, in 2014 was compensated \$35 million. Is that right?

Mr. FLYNN. I think it was \$32 million, but it might be \$35 million.

Senator KLOBUCHAR. \$32 million, OK. So it is \$2 million versus \$32 million. And the losing team in 2014, which was the U.S. men, got \$8 million.

Mr. FLYNN. I believe it was \$9 million.

Senator KLOBUCHAR. \$9 million.

OK. So we have a situation where the losing team actually got more than four times the amount of money as the winning women's team.

Mr. FLYNN. Correct. But let me point out, the winnings—just as a point of reference I think or background, the winnings payments go to the federations. So the payment to our players are guided and governed by separate collective bargaining agreements between the men and women. So that is one point. I think as a matter of background, it is important.

Senator KLOBUCHAR. OK, but just to go back to this, you know, sometimes they say, well, women's sports do not get as much attention. But we have a situation here where there is record attendance and TV ratings—Fox broke TV records in the U.S.—making the World Cup final the most watched soccer telecast ever in the U.S., male or female. Yet, you have this disparity, \$32 million versus \$2 million. And my argument would be that certainly the U.S. should be taking a lead in pushing for more equality here.

In tennis, they have equality. Wimbledon last year decided to have equality in prizes. And it would seem to me like Wimbledon seems pretty old school. And soccer is supposed to be so like, you know, nouveau and upscale and just the cool progressive sport, and yet you have this disparity that I just think is outrageous.

Mr. FLYNN. We do agree and we will continue to push for greater payments on the women's side, without question.

Senator KLOBUCHAR. OK. I really appreciate that.

Mr. FLYNN. Thank you.

Senator KLOBUCHAR. Could you comment on why the Women's World Cup was played on artificial turf when the Men's World Cup was played on grass?

Mr. FLYNN. Sure. I will give you a little bit of background. In order for Canada to receive the bid, Senator, it went through a bid process. Canada was the only nation that submitted a bid to host. As part of that bid, from our point of view, unfortunately, the bid included playing on artificial surfaces. It is not something that we liked. We appealed to FIFA and to the Canadian Soccer Association to no avail. When our players came to us and wanted to participate in some legal activity, we fully supported that.

And at the end of the day, we posed the question to our women's team: if this is what we are faced with, do we want to move forward and play or do we not want to play? And the women unanimously decided it is not perfect. We do not like what they felt—and we agreed—was a lack of respect. But we were moving forward, and in many respects, I think everybody would say we are pretty happy we moved forward under not the best of circumstances. But coming away with our third World Cup, it was worth the investment.

Senator KLOBUCHAR. And the salary range. I will just end with that. The salary range of women and men. So I just got his from our staff. So men, the minimum salary is \$50,000. Is that true?

Mr. FLYNN. \$50,000 for—

Senator KLOBUCHAR. For a male player?

Mr. FLYNN. In our collective bargaining agreement or—

Senator KLOBUCHAR. And then we have women making from \$6,000 to \$30,000.

Mr. FLYNN. I am not sure what the reference is for that.

Senator KLOBUCHAR. This is professional soccer.

Mr. FLYNN. Yes. I cannot speak to major league soccer, if that is what the reference point is. It is guided and governed by a collective bargaining agreement.

I can tell you the women's national team players to play in our league is well above \$6,000. And to play for their country, as well as their clubs, is well above \$6,000. I would be more than happy to follow up and give you more detail on that.

Senator KLOBUCHAR. Just I view this whole thing going back to just the corruption and everything that has happened—and my colleagues have done a good job. I am sure there is a lot more that Mr. Jennings would like to talk about. Going through all that as a former prosecutor, I find the whole thing abhorrent, and I am glad that these cases are being pursued. But it just seems in general—and the reason I bring up this women's issue is the U.S. has had a shorter history on the international soccer stage but has significant pull internationally, particularly with major corporate sponsorships of U.S. companies. And so what I am advocating here is using that pull for not just reforms and transparency in the international governance structure so that we do not see this corruption and that it gets taken care of, but also so that women get treated fairly and equally as men because, like I say, if they can do it at Wimbledon, they can do it with soccer.

Mr. FLYNN. Thank you, Senator. Could I make one point?

We are seriously the strongest advocate, I think, for women's soccer in the world. And just as a point, there were 24 teams in this year's World Cup. In 2011, there were 16. We were strong advocates and took a leadership position to expand.

On the men's side, there are 32 teams that compete. So there is a greater number of games and a bit of a different commercial impact.

But we continue to push FIFA and CONCACAF to expand the opportunities for women. And as a father with three daughters, rest assured it is top of mind with me every single day.

Senator KLOBUCHAR. Well, you can imagine how the women feel when we hear that our women players who everyone was watching, was so proud of, got less than a fourth of what the losing team did last year for the men. It is just not right.

Mr. FLYNN. It has been in the public a bit, but the women for playing in the World Cup and competing this year will receive over \$300,000, just as a point of reference. I would be more than happy to give you additional information.

Senator KLOBUCHAR. All right. Well, I really appreciate it. Thank you. Thank you to all of you. And Senator Leahy is leading the resolution. So thank you.

Senator MORAN. Senator Klobuchar, thank you.

Let me ask Mr. Hershman. You heard the testimony of Mr. Flynn who indicated that, as I would summarize his testimony, he is involved in the domestic side of the issues that were involving the U.S. Soccer Federation. And I think his testimony would reflect that he and his colleagues—no one reported to him any concerns or knowledge of any corruption, bribery, racketeering. I think his testimony would suggest that he had no—he was unaware of the activity that led to the indictments. That suggests to me—I do not know exactly what Mr. Flynn does, but he is the CEO.

What is it that needs to change structurally that this kind of behavior at FIFA would be known by the U.S. Soccer Federation? What is missing?

Mr. HERSHMAN. Thank you, Mr. Chairman, for that question.

I think you have to understand the nature of the beast. FIFA is like no other organization that I have had an opportunity to consult with on issues related to governance and compliance.

I want to correct a statement that Mr. Bery had said earlier. FIFA is not an international organization. It is not an NGO. It is not a corporation. It does not follow any guidelines or standards. What exemplifies FIFA is a small clique of very powerful individuals whose self-dealing was kept very secret at the top level of the organization. It is no surprise to me that an individual federation like the U.S. Soccer Federation did not know, did not understand what was going on.

This organization, as pointed out by the Justice Department, had systematic corruption. And for years now, for over 10 years, in the midst of many scandals and even going back before 10 years when Mr. Jennings was aggressively reporting on lack of transparency and accountability, the organization answered to one man and one man alone, and that man controlled this organization with an iron fist and an iron grip. And that was the president of the organization, Sepp Blatter. When he wanted someone to know something, he would let them know. Otherwise, they would be in the dark.

And it is discouraging to me that President Blatter sits in that same seat today. Let there be no mistake. He has not resigned. He has said he will step aside when a new election is called. Well, he has said twice in the past in recent history that he would not run for office again and changed his mind. I am very concerned that he will do the same thing again, that 6 months from now, he will say the reform initiative is now complete. I have succeeded, and the federations from Africa, the federations from Asia want me to continue. So I have decided to stay as president. That would be the worst thing that could happen for FIFA.

Senator MORAN. Therefore, Mr. Hershman, in your opinion your testimony is that the best thing that could happen to clean up FIFA is for the departure of Mr. Blatter?

Mr. HERSHMAN. Not only Mr. Blatter. There are dinosaurs in the Executive Committee that do not believe in reform.

Let me say this. We are going to see next week at the Executive Committee meeting the FIFA Executive Committee adopt new reforms, reforms that we recommended years ago to be adopted and that were put aside. It is not what is on paper. It is not going to be the compliance program. It is not going to be the change in governance structure. It is going to be the culture of the organization that has to change. And you cannot have a change in culture unless you have people within and leadership that believe in ethics and values.

Senator MORAN. Let me ask you this then. What is the motivation for that change to occur? What needs to happen through the U.S. Soccer Federation, others around the globe today what we are doing here have any consequence on these issues? Because I assume that the opponent to change is financial. There is apparently significant amounts of money that surround FIFA, and those in-

volved in this, what you described, culture. So what steps need to be taken to overcome that culture today, tomorrow, and into the future?

Mr. HERSHMAN. We need to build a coalition. Number one, the sponsors have got to take—and not only the sponsors but the media outlets that bid on media rights—they have got to take a stand. When an individual athlete, be it Tiger Woods or be it Ray Rice, does something wrong, the first thing that happens is the sponsor walks away from that relationship. FIFA has been the subject of scandal after scandal after scandal, and no sponsors have taken the lead in withdrawing their support for FIFA based on those scandals. So the sponsorships have got to—the sponsors and the media outlets have got to stand up and say, if you do not reform, if you do not do the right thing, we are going to walk away.

The federations like the U.S. Soccer Federation have got to come together. Those with similar cultures, similar beliefs in transparency and accountability—and I do believe that that is the belief of the U.S. Soccer Federation—have got to come together from the bottom up and force change at the top.

And finally, governments. Many governments provide sustenance to sports federations, not necessarily in the United States, but overseas governments spend millions of dollars in taxpayers' money supporting their domestic and international sports organizations. They have got to intervene and let them know that the time is ripe for change. Even here in the United States, while we do not spend taxpayer money on supporting our domestic sports organizations, the NFL, we provide them with tax-exempt status—I am sorry—with exception from antitrust laws, which is worth a great deal of money to them. And so governments have also got to influence sports organizations to undertake transparent and accountable governance.

Senator MORAN. Let me ask you, Mr. Jennings. What needs to transpire? It was the same question I asked Mr. Hershman. What needs to transpire today, tomorrow that would give you hope that the corruption that you have described would be resolved internally within FIFA? And perhaps your answer, based upon your testimony, is FIFA has no future. It has to be replaced. Is that different than what Mr. Hershman is saying?

Mr. JENNINGS. I would differ very mildly from Michael. Yes, FIFA has got to be resolved. They do not want reform. We use words like "reform." They think boring. Everything works fine. OK, if you get arrested—Mr. Gotti went on for years as members of his family got picked off, but the operation went on.

And I would just like to come back to CONCACAF because I am quite astonished what I hear about them. They are going to have a reform meeting. They have had one. Well, that would be the third one I think, would it not, because when Mr. Blazer and Mr. Warner were out—thank goodness—they had reforms. They had reform meetings. They pledged transparency and they brought in two men, Jeffrey Webb from Cayman and Mr. Sanchez, is it, from Traffic, from the corrupt sports marketing company, and a few years later, the FBI are going, can you step this way, please, sir?

So now they are doing it again. And who is there? Is Horace Burrell there, the man who put his girlfriend in to vote at the

FIFA Congress in 1998. I have got a document if you want to see it. They are so corrupt.

But do you know the U.S. Federation has been cowardly because little Peter Jenkins, you know, was from St. Kitt's, not a powerful country, had the guts to stand up and say Jack Warner is stealing tens of millions of dollars of FIFA money that should be developing the sport in the Caribbean. He had the guts to say it. Warner and Blazer turned their poison upon him. He just survived. But he had the courage to do it. Where was America?

Senator MORAN. Let me ask Mr. Flynn. In your testimony—I just made notes, so this will not be identical to what you said. But your testimony was that you could encounter a potential political impact. Yet, you indicated you opposed—the U.S. Soccer Federation opposed the reelection of Mr. Blatter.

Mr. FLYNN. I am sorry. I did not hear you.

Senator MORAN. I am sorry. You indicated in your testimony that the U.S. Soccer Federation opposed, voted for someone other than Mr. Blatter, to chair.

Mr. FLYNN. To be the president. Correct.

Senator MORAN. And your testimony had something along these lines, and that could have caused potential political impact and our chances to host the World Cup. That suggests to me that there is an awareness that the decision about where a World Cup soccer match is going to be played is—that you would admit is not necessarily based upon the merits. If you are worried about a vote for the Chairman of FIFA having a consequence onsite selection, that suggests to me that you are aware that something is not above the board. Or am I overstating that?

Mr. FLYNN. Senator, I think it reflects a management style, and that is what I was trying to impart. Mr. Blatter wields, as others have said, a lot of influence in the organization, and taking our position to not only vote openly but to nominate Prince Ali and work very hard for his election, we know that that may come with some difficulties down the road in terms of seeking support for hosting the 2026 World Cup as part of Mr. Blatter's management style.

Senator MORAN. Thank you.

Senator Blumenthal?

Senator BLUMENTHAL. Thanks, Mr. Chairman.

Mr. Jennings, would you agree, based on your experience, that American corporate sponsors like Nike, McDonald's, Visa, and Coca-Cola have been in some sense enablers?

Mr. JENNINGS. Inadequate? They have had terrible attacks of blindness. Have they not? When the rest of the world has been categorizing, listing corruption of FIFA and at CONCACAF and documented, the sponsors have said, oh, well, we only support the World Cup. We do not support FIFA. Well, is that not tough and brave of them?

Senator BLUMENTHAL. Maybe I should amend my question to say they certainly would be enablers now if they continue to be sponsors without insisting on reforms. Would you agree?

Mr. JENNINGS. They should withdraw unless their money—the money that Herr Blatter likes so much should be withheld until something radical happens to clean up the sport in the interest of the grassroots.

Senator BLUMENTHAL. In fact, there is precedent, for example, in the way that Nike dealt with Tiger Woods following some of the revelations and public disclosure.

Mr. JENNINGS. That is a very limited case, which got huge publicity because it dealt with the private life of a celebrity. It gets a lot of tabloid coverage.

Senator BLUMENTHAL. But whether it is private life and morality or in this instance public corruption, it should be addressed.

Mr. JENNINGS. Oh, yes. And they have the capacity. They have the wealth. They have the brains and experience in their head offices from Beaverton to Atlanta to Chicago. And they have not done anything, and they should be trying to not justify. They should be apologizing because Mr. Flynn has talked a lot about the organization of American football—soccer, not particularly relevant to the issues at hand about corruption of FIFA. Nevertheless, the moms and dads—my granddaughter plays football in the park in Seattle. You know the sort of people I am talking about, the families, the lower level, not just the stars of your male and female teams. They have been betrayed by an organization that suns itself in the glamour of these brilliant women and brilliant men—the men are doing better every World Cup, you have noticed—without doing it to say we are America.

Senator BLUMENTHAL. Mr. Bery, would you agree that American corporate sponsors have turned a blind eye to the alleged human rights abuses and potential deaths of migrant workers involved in human trafficking in the World Cup host nations. Should they have known? Did they know? Should they have done something?

Mr. JENNINGS. You have just said it. I cannot cap that. Of course, the answer is yes.

Senator BLUMENTHAL. And, Mr. Bery?

Mr. BERY. There has definitely been a startling lack of attention by many parties involved with FIFA and the World Cup to the serious problems of labor exploitation in Qatar today. Thousands upon thousands of foreign migrant workers in Qatar are forced into a terrible, terrible system that can lead up to forced labor in some cases. And it is time for the sponsors of the World Cup, it is time for the contractors and the businesses involved with the World Cup, as well as the host government itself, Qatar, to start taking action and doing something about this labor rights crisis.

Senator BLUMENTHAL. And they can have an impact, can they not, simply by virtue of their power of the purse and dollars and investment?

Mr. BERY. The sponsors of the World Cup can definitely play a serious and constructive role in averting the labor rights crisis that is happening and the labor exploitation that is plaguing the construction for the World Cup in 2022.

Senator BLUMENTHAL. Mr. Hershman, do you agree?

Mr. HERSHMAN. I do agree. Look, these sponsors spend tens of millions of dollars to protect their brands. They themselves adopt governance programs and compliance standards that are best practice recognized globally. What does it say about them when they are willing to partner with organizations that have the record that FIFA has?

Senator BLUMENTHAL. And, Mr. Flynn, do you agree with the views that have been stated here?

Mr. FLYNN. We are happy to have the sponsors weigh in on this particular issue. As a point that is, I think, worth making from the U.S. Soccer perspective, when these things come to light, we have spent a lot of time with our sponsors explaining the difference between U.S. Soccer, CONCACAF, and FIFA. And I think the sponsors welcomed that opportunity of discussion with us. And we are happy if they weigh in on these particular items and issues.

Senator BLUMENTHAL. In your view, Mr. Jennings, is FIFA salvageable?

Mr. JENNINGS. Salvageable? No, not at all. The corruption is so deeply embedded that if you cut the head off the snake, the rest of it would still be wriggling about. America has to, with its moral values, join with other countries with similar moral values and just say you stay there in Zurich. We are out of here. We are not going to be contaminated by sitting at your meetings with a bunch of organized crime experts. That is what FIFA is.

And it was very good to see your FBI, your Department of Justice has assessed them like that. I thought that before, and I am very glad that they came aboard. You do not go to John Gotti and say, Mr. Gotti, there is really too much heroin on the streets of New York. Could you cut back on it a bit? Oh, thank you. A couple of keys come off the street. Well, that is all right. That is not how you dealt with it with the mafia in Boston. Is it? You went after them.

Senator BLUMENTHAL. Mr. Flynn, is FIFA salvageable?

Mr. FLYNN. I would address that by looking at the recent reforms of CONCACAF. They have been sweeping. I think they are real. I would like to give it hope that that footprint could be used. I am not an organizational expert like Mr. Hershman, but I think that is one option. And I can tell you the weekend of the Women's World Cup final, there were two other confederations from around the world that were represented in Vancouver that were very well aware of the sweeping reforms in place. And hopefully, that footprint is at least one step in the interim—excuse me—in the short term to reform FIFA.

Senator BLUMENTHAL. But apart from what CONCACAF has done, have you seen a tangible, meaningful effort at reform in FIFA? And does that not have to happen for it to be salvageable?

Mr. FLYNN. I have seen attempts, and unfortunately, they have come up short. And we continue, once again as one of 209 nations, to build coalitions and work with likeminded national associations. We think given our structure, who we are, that is a good model for us to move forward. We are open to other discussions, as always, and we will be doing so with the candidates that are all running for the presidency moving forward for FIFA as well. I think that is going to be an interesting opportunity to see what platforms the candidates bring forward.

Senator BLUMENTHAL. Will U.S. Soccer withdraw from the structure that supports FIFA if it fails to take meaningful reforms?

Mr. FLYNN. As I said before, I think we have the two choices of participate or opt out. The opt out is very difficult and has severe ramifications to our model for the sport. So I would like to think

that we can push for reform, given the new platform and level of intensity not only from the U.S. Senate but from other parts of the world that feel now is the time to make the many changes that need to be made in terms of reform for FIFA.

Senator BLUMENTHAL. Well, as a fan, as well as a public official, as a parent, let me just suggest that sometimes inaction and silence signal complicity. And there will be a point where, in effect, U.S. Soccer is complicit in the ongoing lack of reform or action. You may have no direct over it, but I respectfully suggest that that may be something you want to consider more seriously.

Let me ask whether you will commit to U.S. Soccer conducting an independent inquiry, as happened in the wake of the Salt Lake City scandal.

Mr. FLYNN. Senator, we will cooperate with any inquiry that is brought to our attention.

Senator BLUMENTHAL. Well, again, I am suggesting that you take action, that U.S. Soccer take action to conduct the inquiry. You certainly have the resources and, again, I respectfully suggest you have the responsibility.

Mr. FLYNN. I think if one of 209, whether we initiated that, I think it would be safe to say we are going to need the assistance and help of other likeminded nations. So we are committed to certainly have those dialogues and those discussions.

Senator BLUMENTHAL. Are you committed to seek such an inquiry?

Mr. FLYNN. We are committed to work with other national associations to reform FIFA.

Senator BLUMENTHAL. My time has expired.

I have additional questions, but I have to go vote. We are sort of staggering our terms here. If my chairman will take over and ask sufficient questions, I will see you again. Thank you.

Senator MORAN. Thank you very much for your patience, and I think there are some other members who want to join us. But this may turn out to be our last round. There is another committee hearing in this room later this afternoon.

Let me go back to an issue that I mentioned in my opening statement and explored a moment ago with Mr. Bery because I do not want this issue of loss of life to get lost in the conversation about governance. I think they are related. So I am not trying to prioritize one over another, but I want to make certain that as a result of this hearing, there is an awareness by Americans, by the world about what you have discovered in your investigation in the activities leading up to the games of the future.

Let me ask you, Mr. Bery, again if you want to describe in more detail the findings of what is transpiring there and what your request would be for us to make certain that these practices come to a conclusion. What role can we play as the United States?

Mr. BERY. Thank you, Chairman.

Amnesty International's report, "Promising Little, Delivering Less," is the latest report that goes into the massive problem of labor exploitation in Qatar. The problem, as we have heard, starts with laws that prevent migrant workers from leaving their employers or leaving the country when they are put in situations that rise to even the risk of starvation. But it goes beyond that. As you have

alluded to, Chairman, within Qatar today there are serious health risks and a lack of accountability and due diligence when it comes to the sites where workers, foreign migrant workers, are doing the hard work and putting in the sweat of all of the construction, the hundreds of billions of dollars of construction that are going on in Qatar today. There have been numerous reports about deaths that the governments of India and Nepal have reported that in 2014, over 400 of their nationals in Qatar have died in a whole host of ways and for a whole host of reasons.

What is highly problematic is that the Government of Qatar has not put in the effort to do a serious investigation as to how foreign migrant workers are dying in Qatar and why. This lack of any sort of investigative interest or effort by the Government of Qatar reveals potentially a lack of interest in finding out the answers, as well as the next steps to solving the problem. The Government of Qatar needs to take substantive steps to investigate the deaths that are happening in Qatar today, deaths that have ended the lives of many foreign migrant workers who came to Qatar from many parts of the world simply to earn money and to send the money back home to communities and families in poorer parts of the world where they do not have the employment opportunities that they need.

Senator MORAN. Let me ask Mr. Jennings an additional question. You are our witness from outside the United States. What influence do you think that America has in regard to reforming FIFA?

Mr. JENNINGS. I would rather say "change," but otherwise we are agreed.

Well, I have certainly learned today that America is a terribly unimportant, little country, that is terrified of countries like Guinea-Bissau not agreeing with it. When the United States Olympic Committee realized it had a massive moral problem over its relationship with the crooks at the International Olympic Committee, you did not go and ask anybody else. You do not have to go and ask the rest of the world is all right if we have an inquiry in America into our own people. Please. I find this very dispiriting about this view of America as being gutless because that is what is being suggested. Get on and do it. Do not ask permission of some other countries. It is your country and you have screwed up with FIFA and CONCACAF.

I hear the talk about reforms. I do not believe it from CONCACAF. Was Horace Burrell there, the same bunch of crooks who have been there for 20 years?

But you can do it. It is not that you have got nuclear weapons that matters. You have got the sponsors. You have got the media. You have got the moral power of this huge country, and Europe will come with you like a shot. Western Europe will be straight in with you saying, can we join as well as well, please? They just needs some leadership and they are not getting it.

Senator MORAN. Mr. Jennings, you must think there is a sufficient value in this hearing that is taking place right now here that you came from Britain to the United States to testify. What do you hope comes from this hearing today? What can you expect? What would your desires be that we accomplish?

Mr. JENNINGS. As I was saying earlier and as Mr. Blumenthal was mentioning, the independent inquiry, similar to the United States Olympic Committee, is the first essential because then you look in the mirror with U.S. Soccer and you see where you went dramatically wrong. That inquiry could go back into how you were blind and deaf and dumb over the CONCACAF programs, how you have walked away from problems at FIFA. America doing that would have other countries saying, oh, we can do this as well. So I would hope that you do set up independent—not with the permission of Guinea-Bissau or Tanzania, but your own commission of inquiry. I think that is the first thing.

The second thing is this farce going on, Blatter is going to set a date possibly for a Congress. I will tell you from our inquiries there are no Congress facilities booked by the rest of the year by FIFA in Zurich. He is going to stay there and wait for us all to get tired and go away. It has always worked for him in the past. Only the FBI can sort him out. But you can walk away or you are cowards, you are weak, and you have no perspective on the rest of the world. And I do not think that is true of America generally.

Senator MORAN. Mr. Hershman, you were—let me look and see the right words—a member of FIFA's Independent Governance Committee. What did not occur? It appears to me that there was an effort at changing previously. You were involved in the effort to make a change, but it did not happen. Is that an accurate analysis? And why not?

Mr. HERSHMAN. Well, it is an accurate analysis. Look, we came in as a group of independent compliance experts and sports experts to look at the internal checks and balances of FIFA, to look at their compliance and governance procedures. We did so. We made a number of recommendations, many of which, by the way, were adopted by FIFA, for example, establishing a new Ethics Committee with two co-chairs, independent outsiders, one to do investigations and an adjudicatory chamber of the Ethics Committee. We established an independent chair of the Audit Committee of FIFA.

But frankly, when it came to recommendations that I consider to be no-brainers because they are common standards around the world, including term limits for Executive Committee members and the president, including transparency of compensation. To this day, no one knows what the president of FIFA is paid, nor what the members of the Executive Committee are paid. When it came to having them create an independent outside oversight body to ensure that governance and compliance programs that we recommended were being implemented, they turned that down as well. So a number of key recommendations that might have made a difference were turned down.

Having said that, I want to emphasize that I do not believe, even if they had adopted the recommendations without a change in leadership, without a change in culture, we would have seen much different.

Senator MORAN. Thank you.

Mr. Flynn, the U.S. Soccer Federation particularly according to Mr. Jennings has a greater role to play. I want to make certain that you have a chance to tell us anything that you would like for

us to know to, in a sense, set the record straight if there is something that you feel needs to be said and also to ask you the question is there something that you would ask from us as we try to ally in the efforts for change, reform, improvements.

Mr. FLYNN. Thank you, Senator.

Well, I think one point I would like to crystallize is that U.S. Soccer would support an inquiry. As a national association, I do believe we have the authority to do so under the current governance.

As it relates to your question, what the U.S. Senate could possibly do, we welcome any opportunity for the U.S. Senate to weigh in with your counterparts in Qatar or Russia or whoever it might be for any particular issue. We would welcome that and be ready to work with you on that as well.

Senator MORAN. Do you know if there is any ongoing conversations between U.S. Government officials and other countries associated with FIFA and these allegations and criminal indictments related to corruption at FIFA? Do you know whether our Government is associating with other countries trying to facilitate change?

Mr. FLYNN. Senator, I am unaware of any activity.

Senator MORAN. Excuse me just one moment.

I am going to recess the hearing just for a moment. Mr. Blumenthal is on his way back from a vote. I will go cast the next vote, and I will be back. But we will have a brief, subject to the call of the Chair, recess which might be of value to those of you who have been sitting there for a bit. So the Subcommittee is recessed until the call of the Chair.

[Pause.]

Senator MORAN. The Chair calls the meeting back to order.

Senator BLUMENTHAL. This will be a brief few questions.

Mr. Flynn, would you commit to establish a better system of accountability within U.S. Soccer through some kind of internal inspector generals, a watchdog protection system?

Mr. FLYNN. We actually, through our outside counsel, have hired someone to look at all of our ways in which we govern ourselves, and that process has been started and supported by our board as well.

Senator BLUMENTHAL. When will that process be completed?

Mr. FLYNN. It has just started, so I think it would be a better approach for us to get back to you with the time frames once we have a chance to discuss in more detail.

Senator BLUMENTHAL. Mr. Hershman, you testified that sports are undermined by a lack of accountability, and I agree. Would you say that that kind of voluntary system is sufficient to bring some higher degree of integrity to a corrupt system, or at least U.S. Soccer has been involved in a corrupt system, or should sports entities be, in some way, overseen or scrutinized or regulated by a public authority?

Mr. HERSHMAN. I do not want to see Government take away total autonomy from sports organizations. I do not think that would be the right way to go.

But I do think that if voluntary standards and principles are not adopted and enacted, then Government should set up some sort of regulatory protocol to ensure that sports organizations are keeping best practices and standards.

There is a tremendous threat to sports worldwide. It has not completely hit the shores of our country yet. Illegal gaming in sports totals about \$500 billion a year. Let me repeat that. \$500 billion a year is bet on sports illegally. That has led to an increase in match-fixing, which has become endemic in Europe, in Africa, in Asia, in Latin America. While we have not experienced it here, it is rearing its ugly head. Six weeks ago, a gambler from Detroit was sentenced to 6 years in prison for paying college basketball players to fix matches.

And so what I am hoping this committee will do and what our Government will do is get ahead of the curve to begin to see that certain standards are put in place voluntarily or otherwise in order to bring a bit—well, hopefully to bring some of the well known purity back to sports.

Senator BLUMENTHAL. Mr. Hershman, you said that members of FIFA's Executive Committee should disclose their salaries I believe.

Mr. HERSHMAN. That is correct.

Senator BLUMENTHAL. Mr. Gulati is on FIFA's Executive Committee. Mr. Flynn, do you agree that he should disclose his earnings?

Mr. FLYNN. I believe that we have pushed for change on that, and I believe that U.S. Soccer—and we would support that, yes.

Mr. HERSHMAN. Actually, if I might interrupt, Senator. Mr. Gulati, before he was appointed to the Executive Committee—he served with me on the Independent Governance Committee, and he voted in favor of our recommendation for compensation transparency.

Senator BLUMENTHAL. Can we expect that will happen then, Mr. Flynn?

Mr. FLYNN. We will do everything we can within our power of the United States Soccer Federation. Ultimately I believe that is going to be a FIFA Executive Committee vote.

Senator BLUMENTHAL. When will FIFA make that decision?

Mr. FLYNN. I do not know the answer to that. I would be more than happy to follow up and get you that.

Senator BLUMENTHAL. I would appreciate it.

Mr. Bery, can you tell the Committee what more you think FIFA can do very specifically and directly to stop human rights abuses, including human trafficking, exploitation of child labor, horrific working conditions, illegal holding of passports, in effect, involuntary confinement of workers and other abuses involved in construction in host facilities, and hotels? The breadth of these violations I think has been somewhat inadvertently lost in these proceedings, which have focused more on the corruption, the overt criminal corruption, and yet these human rights abuses are real and unspeakable.

Mr. BERY. You are absolutely right, Senator. The bottom line is that there are two big pieces of the puzzle that FIFA can help solve when it comes to addressing the major problems of labor exploitation in Qatar today and potentially in countries that will be future hosts for the FIFA World Cup.

The first piece of the puzzle is the question of what the evaluation process is during the bidding process to be a potential host of

the World Cup. Now, FIFA has said that for the 2026 World Cup, it is going to include human rights requirements in its bidding process. It is unclear right now as to what those human rights requirements are going to be, and any such initiative must result in FIFA having adequate human rights due diligence systems in place so that FIFA can become aware of and prevent human rights abuses as a consequence of the staging of World Cup events in the future. So that is the first piece, the evaluating of bids to be a host country.

Any such evaluation in the context of Qatar, for example, would have revealed serious problems when it comes to labor exploitation rising up to forced labor and, as we have spoken about earlier in this hearing, the risk of injury and death to some foreign migrant workers in the country.

The second piece of the puzzle, though, for FIFA is what happens when it raises an issue verbally or via text to the host government—in this case, Qatar—the Government of Qatar then says, OK, we are going to do X, Y, Z, and then a year later, as Amnesty International has documented in our report, the Government of Qatar largely fails to address the issue. Verbal assurances are not enough. And so there is a real question for FIFA as to what happens now.

The clock is ticking and it is not enough to wait 5 years from now to have serious reforms when it comes to labor rights in Qatar. Every day that goes by is another day that more of the hundreds of billions of dollars of infrastructure for the 2022 World Cup are already built and completed. And every single day that goes by without labor reforms in Qatar is another day in which a foreign migrant worker is potentially subject to forced labor. It potentially puts their life at risk in a very unsafe construction facility, potentially comes home to a filthy set of housing accommodations, or is potentially simply denied their pay while their family is at risk of being evicted from their home. And so for FIFA, the real question is what are they going to do now when a year after the Government of Qatar has claimed that it is going to take steps to address the problem, the reality is that for some of the worst human rights violations in Qatar in the context of labor exploitation, not enough has been done.

Senator BLUMENTHAL. I want to just add one last or maybe two last questions, one of them having to do with an issue raised by my colleague, Senator Klobuchar. I was astonished and troubled to learn that men's teams that exited in the very first round of the competition in the World Cup were paid \$8 million, an amount 400 percent greater than what the women world champions were awarded. Mr. Flynn, what can be done and what are you planning to do to address this pay disparity?

Mr. FLYNN. Thank you.

We are a strong advocate for the women's game. During the championship weekend, I met with the Canadian Soccer Association, my counterpart, who was the operating officer for the World Cup. We addressed several things in terms of in an after-action report, being compensation, the what I would call team environment, the types of hotels, and the number of teams at hotels. All of those kinds of things should be included in an after-action report. We

will continue then with our FIFA Executive Committee member, Mr. Gulati, to push for a continued development on the women's side, and one of those items would be an increase in compensation for those competing and participating teams in the World Cup and other competitions potentially as well.

Senator BLUMENTHAL. Thank you. I will have more questions for you on this issue. I will submit them in writing. I think your testimony, all of your testimony, has been very helpful and informative. In my view, this hearing is really only a beginning of an inquiry that the Congress has a responsibility to conduct, and that inquiry is only one step in a larger, very intensive and critical scrutiny that has to be given to the responsibility of the United States sports organizations.

We have spent a good deal of time over the last 24 or 48 hours talking amongst ourselves about issues of national security and the agreement that has been reached by the administration to stop nuclear proliferation most specifically with Iran. The power of the United States consists not only of its military force but its moral example. Its exceptionalism derives from its values and its ethics.

And the fans here and around the world deserve better from these sports organizations that have responsibility to oversee and organize the game of soccer. Corruption is not a game. It is deadly serious. It is criminal and it betrays the trust of fans. U.S. Soccer, as I have said earlier, had a responsibility to know. Either it knew or it should have known. And the fans can judge which is worse.

I want to thank you again for being here today and hope that you will continue to cooperate with our inquiry. Thank you.

Senator MORAN. Mr. Blumenthal, thank you very much.

This is our last round of questioning. I am going to bring this hearing to a conclusion particularly under the assumption I may have suggested to you you needed a recess. And so we are going to give you one. We are going to adjourn.

But let me first say, before I do that, thank you all for your testimony. This is in my view something that is a very important issue, a very serious matter.

Mr. Flynn, I particularly thank you for your testimony, and I want you and our audience, our witnesses, those who are paying attention to this hearing that we want absolutely the best for U.S. Soccer. I think the point I would make is that we cannot tolerate the status quo and that there are serious consequences from that status quo. They are real and in some instances life-threatening or perhaps life-taking. And we do not want another decision to be made for the next site for the World Cup that is subject to the allegations or the reality that corruption continues to occur.

So from an individual Senator, I just offer to you, Mr. Flynn, to U.S. Soccer Federation, the opportunity to work in any way we can to assist you as you make the effort to make sure the status quo is not continued. And I thank you very much for being here, as I would say to all of the witnesses here. Thank you for the serious nature in which we treated this topic.

With that, let me say a few significant words that are necessary for the record, and that is that the hearing record, the record of this hearing, will remain open for 2 weeks. During that time, Senators are asked to submit any questions in writing that they have

for the record. Upon receipt by you, the witnesses, we would request that you submit written responses to the Committee just as soon as possible.

And with that, I will conclude this hearing and again thank the witnesses. This hearing is now adjourned.

[Whereupon, at 4:25 p.m., the hearing was adjourned.]

A P P E N D I X

HUMANITY UNITED
Washington, DC, July 29, 2015

Hon. JERRY MORAN,
Chairman,
Subcommittee on Consumer Protection,
Product Safety, Insurance, and Data
Security,
Senate Committee on Commerce,
Science, and Transportation,
Washington, DC.

Hon. RICHARD BLUMENTHAL,
Ranking Member,
Subcommittee on Consumer Protection,
Product Safety, Insurance, and Data
Security,
Senate Committee on Commerce,
Science, and Transportation,
Washington, DC.

Dear Chairman Moran and Ranking Member Blumenthal:

We respectfully request that you include the attached written statement by Humanity United in the formal written record for the hearing entitled “Examining the Governance and Integrity of International Soccer” before the Subcommittee on Consumer Protection, Product Safety, Insurance, and Data Security on July 15, 2015.

Specifically, this written statement offers recommendations to U.S. and international companies working building infrastructure, tourism and entertainment venues, World Cup stadiums, and other projects ahead of the 2022 World Cup. The statement is particularly timely given the introduction of HR 3226, the Business Supply Chain Transparency on Trafficking and Slavery Act of 2015. Introduced on a bipartisan basis by U.S. Rep. Carolyn Maloney (D-NY) and U.S. Rep. Chris Smith (R-NJ), this bill would require public companies with annual worldwide receipts above \$100 million to include in their annual reports to the Securities and Exchange Commission (SEC) a disclosure describing measures taken to identify and address conditions of forced labor, modern slavery, human trafficking, and the worst forms of child labor within a company’s supply chains.

We appreciate your attention to this matter. If you have additional questions, please contact me at, at jeaves@humanityunited.org.

Sincerely,

JESSE EAVES,
Director of Policy and Government Relations,
Humanity United.

PREPARED STATEMENT OF CATHERINE CHEN, DIRECTOR OF INVESTMENTS,
HUMANITY UNITED

Established in 2005, Humanity United is a U.S.-based foundation dedicated to building peace and advancing human freedom. At home and in the corners of the globe where these ideals are challenged most, we lead, support, and collaborate with a broad network of efforts, ideas, and organizations that share our vision of a world free of conflict and injustice. Humanity United is part of the Omidyar Group, which represents the philanthropic, personal, and professional interests of Pierre and Pam Omidyar.

Since 2011, Humanity United has supported efforts to protect Nepalese workers migrating to the Gulf and Malaysia. Based in no small part on FIFA’s decision to award the 2022 World Cup to Qatar, Humanity United currently funds a multi-year, multi-million dollar initiative to foster greater protection of migrant workers who make up the majority of Qatar’s workforce.

Reports from Amnesty International, Human Rights Watch, DLA Piper, *The Guardian*, ESPN and other global media outlets have shone a bright light on the use of forced labor on major construction projects and in other industries in Qatar ahead of the 2022 World Cup. Unfortunately, increased international awareness has

not yet resulted in meaningful action to improve the situation for workers on the ground.

For the purposes of this hearing, we wish to focus on the responsibilities stakeholders—primarily U.S. and international corporations, the Government of Qatar, and the governments of countries where these workers originate—have to ensure the 2022 World Cup and ongoing development in Qatar do not continue to facilitate widespread human rights abuses. It is important to state at the outset that Humanity United’s concern is not limited to the stadiums being constructed to host World Cup events. Our concern is for workers involved in all aspects of Qatar’s development toward its long-term Vision 2030—which is why the focus has to be broader than just ensuring that any specific World Cup project adheres to proper standards.

In addition to reports by global rights groups and the media, Qatar’s national university published research findings¹ in 2012 highlighting major concerns over working conditions of migrant workers. In a random survey of nearly 1,200 low-income migrant workers:

- 90 percent of workers stated that their employer held their passport,
- More than 1 in 5 workers (21 percent), “sometimes, rarely or never” received their salary.
- 15 percent of workers found themselves “put to work in a different position when they arrived” in Qatar than they were recruited to perform in their country of origin.
- 20 percent arrived in Qatar to a salary different from the one promised to them in the sending country.²

To make matters worse, these same workers pay exorbitant fees to private recruitment agencies in their home countries for an opportunity to work in Qatar. Workers on average reported a debt that is equivalent to three to four months salary—forcing them to endure whatever working condition they are given, just to repay those debts. At the heart of these abuses is Qatar’s strict sponsorship regulations, commonly referred to as *kafala* which prohibit workers from changing jobs, quitting their jobs or even leaving the country unless given permission by their employer. These regulations foster an environment where workers have very few opportunities to protect themselves from deceit, exploitation, and abusive control by employers, conditions that facilitate forced labor and human trafficking.

The Government of Qatar needs to reform the kafala system to eliminate private employers’ ability to control whether a worker can quit their job or leave the country. As outlined by a 2014 DLA Piper report² commissioned by the State of Qatar, the government of Qatar has the power and resources to stem many of these abuses. In May 2014, Qatar announced its intention³ to make significant progress to improve working conditions. Some positive steps have been taken, such as developing worker welfare standards, hiring more than 200 new labor inspectors and rolling out a mandatory electronic wage payment system. However, implementation and enforcement have remained inconsistent at best and superficial⁴ at worst, with workers continuing to suffer. More than a year after the announcement, no reforms have taken place to eliminate the ability of employers to treat workers like commodities⁵—namely their ability to prohibit workers from changing jobs or leaving the country.

As part of its oversight of World Cup 2022, FIFA and its major U.S. corporate sponsors including Visa, Coca-Cola, McDonalds and others should use their influence to demand these changes take place in Qatar, and put into place a definitive timeline to see these changes occur. It is wholly unacceptable for U.S. public companies to benefit from the sponsorship of major international events that violate human rights through forced labor and human trafficking. U.S. corporate sponsors should expand their focus beyond reforming FIFA’s leadership to demand the protection of workers building World Cup stadiums and all related infrastructure.

While reform and enforcement of laws must be led by Qataris, who have the power and resources to enforce worker protection within their country, they do not bear all of the blame for the abuse of workers. Across the Gulf region, the majority of these abuses are perpetrated by smaller subcontractors on projects helmed by

¹http://www.ituc-csi.org/IMG/pdf/gardner_et_al_portrait.pdf

²<http://www.engineersagainstpoverty.org/documentdownload.axd?documentresourceid=58>

³<http://www.moi.gov.qa/site/english/news/2014/05/14/32204.html>

⁴<http://www.amnestyusa.org/research/reports/promising-little-delivering-less-qatar-and-migrant-labor-abuse-ahead-of-the-2022-football-world-cup>

⁵<http://thepeninsulaqatar.com/qatar-perspective/ahmed-al-mohannadi/285620/where-are-the-sponsor-s-rights>

international construction and engineering companies, and are exacerbated by widespread deception and fraud about fees, terms, jobs, and locations perpetrated by private recruitment and employment agencies in countries of origin.

Multinational and international companies—particularly U.S. companies—involved in construction in Qatar and the rest of the Gulf must look critically at their own supply chains to identify and address worker abuse and ensure timely payment to all workers, especially those hired by their subcontractors.

As industry leaders, these companies must be at the forefront of worker protection, just as they have led on job site health and safety issues. They should institute rigorous inspection and grievance reporting mechanisms that encourage workers at any level of the supply chain to report nonpayment of wages, passports or ID cards being withheld, contract violations, health and safety concerns, or other workplace abuses. Companies should actively partner with international civil society organizations that can independently monitor working conditions through unfettered access to workers, report on abuses, and ensure that workers have an effective way to register grievances. Further, the Qatari government should insist they do so, and fully enforce the existing labor law to penalize passport withholding, nonpayment of wages, and standards for housing.

From the outset, measures should be taken to ensure workers are recruited without paying any fees. Companies should factor in the real cost of recruiting foreign workers into their bids, demanding no-fee recruitment in subcontracts and pursuing legal action when necessary.

Of particular concern are those companies who implement contracts for the U.S. Department of Defense's Central Command base in Doha and also manage building and infrastructure projects in Qatar and elsewhere across the Gulf. Executive Order (E.O.) 13627, *Strengthening Protections Against Trafficking In Persons In Federal Contracts*, and Title XVII of the National Defense Authorization Act, Public Law 112-239, the *End Trafficking in Government Contracting Act (ETGCA)* expressly prohibit Federal contractors and their employees, in addition to all subcontractors and their employees, from charging recruitment fees to workers seeking overseas employment. U.S.-based contractors and construction firms that are fulfilling contracts for the U.S. Government and operating around the world (including the Gulf) could find themselves in violation of U.S. law if they are using subcontractors or suppliers who employ workers who have paid recruitment fees as a condition for employment.

Countries that send workers to Qatar, starting with Nepal, need much stricter regulation and oversight on recruitment companies that operate within their borders. Workers regularly report paying 200–300 percent⁶ more than the legal amount⁷ to recruiters in order to migrate from Nepal to Qatar—often the equivalent of six months of their earnings in Qatar. In Nepal alone, there are as many as 80,000 individual unlicensed⁸ labor agents offering any manner of employment terms to workers who are desperate to earn money for their families.

As long as countries of origin allow recruitment agencies to operate with little to no oversight, workers will continue to arrive⁹ in Qatar under false pretenses—unclear on the terms of their employment, cheated out of their limited and hard-earned savings, and ill-equipped with needed skills. As the country benefiting from this labor, Qatar should demand greater scrutiny of recruitment companies and ban those that are found to be deceiving workers or profiting from their vulnerability. At the same time employers who hire these workers need to put clear accountability measures into place to ensure workers are recruited without paying any fees and with transparent terms.

While the global debate goes on about FIFA's corruption and its selection of World Cup locations, workers remain unpaid, leaving their families in desperate situations. Ending the systematic exploitation of migrant workers in Qatar requires more than changing the leadership of FIFA or relocating the World Cup. It requires a coordinated effort by FIFA sponsors to demand accountability of host countries on human rights; the Government of Qatar to reform and enforce laws; governments of sending countries to regulate recruiters and abolish recruitment fees; international construction, engineering and hospitality companies to change their recruitment and subcontracting practices; and perhaps most of all, shareholders and the

⁶<http://www.amnesty.org/en/library/asset/ASA31/007/2011/en/b58f0185-455d-425c-bc4f-d6b7fe309524/asa310072011en.pdf>

⁷[http://ceslam.org/mediastorage/files/Agreement between the Government of Nepal and the Government of the State of Qatar.pdf](http://ceslam.org/mediastorage/files/Agreement%20between%20the%20Government%20of%20Nepal%20and%20the%20Government%20of%20Qatar.pdf)

⁸[http://www.ceslam.org/docs/publicationManagement/CESLAM Policy Brief 5.pdf](http://www.ceslam.org/docs/publicationManagement/CESLAM%20Policy%20Brief%205.pdf)

⁹<http://www.ekantipur.com/the-kathmandu-post/2014/07/24/nation/qatar-demands-180k-nepalis-in-a-yr/265353.html>

public to demand change. Through all of this, the U.S. Government and this committee have an active role to play in ensuring that U.S. taxpayer dollars and U.S. corporations are not inadvertently supporting forced labor and human trafficking of migrant workers in the Gulf.

We thank you for holding this important hearing and look forward to working with the Committee to see the U.S. play a positive role in these efforts.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
DANIEL FLYNN

Question 1. The FIFA Regulations on the Status and Transfer of Players (RSTP) establishes a system that mandates that a professional soccer club signing a player to a professional contract or paying a transfer fee for a player must pay training compensation and solidarity fees to all of the player's previous youth clubs from ages 12–23. The FIFA RSTP apply worldwide and do not establish any exemptions for the United States, USSF or Major League Soccer (MLS), and the Bylaws of the USSF contain no exemption from the RSTP. However, in view of a letter of complaint dated June 29, 2015, from the Crossfire Foundation, Inc., a youth soccer club in Redmond, Washington, to the FIFA Executive Committee, a pattern and practice has come to light demonstrating that the USSF both consents to and assists in MLS' practice of taking solidarity fees owed to non-MLS youth soccer clubs in the United States, and also interferes with U.S. youth clubs seeking training compensation from foreign professional soccer clubs. Furthermore, the USSF itself prevents foreign professional clubs from otherwise paying solidarity fees and training compensation to non-MLS American youth soccer clubs by claiming that receipt of these fees in the U.S. by youth soccer clubs is illegal under U.S. law.

MLS took the entire solidarity fee for the transfer of the U.S. soccer players including DeAndre Yedlin, Clint Dempsey, and Jozy Altidore, and paid none of it to any of their respective U.S. youth soccer clubs that were owed portions of the fees. Please describe this process and explain why the solidarity fees are not awarded to youth clubs as called for in FIFA regulations.

Answer. This is a complex issue involving consideration of antitrust and other laws that is difficult to explain in a relatively short response. Nevertheless, U.S. Soccer provides the following information.

By way of background, the *Fraser* order was entered in 1997 by a Federal district court in connection with the partial resolution of an antitrust class action suit brought by MLS players. That order followed a decision issued by the European Court of Justice in 1995, called *Bosman*. In that case, the ECJ considered the legality of a precursor to the current RSTP—FIFA rules requiring that a transfer fee be paid to a player's former club if the player signed with another club after his contract had expired. The ECJ determined that this rule negatively impacted the mobility of players and, therefore, violated the European Union Treaty. In response to the *Bosman* opinion, FIFA began developing a new approach to the player movement process which is now embodied in the RSTP.

Consistent with the ruling in *Bosman* and given the antitrust laws of this country, U.S. Soccer agreed in *Fraser* that it would not enforce transfer fee or similar restrictions that FIFA might impose on the movement of players who were "out of contract." Some aspects of the current FIFA RSTP may be considered applicable to out-of-contract players and, therefore, the *Fraser* order would apply in those circumstances.

In addition, U.S. Soccer concluded, with the advice of outside counsel, that enforcing the RSTP with respect to the training compensation and solidarity payment mechanisms could be found to violate the antitrust laws of the United States given their potential impact on the mobility of players. Given recent European court decisions regarding player mobility—and in light of the growth of the sport of soccer in the United States, including the emergence since 2007 of the Development Academy, whose clubs often directly fund the training of elite players—that analysis is currently being brought up-to-date. But, U.S. Soccer has chosen not to enforce those aspects of the RSTP system that are of questionable legal validity in this country and which might expose U.S. Soccer to increased legal risk.

Over the past several years, several intermediate courts in Europe have determined that some methods of training compensation and solidarity payment mechanisms are unlawful and violate the EU Treaty. In other words, the decisions by the intermediate European courts are consistent with the conclusion U.S. Soccer reached regarding the potential for antitrust risk. This issue is likely to make its way back to the ECJ in the near future; as a result, the viability of the RSTP may be subject to significant scrutiny in Europe over the next several years.

With that background, and while not intending to speak for MLS, it is our understanding that MLS agreed to transfer the players referred to in return for a specific transfer fee based, in part, on U.S. Soccer's long-stated policy not to enforce the RSTP solidarity mechanism. As we understand it, if U.S. Soccer enforced the solidarity mechanism MLS would have demanded higher transfer fees, as this fee was agreed upon with the understanding that no portion of it would in turn be "passed on" by MLS. Of course, there is no way of knowing whether any of the transferee clubs would have paid a higher transfer fee for any of these players and, if they would not, whether the transfer of these players would have occurred.

We do note that U.S. Soccer's decision not to enforce the RSTP is not limited to MLS and its players. Transfers of NASL players or USL players to foreign leagues are treated in the same manner. In other words, U.S. Soccer's decision not to enforce the RSTP applies is not applied in a discriminatory manner but applies evenly to all leagues and all U.S. players.

Question 2. If the USSF maintains that a consent decree in the case of *Fraser v. MLS* mandates that solidarity fees not be paid, please explain how that consent decree, which only USSF has signed and is bound by, denies any U.S. youth soccer club from receiving training compensation and solidarity fees, yet allows the MLS to collect these same fees.

Answer. See U.S. Soccer Response to Question No. 1

Question 3. How does U.S. law, or the *Fraser* consent decree, bar U.S. youth clubs from receiving training compensation from U.S. professional teams, especially with respect to "scholarship" players who received training from their U.S. youth clubs without paying a club training fee?

Answer. See U.S. Soccer Response to Question No. 1

Question 4. If USSF has determined that U.S. antitrust law or the *Fraser* consent decree prevent the award of training compensation to U.S. youth soccer clubs within the U.S., why has USSF has not created or attempted to create a U.S. system for compensating U.S. youth clubs for their training role in U.S. youth players, both men and women?

Answer. Any U.S. Soccer-imposed system applicable to the movement of players between and among clubs in the United States would be subject to the same legal risks discussed above (and perhaps additional risks). Further, the stated goal of the RSTP system is to compensate amateur teams for their investment in player development. Historically, in the United States (as distinct from many countries elsewhere throughout the world), the cost of player training and development was typically borne by the families of young players, and in the case of top-level players, by U.S. Soccer itself. Development clubs have certainly grown in the United States over the past several years and we understand that Development Academy clubs are granting more scholarships than before—and that evolution will be one of the factors considered in the new legal analysis being conducted by U.S. Soccer's outside counsel.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. CORY BOOKER TO
DANIEL FLYNN

Question 1. Media reports suggest that you are nearing the end of a nine-month exclusive negotiating period with a group in Texas that has made a proposal to relocate the National Soccer Hall of Fame after the closure of its previous site in upstate New York in 2010. There has been interest in hosting the Hall of Fame from a number of sites around the country. Please provide information on the process U.S. Soccer undertakes to select a new site for this facility. What principles of competitiveness, fairness, and transparency does U.S. Soccer follow in making a significant decision like this?

Answer. By way of background, the National Soccer Hall of Fame and Museum was established by a group of former professional and amateur players in the 1950s, wholly separate and apart from U.S. Soccer. In 1979, they opened a museum in Oneonta, NY which was officially recognized by U.S. Soccer as the "National Soccer Hall of Fame" (NSHF) in 1983. The NSHF maintained a physical presence in Oneonta until early 2010. Unfortunately, the museum proved, over time, not to be a financially self-sustaining enterprise and, by virtue of its location (in the "snow-belt") was not readily accessible for a number of months out of the year. U.S. Soccer provided significant supplemental funding to the NSHF for a number of years. Ultimately, however, not even U.S. Soccer's financial support was sufficient to maintain the museum facility which closed its doors in February 2010.

Since then, its archives of more than 80,000 items, which make up one of the largest collections of soccer artifacts and records in the world, have been preserved in a storage facility in North Carolina provided by one of the NSHF's longtime corporate sponsors. Notwithstanding the museum's closure, the annual Hall of Fame election and induction process has continued uninterrupted, with the location, and implementation of the specific induction ceremonies being funded by U.S. Soccer.

Because U.S. Soccer believes it is important to continue to promote and preserve the history of soccer for the growing community of fans across the nation, we have been exploring ways to revitalize and find a permanent home for the museum and its archives. A number of groups have developed and presented a variety of alternative concepts and ideas for a museum. However, these concepts generally suffered from a variety of deficiencies and were either unfunded or included as part of their proposal a significant infusion of funds from U.S. Soccer.

Recently, however, Frisco Stadium, LLC, the operator of Toyota Stadium in Frisco, Texas, made a proposal involving a permanent structure which would be accessible to a large numbers of visitors annually in a weather-friendly environment. The proposal includes the involvement of the local government and only a limited financial commitment from U.S. Soccer. In the more than five years since the closure of the museum, the Frisco Stadium proposal appears to be the most viable and most well-funded of the alternatives presented to U.S. Soccer for a permanent and sustainable museum.

U.S. Soccer's Board of Directors is aware of the discussions and supports a continuing dialogue with the Frisco Stadium group.

Question 2. Although the international news coverage of the Justice Department's indictments against FIFA officials focused on FIFA as a global institution, the regional soccer confederation of which the U.S. Soccer Federation is a member was at the center of many of the criminal activities alleged in the Justice Department's indictments. On July 4, 2015, CONCACAF approved a Reform Framework designed to clean up severe deficiencies in governance, transparency, and fraud protection that helped allow corruption to flourish. U.S. Soccer President Sunil Gulati was a member of the panel that developed the Reform Framework. How does U.S. Soccer intend to hold accountable what has become a systemically unaccountable confederation in implementing these reforms? How will U.S. Soccer push CONCACAF to ensure these important reforms are made?

Answer. By way of background, as a condition to its membership in FIFA, U.S. Soccer is required to be a member of its regional confederation, in this case CONCACAF. In CONCACAF, U.S. Soccer is but 1 of 41 members, 35 of which have full FIFA voting rights.

U.S. Soccer President Sunil Gulati was elected to the CONCACAF Executive Committee in 2007, as one of eight voting members. Because of his election as a CONCACAF representative to the FIFA Executive Committee in 2013 (by a vote of 18 to 17), Mr. Gulati remains on the CONCACAF Executive Committee but now as a non-voting member.

That said both U.S. Soccer and Mr. Gulati have always been strong public advocates for good governance, leadership and transparency both at FIFA and CONCACAF. Indeed, Michael Hershman, President and CEO of the Fairfax Group and one of the presenting witnesses at the hearing, was quoted as saying the following about Mr. Gulati in the National Journal the very morning of the hearing: "I have a great respect for Sunil Gulati. . . . He is a role model for change, a man who has advocated and worked for change throughout his career. He's someone that we should be proud of, because he represents a new generation of leadership."

As you may know, Mr. Gulati was selected to serve on the three-person Special Committee to help guide CONCACAF through the current period of turmoil and to advocate, not only for the passage of reforms, but for honoring and adhering to those reforms once enacted. And, over the July 4th weekend, the CONCACAF Executive Committee, based on the recommendations of the Special Committee, unanimously approved a series of sweeping reforms to address governance, fraud prevention and compliance and transparency.

Within the context of their roles in CONCACAF, U.S. Soccer and Mr. Gulati will continue to advocate for reform, good governance and transparency and, as U.S. Soccer has done historically, to lead by example.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TOM UDALL TO
DANIEL FLYNN

Question 1. Concussions and the dangers of repeated head trauma have garnered a lot of attention in American football. But soccer faces its own concussion crisis. Chronic traumatic encephalopathy (CTE) is a degenerative brain disease caused by repetitive head trauma. CTE has recently been diagnosed in a former Brazilian international soccer player and two American amateur soccer players, including the late Patrick Grange from New Mexico. Although the benefits of sports far outweigh the risks for almost everyone, sports-related concussions do represent a significant health concern. FIFA and U.S. Soccer Federation set rules and guidelines for the sport that are widely followed by youth leagues. This includes policies for protecting player safety. Could you describe U.S. Soccer Federation's policies and rules for player safety concerning head injuries and concussion?

Answer. U.S. Soccer takes the issue of player safety, including concussions, very seriously. For the teams over which U.S. Soccer has direct control (its senior national teams and youth national teams) and the development academy program, U.S. Soccer follows the consensus concussion assessment, concussion management and return-to-play protocols.

For a number of years, U.S. Soccer and many of its youth organization members have been partners with the Centers for Disease Control in its Head's Up To Youth Sports program. The CDC site contains numerous resources and educational materials for parents, athletes, coaches, schools and health care professionals about concussions, symptoms, management, and both a graduated return-to-play protocol and a graduated return-to-learn program.

U.S. Soccer co-sponsored President Obama's "Healthy Kids and Safe Sports Concussion Summit" held at the White House on May 29, 2014 and, in conjunction with the President's Summit, U.S. Soccer announced a joint U.S. Soccer-Major League Soccer Medical Summit for the fall of 2014 which was held last October with a follow-up session held in January of this year.

U.S. Soccer has been exploring and preparing to address the issues of concussions and concussion management for many months and intends to announce, in the short term, a broad-based concussion initiative for its youth soccer members, parents, players, coaches, team managers and health care professionals with recommendations on concussion education, assessment, management and return-to-play guidelines as well as recommended restrictions on heading the ball for the younger age groups.

Question 2. What steps is U.S. Soccer Federation taking to reduce concussions and brain trauma for youth players in the sport?

Answer. See U.S. Soccer Response to Question No. 1

Question 3. A recent study suggests that the number one cause of concussions in high school and youth soccer is heading the ball. Former U.S. national team stars Brandi Chastain, Cindy Parlow Cone, and others are part of the "Safer Soccer Campaign" to eliminate heading for youth soccer players under the age of 14. What is U.S. Soccer Federation's policy on how, and at what age, heading should be introduced in youth soccer?

Answer. See U.S. Soccer Response to Question No. 1

Question 4. I appreciate U.S. Soccer Federation's support for legislation I introduced in the 113th Congress, the Youth Sports Concussion Act, which would encourage better standards for sports gear and discourage false and misleading marketing claims for so called "anti-concussion" sports equipment. Last month, Sen. Nelson and I wrote the Federal Trade Commission (FTC) to request an investigation of potentially misleading safety claims for soccer headgear. The 2013 National Academy of Sciences report, "Sports-Related Concussions in Youth: Improving the Science, Changing the Culture" (available at www.iom.edu/Reports/2013/Sports-Related-Concussions-in-Youth-Improving-the-Science-Changing-the-Culture.aspx) found that there is essentially no evidence that wearing soccer headgear reduces concussions. Do you agree that sports equipment makers should not use false or misleading head injury prevention claims to sell soccer headgear?

Answer. U.S. Soccer absolutely agrees that headgear manufacturers should not make false or misleading claims about the efficacy of their products.

Question 5. FIFA Law 4—The Players' Equipment states that "modern protective equipment such as headgear . . . made of soft, lightweight padded material are not considered dangerous and are therefore permitted." Such headgear seems to be primarily sold to reduce the risk of concussions. Yet 2013 National Academies report found there is no evidence such headgear reduces concussions. In fact, the National Academies report and testimony before this committee at a 2011 hearing on "Con-

cussions and the Marketing of Sports Equipment” (available at <http://www.gpo.gov/fdsys/pkg/CHRG-112shrg73514/pdf/CHRG-112shrg73514.pdf>) indicates that players wearing headgear may actually be putting themselves and other players at greater risk of injury due to risk compensation behavior and a false sense of security.

Given these concerns about the use of soccer headgear, should FIFA and U.S. Soccer Federation reconsider this rule for players’ equipment?

Answer. U.S. Soccer does not endorse any headgear and makes clear to its national team players who individually do so that they must avoid any suggestion that U.S. Soccer is endorsing the product. In addition, U.S. Soccer allows those few national team players who wish to wear conforming headgear to do so consistent with the FIFA rules. U.S. Soccer does attempt to inform those players (a) that the available scientific evidence does not support claims that such headgear will reduce the risk of concussion and (b) to be extremely cautious about the “risk compensation affect” and not play differently than the player ordinarily would because of the headgear.



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