

**Statement of Michael Hershman
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**Before the Senate Committee on
Commerce, Science, and Transportation
Consumer Protection, Product Safety,
Insurance, and Data Security
Subcommittee**

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**Russell Senate Office Building, Room 253
“Examining the Governance and
Integrity of International Soccer”**

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 US Department of Justice and the F.B.I., 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.