

# **Sports Scandals and Crimes**

## **in the United States**

(selected cases)

Compiled and Edited by

**Michael Erbschloe**

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## About the Editor

Michael Erbschloe has worked for over 30 years performing analysis of the economics of information technology, public policy relating to technology, and utilizing technology in reengineering organization processes. He has authored several books on social and management issues of information technology that were published by McGraw Hill and other major publishers. He has also taught at several universities and developed technology-related curriculum. His career has focused on several interrelated areas:

- Technology strategy, analysis, and forecasting
- Teaching and curriculum development
- Writing books and articles
- Publishing and editing
- Public policy analysis and program evaluation

Books by Michael Erbschloe

Extremist Propaganda in Social Media: A Threat to Homeland Security (CRC Press)

Threat Level Red: Cybersecurity Research Programs of the U.S. Government (CRC Press)

Social Media Warfare: Equal Weapons for All (CRC Press)

Walling Out the Insiders: Controlling Access to Improve Organizational Security (CRC Press)

Physical Security for IT (Elsevier Science)

Trojans, Worms, and Spyware (Butterworth-Heinemann)

Implementing Homeland Security in Enterprise IT (Digital Press)

Guide to Disaster Recovery (Course Technology)

Socially Responsible IT Management (Digital Press)

Information Warfare: How to Survive Cyber Attacks (McGraw Hill)

The Executive's Guide to Privacy Management (McGraw Hill)

Net Privacy: A Guide to Developing & Implementing an e-business Privacy Plan (McGraw Hill)

## **Performance Enhancing Drugs in Sports over the Decades**

New York Yankees star Alex Rodriguez was suspended for 211 games for using performance-enhancing drugs (PEDs). At the time A-Rod was the latest in a long string of high-profile baseball stars whose reputations have been tarnished by PEDs. Others include superstars like Mark McGwire, Barry Bonds, Manny Ramirez, and Roger Clemens.

Baseball has been cracking down on steroid use with more frequent and random testing, but that hasn't stopped the problem. After all, A-Rod's suspension comes on the heels of former National League MVP Ryan Braun's. Why do the big stars keep risking their careers and reputations for drugs? They are all smart enough to know that a short-term gain in strength is likely to be offset by some potentially disastrous long-term health effects, which is why these drugs are banned in the first place.

Part of the problem is that steroid abuse is part of baseball's culture. As in cycling, so many players are taking PEDs that teammates may feel they have to illegally up their game as well.

There may be a troubling trickle-down effect from high-profile athletes continuing to use these drugs. Although less than 3% of high school seniors used PEDs in 2012 (according to NIDA's Monitoring the Future study), the company accused of giving A-Rod the illegal substances is allegedly being investigated for selling high school athletes PEDs as well. Teens may start to believe that the only way to go pro is to use these dangerous drugs.

Once viewed as a problem strictly associated with body builders, fitness "buffs," and professional athletes, the abuse of steroids is prevalent in today's society. This is an alarming problem because of increased abuse over the years, and the ready availability of steroids and steroid related products. The problem is widespread throughout society including school-age children, athletes, fitness "buffs," business professionals, etc. The National Institute on Drug Abuse (NIDA) estimates that more than a half million 8th and 10th grade students are now using these dangerous drugs, and increasing numbers of high school seniors don't believe steroids are risky. Another study indicated that 1,084,000 Americans, or 0.5 percent of the adult population, said that they had used anabolic steroids. These are just a couple of examples of how widespread the problem has become.

Some people are taking dietary supplements that act as steroid precursors without any knowledge of the dangers associated with their abuse. Dietary supplements are sold in health food stores, over the internet, and through mail order. People may believe that these supplements will produce the same desired effects as steroids, but at the same time avoid the medical consequences associated with using steroids. This belief is dangerous. Supplements may also have the same medical consequences as steroids.

What are anabolic steroids? Anabolic steroids are synthetically produced variants of the naturally occurring male hormone testosterone. Both males and females have testosterone produced in their bodies: males in the testes, and females in the ovaries and other tissues. The full name for this class of drugs is androgenic (promoting masculine characteristics) anabolic (tissue building) steroids (the class of drugs). Some of the most abused steroids include Deca-Durabolin® ,

Durabolin® , Equipoise® , and Winstrol® . The common street (slang) names for anabolic steroids include arnolds, gym candy, pumpers, roids, stackers, weight trainers, and juice.

The two major effects of testosterone are an androgenic effect and an anabolic effect. The term androgenic refers to the physical changes experienced by a male during puberty, in the course of development to manhood. Androgenic effects would be similarly experienced in a female. This property is responsible for the majority of the side effects of steroid use. The term anabolic refers to promoting of anabolism, the actual building of tissues, mainly muscle, accomplished by the promotion of protein synthesis.

Why are steroids abused? Anabolic steroids are primarily used by bodybuilders, athletes, and fitness "buffs" who claim steroids give them a competitive advantage and/or improve their physical performance. Also, individuals in occupations requiring enhanced physical strength (body guards, construction workers, and law enforcement officers) are known to take these drugs. Steroids are purported to increase lean body mass, strength and aggressiveness. Steroids are also believed to reduce recovery time between workouts, which makes it possible to train harder and thereby further improve strength and endurance. Some people who are not athletes also take steroids to increase their endurance, muscle size and strength, and reduce body fat which they believe improves personal appearance.

Where do you get steroids? Doctors may prescribe steroids to patients for legitimate medical purposes such as loss of function of testicles, breast cancer, low red blood cell count, delayed puberty and debilitated states resulting from surgery or sickness. Veterinarians administer steroids to animals (e.g. cats, cattle, dogs, and horses) for legitimate purposes such as to promote feed efficiency, and to improve weight gain, vigor, and hair coat. They are also used in veterinary practice to treat anemia and counteract tissue breakdown during illness and trauma. For purposes of illegal use there are several sources; the most common illegal source is from smuggling steroids into the United States from other countries such as Mexico and European countries. Smuggling from these areas is easier because a prescription is not required for the purchase of steroids. Less often steroids found in the illicit market are diverted from legitimate sources (e.g. thefts or inappropriate prescribing) or produced in clandestine laboratories. How are steroids taken?

Anabolic steroids dispensed for legitimate medical purposes are administered several ways including intramuscular or subcutaneous injection, by mouth, pellet implantation under the skin and by application to the skin (e.g. gels or patches). These same routes are used for purposes of abusing steroids, with injection and oral administration being the most common. People abusing steroids may take anywhere from 1 to upwards of a 100 times normal therapeutic doses of anabolic steroids. This often includes taking two or more steroids concurrently, a practice called "stacking." Abusers will often alternate periods (6 to 16 weeks in length) of high dose use of steroids with periods of low dose use or no drug at all. This practice is called "cycling." Another mode of steroid use is called "pyramiding." With this method users slowly escalate steroid use (increasing the number of drugs used at one time and/or the dose and frequency of one or more steroids), reach a peak amount at mid-cycle and gradually taper the dose toward the end of the cycle. Please see "Appendix A" for additional information on patterns of anabolic steroid abuse.

Doses of anabolic steroids used will depend on the particular objectives of the steroid user. Athletes (middle or high school, college, professional, and Olympic) usually take steroids for a limited period of time to achieve a particular goal. Others such as bodybuilders, law enforcement officers, fitness buffs, and body guards usually take steroids for extended periods of time. The length of time that steroids stay in the body varies from a couple of days to more than 12 months.

Examples of oral and injectable steroids are as follows:

#### Oral Steroids

- Anadrol® (oxymetholone)
- Oxandrin® (oxandrolone)
- Dianabol® (methandrostenolone)
- Winstrol® (stanozolol)

#### Injectable Steroids

- Deca-Durabolin® (nandrolone decanoate)
- Durabolin® (nandrolone phenpropionate)
- Depo-Testosterone® (testosterone cypionate)
- Equipoise® (boldenone undecylenate) (veterinary product)®

There is increasing concern regarding possible serious health problems that are associated with the abuse of steroids, including both short-term and long-term side effects. The short-term adverse physical effects of anabolic steroid abuse are fairly well known. Short-term side effects may include sexual and reproductive disorders, fluid retention, and severe acne. The short-term side effects in men are reversible with discontinuation of steroid use. Masculinizing effects seen in women, such as deepening of the voice, body and facial hair growth, enlarged clitoris, and baldness are not reversible. The long-term adverse physical effects of anabolic steroid abuse in men and in women, other than masculinizing effects, have not been studied, and as such, are not known. However, it is speculated that possible long-term effects may include adverse cardiovascular effects such as heart damage and stroke. Possible physical side effects include the following:

- High blood cholesterol levels - high blood cholesterol levels may lead to cardiovascular problems

- Severe acne

- Thinning of hair and baldness

- Fluid retention

- High blood pressure

- Liver disorders (liver damage and jaundice)

- Steroids can affect fetal development during pregnancy

- Risk of contracting HIV and other blood-borne diseases from sharing infected needles

- Sexual & reproductive disorders:

#### Males

- Atrophy (wasting away of tissues or organs) of the testicles

- Loss of sexual drive

- Diminished or decreased sperm production
- Breast and prostate enlargement
- Decreased hormone levels
- Sterility

#### Females

- Menstrual irregularities
- Infertility
- Masculinizing effects such as facial hair, diminished breast size, permanently deepened voice, and enlargement of the clitoris.

Possible psychological disturbances include the following:

- Mood swings (including manic-like symptoms leading to violence)
- Impaired judgment (stemming from feelings of invincibility)
- Depression
- Nervousness
- Extreme irritability
- Delusions
- Hostility and aggression

**Laws and penalties for anabolic steroid abuse.** The Anabolic Steroids Control Act of 1990 placed anabolic steroids into Schedule III of the Controlled Substances Act (CSA) as of February 27, 1991. Under this legislation, anabolic steroids are defined as any drug or hormonal substance chemically and pharmacologically related to testosterone (other than estrogens, progestins, and corticosteroids) that promotes muscle growth.

The possession or sale of anabolic steroids without a valid prescription is illegal. Simple possession of illicitly obtained anabolic steroids carries a maximum penalty of one year in prison and a minimum \$1,000 fine if this is an individual's first drug offense. The maximum penalty for trafficking is five years in prison and a fine of \$250,000 if this is the individual's first felony drug offense. If this is the second felony drug offense, the maximum period of imprisonment and the maximum fine both double. While the above listed penalties are for federal offenses, individual states have also implemented fines and penalties for illegal use of anabolic steroids. State executive offices have also recognized the seriousness of steroid abuse and other drugs of abuse in schools. For example, The State of Virginia enacted a new law that will allow student drug testing as a legitimate school drug prevention program. Some other states and individual school districts are considering implementing similar measures.

The International Olympic Committee (IOC), National Collegiate Athletic Association (NCAA), and many professional sports leagues (e.g. Major League Baseball, National Basketball Association, National Football League (NFL), and National Hockey League) have banned the use of steroids by athletes, both because of their potential dangerous side effects and because they give the user an unfair advantage. The IOC, NCAA, and NFL have also banned the use of

steroid precursors (e.g. androstenedione) by athletes for the same reason steroids were banned. The IOC and professional sports leagues use urine testing to detect steroid use both in and out of competition.

**Common types of steroids abused.** The illicit anabolic steroid market includes steroids that are not commercially available in the U.S. as well as those which are available. Steroids that are commercially available in the U.S. include fluoxymesterone (Halotestin®), methyltestosterone, nandrolone (Deca-Durabolin®, Durabolin®), oxandrolone (Oxandrin®), oxymetholone (Anadrol®), testosterone, and stanozolol (Winstrol®). Veterinary steroids that are commercially available in the U.S. include boldenone (Equipoise®), mibolerone, and trenbolone (Revalor®). Other steroids found on the illicit market that are not approved for use in the U.S. include ethylestrenol, methandriol, methenolone, and methandrostenolone.

Steroid alternatives

A variety of non-steroid drugs are commonly found within the illicit anabolic steroid market. These substances are primarily used for one or more of the following reasons: 1) to serve as an alternative to anabolic steroids; 2) to alleviate short-term adverse effects associated with anabolic steroid use; or 3) to mask anabolic steroid use. Examples of drugs serving as alternatives to anabolic steroids include clenbuterol, human growth hormone, insulin, insulin-like growth factor, and gamma-hydroxybutyrate (GHB). Examples of drugs used to treat the short-term adverse effects of anabolic steroid abuse are erythropoietin, human chorionic gonadotropin (HCG), and tamoxifen. Also, diuretics and uricosuric agents may be used to mask steroid use.

Over the last few years, a number of metabolic precursors to either testosterone or nandrolone have been marketed as dietary supplements in the U.S. These dietary supplements can be purchased in health food stores without a prescription. Some of these substances include androstenedione, androstenediol, norandrostenedione, norandrostenediol, and dehydroepiandrosterone (DHEA), which can be converted into testosterone or a similar compound in the body. Whether they promote muscle growth is not known.

Are anabolic steroids addictive?

An undetermined percentage of steroid abusers may become addicted to the drug, as evidenced by their continuing to take steroids in spite of physical problems, negative effects on social relations, or nervousness and irritability. Steroid users can experience withdrawal symptoms such as mood swings, fatigue, restlessness, and depression. Untreated, some depressive symptoms associated with anabolic steroid withdrawal have been known to persist for a year or more after the abuser stops taking the drugs.

How widespread is the problem? In today's society people are willing to take great risk to excel in sports and perform their jobs better. Also, we live in a society where image is paramount to some people. Therefore, the popularity of performance enhancing drugs such as anabolic steroids and anabolic steroid substitute products are the choice of some people to achieve these goals. Steroid abuse is still a problem despite the illegality of the drug and the banning of steroids by various sports authorities and sports governing bodies.



The Substance Abuse and Mental Health Services Administration's National Household Survey on Drug Abuse determined 1,084,000 Americans, or 0.5 percent of the adult population, said that they had used anabolic steroids. In the 18 to 34 age group, about 1 percent had ever used steroids.

The "Monitoring the Future" study conducted in 2002 determined that since 1991 there has been a significant increase of steroid use by school age children. This annual study, supported by the NIDA and conducted by the Institute for Social Research at the University of Michigan, surveys drug use among eighth, tenth, and twelfth graders in the United States. The first year data was collected on younger students was in 1991. Since 1991 there has been a significant increase in reported steroid use by teenagers. For all three grades, the 2002 levels represent a significant increase from 1991.

In addition, the 2002 survey also determined how easy it was for school aged children to obtain steroids. The survey indicated 22% of eighth graders, 33.2% of tenth graders, and 46.1% of twelfth graders surveyed in 2002 reported that steroids were "fairly easy" or "very easy" to obtain. More than 57% of twelfth graders surveyed in 2002 reported that using steroids was a "great risk." Also, another study indicated that steroids are used predominately by males. The survey determined the annual prevalence rates were two to four times as high among males as among females.

The "Monitoring the Future" study also determined that misuse and abuse of steroids is a major concern among school aged children. Some of their findings are alarming and indicate a need for concern:

A survey in 1999 determined that 479,000 students nationwide, or 2.9 percent, had used steroids by their senior year of high school.

A survey in 2001 determined the percentage of 12th graders who believed that taking these drugs causes "great risk" to health declined from 68 percent to 62 percent.

The Center for Disease Control and Prevention (CDC) conducts the Youth Risk Behavior Surveillance Study, a survey of high school students across the United States. A survey conducted in 2001 indicated that 5% of all high school students reported lifetime use of steroid tablets/injections without a doctor's prescription. The survey also indicated that 5.8% of ninth graders, 4.9% of tenth graders, 4.3% of eleventh graders, and 4.3% of twelfth graders reported lifetime illegal use of steroids.

A majority of the studies performed on steroid abuse indicate males are twice as likely to abuse steroids as females.

**Professional & College Sports** The NFL suspended running back Mike Cloud of the New England Patriots, defensive back Lee Flowers of the Denver Broncos, and Keith Newman of the Atlanta Falcons for violating the league's steroid policy. All three players tested positive for steroids and received a four game suspension without pay during the regular season. Three members of the Norwich University (located in Northfield, Vermont) football team were arrested for possession of 1,000 anabolic steroid tablets. During interviews with the three football players

they advised authorities that several other students and football players were using steroids. In professional baseball it is widely believed that steroid abuse is rampant. The news media has reported countless instances where players were taking steroids or other performance enhancing drugs. There is also continuous debate about steroid testing and other drug testing in professional baseball.

**Law Enforcement** Despite the illegality of steroids without a prescription and the known dangers of steroid abuse the problem continues to grow in the law enforcement community. In Minneapolis, a police sergeant was charged for possession of steroids. He admitted to being a user of steroids. In Miami, a police officer was arrested for the purchase of human growth hormone kits (HGH) from a dealer. The dealer had also informed Federal officials that the police officer had purchased anabolic steroids from him on four other occasions. In Tampa, a police officer was sentenced to 70 months in jail for exchanging 1,000 ecstasy tablets from police custody for steroids.

How can we curtail their abuse? The most important aspect to curtailing abuse is education concerning dangerous and harmful side effects, and symptoms of abuse. Athletes and others must understand that they can excel in sports and have a great body without steroids. They should focus on getting proper diet, rest, and good overall mental and physical health. These things are all factors in how the body is shaped and conditioned. Millions of people have excelled in sports and look great without steroids. For additional information on steroids please see our website at: [www.DEAdiversion.usdoj.gov](http://www.DEAdiversion.usdoj.gov)

## **Criminal Assault in the Figure Skating World**

On January 6, 1994, a male attacker clubbed figure skater Nancy Kerrigan in the knee during the U.S. Figure Skating Championships. He was quickly linked to Kerrigan's fierce competitor Tonya Harding, and because of where Harding lived and trained, it was the responsibility of Portland Division of the FBI to interview her about the crime. On January 18, 1994, national media satellite trucks gathered as Harding met with FBI agents in Portland for more than 10 hours as part of the investigation. A few months later, she pled guilty to hindering the investigation and was sentenced to probation and community service. Three others served jail time.

The global media spent considerable time reporting on the incident. This made the Kerrigan-Harding incident one of the biggest sports scandals in U.S. history. Kerrigan got a portrayal as good girl and Harding as trailer trash witch.

## **Remarks of Secretary Arne Duncan to the NCAA Convention January 11, 2012**

It is great to be back at the NCAA convention.

A few months ago, President Emmert said that 2011 was the best of times and the worst of times for college sports.

It was the best of times because college sports have never been as popular or as visible. It was the best of times because graduation rates for student athletes reached new highs, and continued to surpass the graduation rate of their peers.

And it was the best of times because college presidents took major steps to reduce academic abuses in Division I that have allowed rogue programs and coaches to taint the tremendous record of success in college sports for too long.

I can't thank the Division One college and university presidents enough for your decision to raise the academic benchmarks that teams will have to meet to compete in the post-season. In a few short years, teams will have to be on track to graduating at least half of their players to be eligible for post-season play, whether they compete in the NCAA basketball tournament or the BCS football bowl games.

As I'll talk about in a minute, raising the bar for postseason eligibility was a sea-change in policy, though a surprising number of sportswriters failed to catch its significance. And thanks to your collective commitment and leadership, the NCAA approved this unprecedented increase in post-season eligibility standards with record speed.

Yet, it's no secret why 2011 was also the worst of times for college sports. 2011 saw storied athletic programs hit hard by disturbing child sex abuse allegations, recruiting scandals, and rules violations. As President Emmert has pointed out, a year ago no one dreamed that head coaches at powerhouse athletic programs at Penn State, Ohio State, Tennessee, and North Carolina would be gone by the end of the year.

Few also foresaw the full impact of unprecedented multibillion dollar TV football contracts in the BCS and the madcap conference realignments that followed, with little or no regard for student athletes and their education. In the Big East, athletes will now fly from Boise to Boston and San Diego to Storrs and back again to compete. It's hard to fly much further and still be in the continental U.S.

Last month, the Chronicle of Higher Education went so far as to publish a front page story on intercollegiate athletics under the headline: "What in the hell has happened to college sports?"

Now, to be clear, major recruiting violations, academic fraud, stealing, violent crime, and child sex abuse are obviously all still exceptions in college sports programs. The overwhelming majority of institutions, including in the Division I revenue sports, run clean programs and are heavily subsidizing their teams, not the other way around. And I know that while coaches love to

compete, it's very rare to find a college coach that does not care deeply about his players' character and education. I've never understood how a coach could have high expectations for his players on the court and low expectations off of it.

Yet, like it or not, the scandals and the conference jockeying for dollars have created a disturbing and dangerous narrative that all college leaders, ADs, and coaches must grapple with today.

The narrative in 2012 is that college sports is all about the deal, it's all about the brand, it's all about big-time college football programs saying "show me the money."

Too often, large, successful programs seem to exist in a world of their own. Their football and basketball players, and even the coaches, are given license to behave in ways that would be unacceptable elsewhere in higher education or in society at large. And nothing—nothing—does more to corrode public faith in intercollegiate sports than the appearance of a double standard for coaches or athletes in big-time programs.

This narrative is a threat to the core principles of the NCAA, the mission of higher education, and the amateur tradition. And without decisive action by college leaders, that storyline, and the challenges it creates, is likely to become even more embedded in the public's mind.

In the next couple of years, television media revenues for the top five conferences will more than double. Coaches making five million dollars a year could one day soon earn ten million dollars a year. Nearly 40 assistant football coaches in the FBS now earn more than \$400,000 a year. That's about what my boss, President Obama, makes. It is hard to think of a non-profit, much less an educational non-profit, where such exorbitant salaries wouldn't create an outcry.

In one BCS conference, institutions are now spending nearly 12 times as much on athletic spending per athlete as they are on academic spending per student. I can't tell you exactly what that ratio should be—or how much more out of whack it may get—without a concerted, collective effort to slow runaway spending in the revenue sports.

Barring action to moderate the athletic arms race, the pressure to build more gilded athletic facilities will grow—even as other infrastructure on campus deteriorates, and even as faculty and non-athletic staff face salary freezes and furloughs. Meanwhile, antitrust challenges are advancing in the courts that also threaten the amateur traditions of college sports.

That is the path which big-time college sports are on today. We know how that movie ends. But with your leadership, I believe institutions of higher education and the NCAA can create a different path.

You can implement far-reaching reforms to reassert the educational mission of universities and colleges. You can reaffirm the NCAA's principle that the educational experience of the student-athlete is paramount.

Just as is the case in K-12 education, the baseline litmus test about reforms should be, is this good for students—not is it good for adults, or coaches and ADs, and alumni boosters.

I know you can create a better model of intercollegiate sports for the 21st century that strikes a healthier balance between academics and athletics, and that does more to both incentivize good behavior and penalize rogue programs, coaches, and players. I believe you can overhaul the NCAA's crazily complex rulebook and its laborious, vacuum-cleaner enforcement process.

Here's what I don't believe: I don't believe that you can meet these challenges by doing business-as-usual, by pushing legislation through the NCAA that takes years to be approved, and that often ends up watered down to the lowest common denominator.

I don't believe you can strike a healthier balance between academics and athletics without courageous leadership that takes you outside your comfort zone—including making decisions that may be the right thing to do for students but may not necessarily maximize the interests of your conference.

And I don't believe you'll get this perfect—perfection is not the goal. I don't believe you'll put an end to commercialization in revenue sports and competitive financial advantages on the playing field or court. I don't believe that all recruiting violations will magically cease.

Striking a healthier balance between athletics and academics doesn't mean that the needs of athletics programs will disappear or are somehow less than vital. Challenge the status quo, not in the pursuit of perfection, but to better align your work with your moral compass—with what you know is right.

This is tough, controversial work. The intense competitive pressures and alumni pressure that many college presidents, coaches, and ADs work under every day are very real. But the difficulty of change can't become an excuse for throwing in the towel on strengthening the collegiate sports model.

Before I talk a bit about what a better model might look like, I want to be clear that I come here today not as a critic but as an absolute believer in the value of college sports. I learned firsthand about their importance and impact from my own experiences and those of my family.

I am still incredibly grateful to my coaches for the opportunities they gave me when I played college basketball. The lessons and friendships I gained as a student athlete have shaped me in profound ways.

We all know student athletes often spend more time with their coaches than they do with any professor during college. And great coaches, just like great teachers, transform the lives of their students.

My sister, who was a much better basketball player than me, also played in Division I, and was an early beneficiary of Title IX. Maintaining Title IX, maintaining sports opportunities for women is not a legal abstraction for me—I saw how Title IX transformed college sports for the better. My mother, who was actually the best athlete in our family, went to college pre-Title IX—and didn't have the same opportunities as my sister and me.

Some of you may know that my father was the faculty representative to the NCAA at the University of Chicago for more than a quarter century. I remember him coming home from NCAA conventions, animated about the discussions and recounting the debates that took place there. I loved those dinner-time conversations.

My dad instilled in me the understanding that the mission of a university was a dual mission: To educate its students and to prepare them for life. If a college fails to educate all of its students—if it fails to give them a chance to learn and grow—then that university has failed its mission.

Yet when athletic programs do have their priorities in order, there is no better way to teach invaluable life lessons than on the playing field or court. It's an ideal training ground for learning the skills of discipline, resilience, selflessness, taking responsibility, and, above all, leadership.

Like most student athletes, I felt it was an incredible privilege and an honor to represent my university, not a form of exploitation. So, growing up on the South Side of Chicago, I got to see the best that college sports had to offer, and, unfortunately, the worst.

I played with inner-city stars who had been used and dumped by their universities. Ultimately, they had nothing to show for the wins, the championships, and the revenues they brought to their schools. When the ball stopped bouncing, they had very few opportunities in life. They struggled to find work, had difficult lives, and some died early.

Advocates of pay-to-play seem to assume that a full athletic scholarship is small reward for the health risks that athletes assume and the financial rewards reaped by successful college sports programs.

But that was not my experience. The clear dividing line for success in life among the inner-city kids who I played with and grew up with was between those who went to college and got their degrees, and those who did not.

Everyone here today knows that just a tiny percent of Division I players will ever go on to the pros. But getting that degree can change the course of their lives, and their families' lives, forever.

To restore a healthier balance between athletics and academics in the revenue sports, I would encourage college leaders to begin changing policies that clearly fail to put the interests of student-athletes first.

Let me cite a couple of concrete examples. It is not a problem per se that BCS conferences have negotiated lucrative television contracts for their football teams. In a number of instances, those contracts have allowed athletic programs to stop being financial drains on their universities, freeing up more institutional resources for academic purposes.

However, it is a problem that the BCS conferences use zero percent of their bowl game revenues for educational components or to support student academic success.

By contrast, the NCAA has at least some ties to educational goals in its revenue distribution formula for the March Madness tournament.

I believe the NCAA tournament revenue formula should be revised to do more to reward teams that don't shortchange academics, and that less revenue should be awarded based solely on wins on the court. At present, the NCAA awards \$1.4 million to conferences each time one of their teams wins a game in the tournament.

The BCS awards even more, \$20 million a win to a conference for each BCS bowl victory. There has to be a better way to distribute post-season revenues in a manner that does more to support the educational mission of the university.

Finally, creating a better balance between academics and athletics also requires overhauling the NCAA's rulebook and enforcement procedures, which too often undermine faith in the NCAA and cast doubts on the viability of the amateur ethos.

At 426 pages, the NCAA Division I rulebook is about half again longer than the New Testament. It contains two-and-a-half pages that outline the NCAA's Principles of Conduct—followed by 400 plus pages of rules. It is so complex that not even compliance personnel in athletic departments know all the rules.

More than a few rules edge toward the ridiculous. The rulebook contains three pages on the size of the envelope that institutions are allowed to use to send mailings to prospective student athletes. Several years ago, the University of Maryland ran afoul of an NCAA rule that promotional pamphlets for athletes can only have three colors. Their offense? It turns out that the state seal of Maryland has four colors.

And who can forget the urgent controversy over a bylaw that allows an institution to provide a bagel to a student-athlete as a snack? The problem is that bagels with cream cheese must count as an allowable meal. But fear not—this year's legislative cycle includes a proposal to permit bagel spreads.

Almost everyone, including NCAA leaders, thinks the NCAA needs to have a simpler and shorter set of rules, with meaningful sanctions for coaches, ADs, programs, and athletes that violate the NCAA's core principles. As the NCAA enforcement working group has recommended, enforcement needs to distinguish between egregious violations, serious violations, and minor or technical violations.

So, in the spirit of promoting reforms to enhance the educational purposes of the university, let me throw out four additional steps beyond overhauling rules and enforcement that could support student-athlete success—most of which the NCAA is already taking on.

I want to be clear that I am not endorsing a specific course of action or program for the NCAA or its member institutions. These are broad-brush strokes. They are meant to encourage a national dialogue among college leaders about steps that might be taken to incentivize the right priorities



in big-time college sports. You are the experts here—and I am convinced that that you can come up with many other creative solutions.

First, as I mentioned, the BCS conferences should set aside a meaningful share of bowl revenues for an academic enhancement fund that supports the education of student athletes. The NCAA has no control over bowl revenues, so this would be a decision each conference would have to make.

There are models out there to look at now, from the Knight Commission's proposed Academic-Athletics Balance Fund to the NCAA's degree-completion award programs, which enable athletes to return to get their degrees after their five-year eligibility period expires.

Second, too many special admits are not capable of doing college work and competition on day one. In October, the NCAA Division I Board of Directors approved creating a freshman academic redshirt year for academically ineligible students, which would allow them the time and education to handle college work before they could compete.

If students can't do college work, even with assistance, they shouldn't be playing sports until they are academically ready.

An academic redshirt period would also reduce the number of unprepared basketball recruits who enroll with the expectation they will be one-and-done players, which makes a mockery of the idea that they are college students at all.

When the academic redshirt year proposal is implemented in 2015, I think it will have a bigger impact than many people realize. Up to a third of FBS football players and 43 percent of Division I basketball players may be required to serve an academic redshirt year.

And finally, the NCAA Convention has two proposals up for review. One would allow schools to provide multiyear scholarships; a second proposal would allow conferences to provide up to \$2,000 in additional scholarship aid, up to the full cost of attendance.

I know these proposals have met with some opposition. They may need to be modified to comply with Title IX. A number of FBS schools have objected on the grounds that the proposals could cause a financial strain and put coaches at smaller FBS programs at a competitive disadvantage.

I don't know what the NCAA membership will ultimately decide about these initiatives. But it seems clear that they are steps in the right direction to protect student athletes and put their interests first. I don't see how coaches jettisoning scholarship athletes at will are in the student's best educational interest.

I expect that some sportswriters and coaches will contend the directions for reform that I've sketched out today are naïve. But I would counter that it's the skeptics who have been largely bamboozled.

They have bought into the myth that the only way to win a national title is to cut academic corners, and they claim that big money and the competitive pressures will ultimately sweep aside all attempts to protect the educational interests of student athletes.

Simply put, history doesn't bear them out. I congratulate the Crimson Tide on winning the BCS championship on Monday night. But don't forget that both Alabama and LSU's football teams have excellent academic records, with graduation rates around 70 percent and APRs above 960.

And don't forget that when the NCAA raised eligibility standards for student-athletes with Proposition 48, there was a firestorm of opposition. The critics said minority athletes would be denied the opportunity to go to college, and would be victimized by the inferior high schools they attended.

The critics exaggerated. After an initial dip in black participation, the sky did not fall. The proportion of black male players in Division I basketball and football subsequently increased.

High school minority student athletes take more college prep classes today than before, achieve a higher GPA, score higher on standardized tests, and graduate at a higher rate from college. High schools, coaches, and minority athletes rose to the challenge of higher standards. Raising expectations, raising the bar, is always the right way to go, not dumbing things down.

As some of you will recall, last spring I supported the Knight Commission's longstanding recommendation that teams should be on track to graduate at least half of their players—just one in two—to be eligible for post-season play. Frankly, I see that as simply a starting point, not the ultimate goal.

One Hall of Fame basketball coach told USA Today that the proposal and my endorsement was, quote, "completely nuts."

Six months later, thankfully, apparently similarly deranged Division I college presidents overwhelmingly approved it.

So I have every faith that when the NCAA and the BCS conferences step up and say, 'we are going to draw a line in the sand about academic outcomes,' you'll see behavior change rapidly.

If the metric of being on-track to a 50 percent graduation rate was used in last year's basketball tournament, the national champion, Connecticut, would have been ineligible to participate. Five of this year's 70 teams in the BCS bowl games would have been ineligible.

Just think of the profound impact that policy is going to have on coaches and athletic departments and the emphasis they place on academic success.

I guarantee you no coach will want to walk into the locker room to tell his players, "even though we might win the national title this year, we can't compete because our players didn't study hard enough."

Incentives matter. And I guarantee no coach will want to walk into the president's office and say "We can't compete in a BCS bowl game—I'm sorry our conference isn't eligible for that \$20 million victory prize."

So, to all the Division I college leaders here today, I absolutely applaud the reforms you have approved in recent months and the direction of new reforms under consideration. Keep going—and please resist the temptation to just tinker or temper with your core principles.

Many Division II leaders are here today, too, and they have set a leading example of the power of collective action. It's true that Division II programs don't have to manage lucrative football TV revenues. But Division II programs also face competitive pressures that could easily pull them away from their values if they are not vigilant.

Acting together, Division II presidents have created a better-balanced college experience for their student athletes. They have shortened the playing season, allow fewer competitions during the school year, and have a no-games/no-practice break in December.

In the end, doing the right thing in college sports is not really a complicated intellectual challenge. This doesn't take a Nobel laureate to solve. College presidents know what advances education for student athletes—and they know what undermines it.

I would be the first to acknowledge that college sports reform is a tough political challenge on campus. But ultimately, this is a challenge of leadership. And leading your campus and programs is the reason that so many of you signed up for the job.

Working collectively, with conviction, with courage, and a willingness to step outside your comfort zone, I believe you can create a better balance between athletics and academics.

Now is the time for Division I leaders and the NCAA to step forward to reassert the interests of student athletes, advance the educational mission of your institutions, and regain the public's trust and respect. It's time to raise the game. It's time to bring your "A" game for success—in athletics and academics, on the field and off it.

## **The Fix Was In Crime in College Hoops May 20, 2013**

It's a cautionary tale for college and professional athletes alike.

Following a three-year FBI investigation dubbed Operation Hook Shot, eight people—including former University of San Diego (USD) basketball star Brandon Johnson, the school's all-time point and assist leader—were convicted and sentenced to federal prison terms for taking part in a sports bribery conspiracy. The eighth and final defendant, illegal bookmaker Richard Francis Garmo, was sentenced last month.

The case began—as most of our sports bribery matters do—as an organized crime investigation. In 2009, we began looking into the activities of a criminal enterprise operating in the San Diego area. Along with selling marijuana, the group was operating an illegal online gambling business. A related criminal activity, Bureau investigators discovered, was a scheme to fix USD men's basketball games.

Playing a pivotal role in the scheme was Thaddeus Brown, an assistant basketball coach at USD during the 2006-2007 season. Brown had placed bets with the illegal gambling business operated by Garmo and two partners-in-crime. Though no longer with the team, he still had contacts among the USD players. During the 2009-2010 season, he recruited Johnson—USD's starting point guard—to influence the outcome of basketball games in exchange for money. Brown was paid handsomely for his role in the conspiracy—up to \$10,000 per game.

During that season, it's believed that at least four games were “fixed” with Johnson's assistance. Perhaps the senior point guard would miss a free throw now and then or draw a technical foul. Or he would just pass up a shot—at one point Johnson was heard on electronic surveillance talking about how he wouldn't shoot at the end of a particular game because it would have cost him \$1,000.

The co-conspirators routinely got together to discuss the predictions of oddsmakers and to pick which games to fix. They would then make their bets—often on the other team (USD was usually favored to win)—which would enhance their winnings even more. And with Johnson manipulating the games, they usually won their bets, netting them more than \$120,000.

The following season—2010-2011—Johnson had graduated, but he nonetheless tried to recruit another player to continue the scheme. His attempt ultimately failed. Brown also tried—even making attempts at two other schools—but he failed as well.

To penetrate this close-knit conspiracy, the FBI made use of its array of investigative techniques, including court-authorized wiretaps, physical surveillance, confidential informants, subpoenaed documents, and interviews. We also had the cooperation of USD officials and the NCAA. By April 2011, an indictment in conspiracy had been announced.

At the time of the indictment, U.S. Attorney Laura Duffy of the Southern District of California said, “Whether in the area of politics, law, or sports, the phrase ‘the fix is in’ sends chills down the spines of all Americans... Tampering with sports events strikes at the integrity of the games; this kind of betrayal is not merely disappointing—it is criminal and worthy of prosecution.”

While the FBI focuses on the criminal leadership in these sorts of enterprises, athletes and coaches willing to sell out their teams for money can get caught in the net and pay the price. Our advice: Think twice before gambling with your future.

## **Nine FIFA Officials and Five Corporate Executives Indicted for Racketeering Conspiracy and Corruption May 27, 2015**

A 47-count indictment was unsealed early this morning in federal court in Brooklyn charging 14 defendants with racketeering, wire fraud, and money laundering conspiracies, among other offenses, in connection with the defendants' participation in a 24-year scheme to enrich themselves through the corruption of international soccer. The guilty pleas of four individual defendants and two corporate defendants were also unsealed today.

The defendants charged in the indictment include high-ranking officials of the Fédération Internationale de Football Association (FIFA), the organization responsible for the regulation and promotion of soccer worldwide, as well as leading officials of other soccer governing bodies that operate under the FIFA umbrella. The defendants Jeffrey Webb and Jack Warner—the current and former presidents CONCACAF, the continental confederation under FIFA headquartered in the United States—are among the soccer officials charged with racketeering and bribery offenses. The defendants also include U.S. and South American sports marketing executives who are alleged to have systematically paid and agreed to pay well over \$150 million in bribes and kickbacks to obtain lucrative media and marketing rights to international soccer tournaments.

The charges were announced by Attorney General Loretta E. Lynch; Kelly T. Currie, Acting U.S. Attorney for the Eastern District of New York; James B. Comey, Director, Federal Bureau of Investigation (FBI); Diego W. Rodriguez, Assistant Director-in-Charge, FBI, New York Field Office; Richard Weber, Chief, Internal Revenue Service (IRS) Criminal Investigation; and Special Agent in Charge Erick Martinez, IRS Criminal Investigation, Los Angeles Field Office.

Also earlier this morning, Swiss authorities in Zurich arrested seven of the defendants charged in the indictment, the defendants Jeffrey Webb, Eduardo Li, Julio Rocha, Costas Takkas, Eugenio Figueredo, Rafael Esquivel, and José Maria Marin, at the request of the United States.<sup>1</sup>

The guilty pleas of the four individual and two corporate defendants that were also unsealed today include the guilty pleas of Charles Blazer, the long-serving former general secretary of CONCACAF and former U.S. representative on the FIFA executive committee; José Hawilla, the owner and founder of the Traffic Group, a multinational sports marketing conglomerate headquartered in Brazil; and two of Hawilla's companies, Traffic Sports International, Inc. and Traffic Sports USA, Inc., which is based in Florida.

“The indictment alleges corruption that is rampant, systemic, and deep-rooted both abroad and here in the United States,” said Attorney General Lynch. “It spans at least two generations of soccer officials who, as alleged, have abused their positions of trust to acquire millions of dollars in bribes and kickbacks. And it has profoundly harmed a multitude of victims, from the youth leagues and developing countries that should benefit from the revenue generated by the commercial rights these organizations hold, to the fans at home and throughout the world whose support for the game makes those rights valuable. Today's action makes clear that this Department of Justice intends to end any such corrupt practices, to root out misconduct, and to bring wrongdoers to justice—and we look forward to continuing to work with other countries in

this effort.” Attorney General Lynch extended her grateful appreciation to the authorities of the government of Switzerland, as well as several other international partners, for their outstanding assistance in this investigation.

“Today’s announcement should send a message that enough is enough. After decades of what the indictment alleges to be brazen corruption, organized international soccer needs a new start—a new chance for its governing institutions to provide honest oversight and support of a sport that is beloved across the world, increasingly so here in the United States. Let me be clear: this indictment is not the final chapter in our investigation,” stated Acting United States Attorney Currie. Mr. Currie extended his thanks to the agents, analysts, and other investigative personnel with the FBI New York Eurasian Joint Organized Crime Squad and the IRS Criminal Investigation Los Angeles Field Office, as well as their colleagues abroad, for their tremendous effort in this case.

“As charged in the indictment, the defendants fostered a culture of corruption and greed that created an uneven playing field for the biggest sport in the world. Undisclosed and illegal payments, kickbacks, and bribes became a way of doing business at FIFA. I want to commend the investigators and prosecutors around the world who have pursued this case so diligently, for so many years,” said FBI Director Comey.

“When leaders in an organization resort to cheating the very members that they are supposed to represent, they must be held accountable,” said IRS Criminal Investigation Chief Weber. “Corruption, tax evasion, and money laundering are certainly not the cornerstones of any successful business. Whether you call it soccer or football, the fans, players, and sponsors around the world who love this game should not have to worry about officials corrupting their sport. This case isn’t about soccer, it is about fairness and following the law. IRS CI will continue to investigate financial crimes and follow the money wherever it may lead around the world, leveling the playing field for those who obey the law.”

The charges in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

## The Enterprise

FIFA is composed of 209 member associations, each representing organized soccer in a particular nation or territory, including the United States and four of its overseas territories. FIFA also recognizes six continental confederations that assist it in governing soccer in different regions of the world. The U.S. Soccer Federation is one of 41 member associations of the confederation known as CONCACAF, which has been headquartered in the United States throughout the period charged in the indictment. The South American confederation, called CONMEBOL, is also a focus of the indictment.

As alleged in the indictment, FIFA and its six continental confederations, together with affiliated regional federations, national member associations, and sports marketing companies, constitute an enterprise of legal entities associated in fact for purposes of the federal racketeering laws. The

principal—and entirely legitimate—purpose of the enterprise is to regulate and promote the sport of soccer worldwide.

As alleged in the indictment, one key way the enterprise derives revenue is to commercialize the media and marketing rights associated with soccer events and tournaments. The organizing entity that owns those rights—as FIFA and CONCACAF do with respect to the World Cup and the Gold Cup, their respective flagship tournaments—sells them to sports marketing companies, often through multi-year contracts covering multiple editions of the tournaments. The sports marketing companies, in turn, sell the rights downstream to TV and radio broadcast networks, major corporate sponsors, and other sub-licensees who want to broadcast the matches or promote their brands. The revenue generated from these contracts is substantial: according to FIFA, 70% of its \$5.7 billion in total revenues between 2011 and 2014 was attributable to the sale of TV and marketing rights to the 2014 World Cup.

### The Racketeering Conspiracy

The indictment alleges that, between 1991 and the present, the defendants and their co-conspirators corrupted the enterprise by engaging in various criminal activities, including fraud, bribery, and money laundering. Two generations of soccer officials abused their positions of trust for personal gain, frequently through an alliance with unscrupulous sports marketing executives who shut out competitors and kept highly lucrative contracts for themselves through the systematic payment of bribes and kickbacks. All told, the soccer officials are charged with conspiring to solicit and receive well over \$150 million in bribes and kickbacks in exchange for their official support of the sports marketing executives who agreed to make the unlawful payments.

Most of the schemes alleged in the indictment relate to the solicitation and receipt of bribes and kickbacks by soccer officials from sports marketing executives in connection with the commercialization of the media and marketing rights associated with various soccer matches and tournaments, including FIFA World Cup qualifiers in the CONCACAF region, the CONCACAF Gold Cup, the CONCACAF Champions League, the jointly organized CONMEBOL/CONCACAF Copa América Centenario, the CONMEBOL Copa América, the CONMEBOL Copa Libertadores, and the Copa do Brasil, which is organized by the Brazilian national soccer federation (CBF). Other alleged schemes relate to the payment and receipt of bribes and kickbacks in connection with the sponsorship of CBF by a major U.S. sportswear company, the selection of the host country for the 2010 World Cup, and the 2011 FIFA presidential election.

### The Indicted Defendants

As set forth in the indictment, the defendants and their co-conspirators fall generally into three categories: soccer officials acting in a fiduciary capacity within FIFA and one or more of its constituent organizations; sports media and marketing company executives; and businessmen, bankers, and other trusted intermediaries who laundered illicit payments.



Nine of the defendants were FIFA officials by operation of the FIFA statutes, as well as officials of one or more other bodies:

Jeffrey Webb: Current FIFA vice president and executive committee member, CONCACAF president, Caribbean Football Union (CFU) executive committee member, and Cayman Islands Football Association (CIFA) president.

Eduardo Li: Current FIFA executive committee member-elect, CONCACAF executive committee member, and Costa Rican soccer federation (FEDEFUT) president.

Julio Rocha: Current FIFA development officer. Former Central American Football Union (UNCAF) president and Nicaraguan soccer federation (FENIFUT) president.

Costas Takkas: Current attaché to the CONCACAF president. Former CIFA general secretary.

Jack Warner: Former FIFA vice president and executive committee member, CONCACAF president, CFU president, and Trinidad and Tobago Football Federation (TTFF) special adviser.

Eugenio Figueredo: Current FIFA vice president and executive committee member. Former CONMEBOL president and Uruguayan soccer federation (AUF) president.

Rafael Esquivel: Current CONMEBOL executive committee member and Venezuelan soccer federation (FVF) president.

José Maria Marin: Current member of the FIFA organizing committee for the Olympic football tournaments. Former CBF president.

Nicolás Leoz: Former FIFA executive committee member and CONMEBOL president.

Four of the defendants were sports marketing executives:

Alejandro Burzaco: Controlling principal of Torneos y Competencias S.A., a sports marketing business based in Argentina, and its affiliates.

Aaron Davidson: President of Traffic Sports USA, Inc. (Traffic USA).

Hugo and Mariano Jinkis: Controlling principals of Full Play Group S.A., a sports marketing business based in Argentina, and its affiliates.

And one of the defendants was in the broadcasting business but allegedly served as an intermediary to facilitate illicit payments between sports marketing executives and soccer officials:

José Margulies: Controlling principal of Valente Corp. and Somerton Ltd.

The Convicted Individuals and Corporations

The following individuals and corporations previously pled guilty under seal:

On July 15, 2013, the defendant Daryll Warner, son of defendant Jack Warner and a former FIFA development officer, waived indictment and pled guilty to a two-count information charging him with wire fraud and the structuring of financial transactions.

On October 25, 2013, the defendant Daryan Warner, son of defendant Jack Warner and a businessman, waived indictment and pled guilty to a three-count information charging him with wire fraud conspiracy, money laundering conspiracy, and the structuring of financial

transactions. Daryan Warner forfeited over \$1.1 million around the time of his plea and has agreed to pay a second forfeiture money judgment at the time of sentencing.

On November 25, 2013, the defendant Charles Blazer, the former CONCACAF general secretary and a former FIFA executive committee member, waived indictment and pled guilty to a 10-count information charging him with racketeering conspiracy, wire fraud conspiracy, money laundering conspiracy, income tax evasion, and failure to file a Report of Foreign Bank and Financial Accounts (FBAR). Blazer forfeited over \$1.9 million at the time of his plea and has agreed to pay a second amount to be determined at the time of sentencing.

On December 12, 2014, the defendant José Hawilla, the owner and founder of the Traffic Group, the Brazilian sports marketing conglomerate, waived indictment and pled guilty to a four-count information charging him with racketeering conspiracy, wire fraud conspiracy, money laundering conspiracy, and obstruction of justice. Hawilla also agreed to forfeit over \$151 million, \$25 million of which was paid at the time of his plea.

On May 14, 2015, the defendants Traffic Sports USA, Inc. and Traffic Sports International, Inc. pled guilty to wire fraud conspiracy.

All money forfeited by the defendants is being held in reserve to ensure its availability to satisfy any order of restitution entered at sentencing for the benefit of any individuals or entities that qualify as victims of the defendants' crimes under federal law.

The indictment unsealed today has been assigned to the Honorable Raymond J. Dearie, United States District Judge for the Eastern District of New York.

The indicted and convicted individual defendants face maximum terms of incarceration of 20 years for the RICO conspiracy, wire fraud conspiracy, wire fraud, money laundering conspiracy, money laundering, and obstruction of justice charges. In addition, the defendant Eugenio Figueredo faces a maximum term of incarceration of 10 years for a charge of naturalization fraud and could have his U.S. citizenship revoked. He also faces a maximum term of incarceration of five years for each tax charge. The defendant Charles Blazer faces a maximum term of incarceration of 10 years for the FBAR charge and five years for the tax evasion charges; and the defendants Daryan and Daryll Warner face maximum terms of incarceration of 10 years for structuring financial transactions to evade currency reporting requirements. Each individual defendant also faces mandatory restitution, forfeiture, and a fine. By the terms of their plea agreements, the corporate defendants face fines of \$500,000 and one year of probation.

The government's investigation is ongoing.

The government's case is being prosecuted by Assistant United States Attorneys Evan M. Norris, Amanda Hector, Darren A. LaVerne, Samuel P. Nitze, Keith D. Edelman, and Brian D. Morris, with assistance provided by the Justice Department's Office of International Affairs and Organized Crime and Gang Section.

The Indicted Defendants:

ALEJANDRO BURZACO

Age: 50

Nationality: Argentina

AARON DAVIDSON

Age: 44

Nationality: USA

RAFAEL ESQUIVEL

Age: 68

Nationality: Venezuela

EUGENIO FIGUEREDO

Age: 83

Nationality: USA, Uruguay

HUGO JINKIS

Age: 70

Nationality: Argentina

MARIANO JINKIS

Age: 40

Nationality: Argentina

NICOLÁS LEOZ

Age: 86

Nationality: Paraguay

EDUARDO LI

Age: 56

Nationality: Costa Rica

JOSÉ MARGULIES, also known as José Lazaro

Age: 75

Nationality: Brazil

JOSÉ MARIA MARIN

Age: 83

Nationality: Brazil

JULIO ROCHA

Age: 64

Nationality: Nicaragua

COSTAS TAKKAS

Age: 58  
Nationality: United Kingdom

JACK WARNER  
Age: 72  
Nationality: Trinidad and Tobago

JEFFREY WEBB  
Age: 50  
Nationality: Cayman Islands

The Convicted Defendants:

CHARLES BLAZER  
Age: 70  
Nationality: USA

JOSÉ HAWILLA  
Age: 71  
Nationality: Brazil

DARYAN WARNER  
Age: 46  
Nationality: Trinidad and Tobago, Grenada

DARYLL WARNER  
Age: 40  
Nationality: USA, Trinidad and Tobago

TRAFFIC SPORTS INTERNATIONAL, INC.  
Registered: British Virgin Islands

TRAFFIC SPORTS USA, INC.  
Registered: USA

E.D.N.Y. Docket Numbers:

United States v. Daryll Warner, 13 Cr. 402 (WFK)  
United States v. Daryan Warner, 13 Cr. 584 (WFK)  
United States v. Charles Blazer, 13 Cr. 602 (RJD)  
United States v. José Hawilla, 14 Cr. 609 (RJD)  
United States v. Traffic Sports International, Inc., 14 Cr. 609 (RJD)  
United States v. Traffic Sports USA, Inc., 14 Cr. 609 (RJD)  
United States v. Jeffrey Webb et al., 15 Cr. 252 (RJD)

## **Former Baruch College Basketball Coach and Athletics Official Charged With Embezzlement February 14, 2017**

Preet Bharara, the United States Attorney for the Southern District of New York, Catherine Leahy Scott, New York State Inspector General, and Brian M. Hickey, the Special Agent-in-Charge of the Northeast Regional Office of the U.S. Department of Education Office of Inspector General (“ED-OIG”), announced today that MACHLI JOSEPH was arrested this morning and charged in Manhattan federal court with embezzling more than half a million dollars in funds intended for Baruch College for the rental of their athletic facilities. JOSEPH was arrested by ED-OIG agents in New Jersey. He will be presented before Magistrate Judge Gabriel Gorenstein in Manhattan this afternoon.

Manhattan U.S. Attorney Preet Bharara said: “Machli Joseph, Baruch College’s former basketball coach, allegedly drew up his own game plan for fraud, stealing more than half a million dollars meant for the college that he instead spent on himself. Embezzling money from a public college is no game, and for allegedly taking criminal advantage of his control over Baruch’s basketball courts, Joseph will now face federal charges in a court of law. We thank the New York State Inspector General and Department of Education Office of Inspector General for their excellent investigative work in this case.”

New York State Inspector General Catherine Leahy Scott said: “This once-trusted college athletic official allegedly abused his position and the facilities he was entrusted with to steal more than a half million dollars in public funds to use for his own personal benefit. These crimes, as alleged, were clearly symptoms of the problematic policies and oversight throughout CUNY facilities that I am currently investigating as a separate matter. I truly believe critical criminal cases like this one today come together only through effective law enforcement partnerships, and I thank U.S. Attorney Bharara and Agent-in-Charge Hickey and their offices for their work on this case.”

ED-OIG Special Agent-in-Charge Brian M. Hickey said: “Today’s action alleges that Mr. Joseph knowingly abused his position of trust to steal funds from the very ones he promised to serve – Baruch College students. That is unacceptable. As the law enforcement arm of the U.S. Department of Education, we will continue to aggressively pursue those who misappropriate education funds for their own purposes. America’s students and taxpayers deserve nothing less.”

According to the allegations in the Complaint filed yesterday in Manhattan federal court:

MACHLI JOSEPH served as an athletic department official at Baruch College between 2002 and 2016. He served as Baruch’s women’s basketball head coach between 2004 and 2014, its men’s basketball coach in 2002, as assistant athletic director from 2003 to 2011 and as associate athletic director from 2011 until August 2016. At times when the Baruch College gym was not being used by the school’s athletic teams, it could be rented out to outside parties. In his administrative capacity, JOSEPH had sole control over those gym rentals and their scheduling.

On numerous occasions between 2010 and 2016, JOSEPH rented the gym to outside parties, ostensibly on behalf of Baruch College. In instructing the renting parties on how to provide

payment, however, JOSEPH directed that payment be made to entities that were not, in fact, connected to Baruch College. Instead, they were entities with bank accounts over which JOSEPH had personal control, some of which merely sounded like Baruch-affiliated entities. On several occasions, JOSEPH simply directed that payment be made directly to himself or individual associates of his. Many of these funds were ultimately spent on personal expenses and items for JOSEPH and his family, including renovations to his home in New Jersey. All told, and as alleged in the Complaint, the scheme improperly diverted approximately \$600,000 of payments intended for Baruch College.

JOSEPH, 42, of Elizabeth, New Jersey, has been charged with one count of embezzlement and misapplication concerning a program receiving federal funds. The charge carries a maximum term of 10 years in prison. The maximum potential sentences are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendants will be determined by the judge.

Mr. Bharara praised the investigative work of ED-OIG and the New York State Inspector General's Office, and noted that the investigation is continuing.

This case is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys Martin S. Bell and Catherine E. Geddes are in charge of the prosecution. The charges contained in the Complaint are merely accusations and the defendants are presumed innocent unless and until proven guilty.

## **Lawrence Nassar Sentenced To 60 Years in Federal Prison December 7, 2017**

GRAND RAPIDS, MICHIGAN – Lawrence Gerard Nassar, 54, of Holt, Michigan, was sentenced to 60 years in federal prison for child-pornography and obstruction-of-justice offenses, U.S. Attorney Andrew Birge announced today. U.S. District Judge Janet T. Neff ordered the federal sentence to be served consecutive to the sentences he receives in state court. In addition to the prison term, Nassar must also register as a sex offender, and, if released from prison, he will be subject to a lifetime term of supervised release.

In July of this year, Nassar pleaded guilty in federal court to receiving child pornography in 2004, possessing child pornography from 2003 to 2016, and destroying and concealing evidence in 2016 when he believed, correctly, that ongoing investigation by law enforcement would reveal his child-pornography activities. As part of a plea agreement, Nassar agreed not to oppose a sentencing enhancement for engaging in a pattern of activity involving the sexual abuse or exploitation of minors. That enhancement, based on his extensive history of personally sexually molesting minors, increased his advisory U.S. Sentencing Guideline range by over 70%. This is the same enhancement that would have applied had he been convicted of additional federal charges related to his hands-on misconduct, such as for traveling interstate with intent to engage in illicit sexual conduct. By the time of his sentencing, Nassar faced an advisory guideline range of 30 years to life in prison, capped by the combined statutory maximum for the three counts of 60 years.

Dozens of victims participated in the federal sentencing proceeding by submitting written victim-impact statements to the Court. The victims wrote about the pain and trauma Nassar caused them, their shattered trust and innocence, the enduring impact this conduct has had on their lives, and their desire to see justice. The victims called on the Court to severely punish Nassar and protect others from further acts of sexual predation.

In announcing the sentence, Judge Neff left no doubt that “maximum potential penalties are in order here.” She found the case “unique.” The images Nassar collected were numerous and “like none other that I’ve seen.” She expressed dismay that Nassar was a doctor and was troubled by the thought that he might have “felt omnipotent” for getting away with sexually assaulting his victims when their mother was in the room. “I am a mom. I cannot imagine [the anguish those mothers must feel].” She chastised Nassar for violating the most basic tenant of medicine – “Do no harm.” Finally, the Judge expressed deep concern for the victims’ sense of self-worth that was destroyed. She concluded that Nassar “is, was, and will be a danger to children.” “It is through consecutive sentencing that I can protect young children.”

Following the sentencing, U.S. Attorney Birge said: “Today was a day of reckoning for Larry Nassar. He more than deserves this punishment for what he did. He consumed child pornography on a massive scale. We found 37,000 images of child pornography on his computers. Insatiable hunger of that nature simply encourages those who produce such images to continue to sexually exploit children. Compounding his danger to the public, Nassar was an insidious hands-on child predator in his own right. He took advantage of family friendships. And he treated his license to practice medicine as a license to sexually molest children. Thanks to the brave victims who came

forward, we learned the full scope of his depravity. The breadth and dark depth of his heinous acts are extraordinary.”

U.S. Attorney Birge added: “My heart goes out to the victims-- those in the images and those he personally sexually molested. With today’s sentencing, I hope his victims find a sense of renewed self-worth in knowing their role in this outcome. And I hope they and the public find some measure of solace and reassurance in knowing that Nassar has been held accountable for his actions. Anyone who exploits children will be found out and held accountable regardless of their position or station in life.” U.S. Attorney Birge then expressed his thanks to the victims for making the outcome possible in this case and he thanked the FBI and Michigan State University Police for their efforts in support of the charges.

“Today’s sentencing represents an important achievement as we take another step in this long process of holding Nassar accountable for his shocking predatory acts of child sexual abuse and exploitation,” said David P. Gelios, Special Agent in Charge, Detroit Division of the FBI. “I want to thank those involved at the FBI in Detroit and Los Angeles, Michigan State University Police Department, and the U.S. Attorney’s Office for their tireless work to bring Nassar to justice. This punishment of a man who once held a position of trust and enjoyed the trust and respect of many should serve as a warning to those who prey upon and sexually exploit children that there will be severe consequences for crimes of this nature. My thoughts are with all the victims whose lives have been forever impacted.”

Michigan State University Police Chief Jim Dunlap commented that: “The Michigan State University Police Department appreciates the effective collaboration with the FBI and the U.S. Attorney’s Office to achieve a measure of justice for the survivors.”

This case is part of Project Safe Childhood, a nationwide initiative designed to protect children from online exploitation and abuse. The U.S. Attorney's Office, county prosecutor's offices, the Internet Crimes Against Children task force (ICAC), federal, state, tribal, and local law enforcement are working closely together to locate, apprehend, and prosecute individuals who exploit children. The partners in Project Safe Childhood work to educate local communities about the dangers of online child exploitation, and to teach children how to protect themselves. For more information about Project Safe Childhood, please visit the following web site: [www.projectsafechildhood.gov](http://www.projectsafechildhood.gov). Individuals with information or concerns about possible child exploitation should contact local law enforcement officials.

The Detroit and Los Angeles Divisions of the Federal Bureau of Investigation (FBI) and the Michigan State University Police Department (MSUPD) investigated the case. Assistant U.S. Attorney Sean M. Lewis prosecuted the case.



## **Judge Sentences Larry Nassar to 40 to 175 Years in Prison for Sexual Assault January 24, 2018**

LANSING –Judge Rosemarie Aquilina of Ingham County’s 30th Circuit Court today sentenced Lawrence G. Nassar, 54, of Holt, to 40 to 175 years in prison for seven counts of felony criminal sexual conduct in the first degree. Aquilina also awarded restitution to survivors for an amount to be determined.

The sentence, read in open court, follows 7 days of victim impact statements. Over 156 survivors were able to present their statements to court either in person, via video or having it read on their behalf.

Nassar was previously an osteopathic sports physician at Michigan State University and USA Gymnastics.

Attorney General Schuette initiated his first charges against Nassar on November 22, 2016, and the second round of charges occurred on February 22, 2017.

Nassar pleaded guilty to seven felony counts of criminal sexual conduct in the first degree on November 22, 2017 in Ingham County, and to three felony counts of criminal sexual conduct in the first degree in Eaton County on November 29, 2017.

The case was prosecuted by Assistant Attorneys General Angela Povilaitis, Robyn Liddell and Chris Allen and funded by a United States Department of Justice grant awarded by the Office of Violence Against Women and is administered by the Michigan Domestic and Sexual Violence Prevention and Treatment Board. Department of Attorney General Victim Advocate Bekah Snyder and Prosecuting Attorneys Association of Michigan Victim Rights Training Specialist Angela Tomasko coordinated victim testimony and impact statements. The Michigan State University Police Department, led by Chief Jim Dunlap and Det/Lt Andrea Munford, were the primary investigative agency.

Nassar will next appear in Eaton County on January 31, 2018 in front of 56th Circuit Court Judge Janice Cunningham.

## **The Penn State Molestation Scandal**

Sandusky, 75, a former Penn State assistant football coach, was convicted in 2012 of molesting 10 boys over more than a decade. Victims testified he subjected them to abuse that ranged from grooming to violent sexual attacks. The university subsequently paid more than \$100 million to people who said they had been abused. In early November 2011 the situation evolved into a full blown scandal when Sandusky was indicted on 52 counts of child molestation, stemming from incidents that occurred between 1994 and 2009. He was eventually convicted on 45 counts of child sexual abuse in June 2012 and was sentenced to a minimum of 30 years and a maximum of 60 years in prison

Penn State's former president and two other ex-administrators were sentenced to at least two months in jail for failing to report a child sexual abuse allegation against Jerry Sandusky. Former President Graham Spanier, 68, was sentenced to four to 12 months, with the first two in jail and the rest under house arrest. He was convicted of child endangerment. Former athletic director Tim Curley, 63, received a sentence of seven to 23 months, with three in jail. Former vice president Gary Schultz, 67, was given six to 23 months, with two months behind bars. They pleaded guilty to child endangerment. Federal judge threw out former Penn State President Graham Spanier's misdemeanor child-endangerment conviction just as he was to report to jail.

## **The Russian Doping Scandal: Protecting Whistleblowers and Combating Fraud in Sports February 22, 2018 Commission on Security and Cooperation in Europe Washington, DC**

The briefing was held at 3:30 p.m. in Room 385, Russell Senate Office Building, Washington, DC, Paul Massaro, Policy Advisor, Commission for Security and Cooperation in Europe, presiding.

*Panelists present:* Paul Massaro, Policy Advisor, Commission for Security and Cooperation in Europe; and Jim Walden, Attorney for Dr. Grigory Rodchenkov.

Mr. MASSARO. All right. Smack dab 3:30, so let's go ahead and get started. Everybody, wake up. Hello, and welcome to this briefing of the U.S. Helsinki Commission. The commission is a unique entity of Congress, mandated to monitor compliance with international rules and standards across Europe, ranging from military affairs, to economic and environmental issues, to human rights. My name is Paul Massaro, and I am the international economic policy advisor at the commission, responsible primarily for anticorruption and sanctions-related issues. I am joined today by Jim Walden, the attorney for Russian doping whistleblower Dr. Grigory Rodchenkov, for this look into the dark underworld of fraud in sports, and what we can do about it. As an administrative aside, I would like to mention that camera crews are permitted to record the briefing in its entirety.

Our topic today is the Russian doping scandal, a story of corruption and fraud on an unprecedented scale. It has now been demonstrated beyond a reasonable doubt that the Russian State was behind a systematic effort to dope their athletes and defraud the Olympics. No one can see how deep this rabbit hole goes, and how long these corrupt practices have gone on. But what we can say is that it is a microcosm of the conflicts playing out across the world. As clean athletes compete against cheaters, so do legitimate businessmen face off against oligarchs and governments based on the rule of law do battle with authoritarian kleptocrats. And much like at the Olympics, without the benefit of transparency and the bravery of those few who stand up and say enough is enough, it becomes immeasurably more difficult for democracy, human rights, and free markets to succeed.

Dr. Rodchenkov is one of these brave few. Formerly the director of Russia's antidoping laboratory, Dr. Rodchenkov was the lead architect of Russia's state-run doping program, working with the FSB, the successor to the Soviet KGB, to cheat the international checks put in place to prevent doping by Olympic athletes. That all changed in 2016, when Dr. Rodchenkov blew the whistle on the program he had once helped facilitate, resulting in suspension of Russia from the 2018 Winter Olympics. His revelations also generated a revitalized debate on the need to combat corruption in international competitions more generally.

Dr. Rodchenkov now lives a precarious life in the United States, relying on whistleblower protections and fearful that Russian agents may one day come knocking. He seldom gives interviews or makes statements due to this very real threat on his life. But we are lucky enough today to have Jim with us, who will read an original statement from Dr. Rodchenkov, as well as

speak to the man's story, his hopes and fears, and the centrality of whistleblowers in the fight against globalized corruption.

To conclude, I would like to remark that the word corruption is mentioned 14 times in the National Security Strategy, which I have with me today and would like to show off. [Laughter.] Many across the U.S. Government and the D.C. policy community are coming to terms with the tremendous threat that globalized corruption and kleptocracy pose to U.S. national security, and the need to build not only a 21st century financial and legal architecture, but also an ethical society capable of resisting expediency and opportunism at the expense of the values we hold dear. This sort of society is exemplified by whistleblowers. And I am humbled to speak today with Jim, who represents one of the most impactful and courageous such whistleblowers in recent years.

Before I hand the floor over to Jim, we would like to show the trailer for the Oscarnominated documentary "Icarus" to bring you all up to speed, for those of you unfamiliar with the case. "Icarus" tells the story of Dr. Rodchenkov's decision to reveal Russia's state-run doping operation, and the implications of this decision for him and the world. Thank you.

Mr. WALDEN. Okay. Well, first of all, I want to thank Paul and the Helsinki Commission for having me. It's a pleasure to be here. The original invitation was for Dr. Rodchenkov. And for reasons I'll describe, he can't be here. But I will read a statement from him. But it's a great honor to come to a congressional commission to talk about the importance of Dr. Rodchenkov's work and specifically to talk about the critical juncture that we are in when it comes to clean sports.

Now, as you now know from Paul and from "Icarus," and probably from the newspapers, Dr. Rodchenkov served for about 10 years as the director of the Moscow Anti-Doping Center, a collection of laboratories that was supposed to enforce a strict WADA code to help catch cheaters. Now, the World Anti-Doping Agency, or WADA, is the critical vanguard in the fight for clean sport. They are the ones that are supposed to be the gatekeepers. And you will not be surprised to learn that WADA's budget is made up of money from both the International Olympic Committee (IOC) and many individual nations. You will further not be surprised to know that the United States is one of the largest contributors to WADA's budget. Its \$2.3 million annual contribution is the second largest, only behind the IOC.

Now, as the world now also knows, while Dr. Rodchenkov was working to catch cheaters under the WADA code, he harbored a dark secret. His bosses in the Kremlin—by the way, who were supposed to be completely independent of the Moscow Anti-Doping Center—ordered him to contrive an elaborate doping system to allow Russian athletes to cheat clean athletes from around the world at world competitions including, but not limited to, the Olympics.

Now, it would take me about three days, eight hours a day, to explain to you how sophisticated and how many people were involved in this system. But given the time constraints I'm going to boil it down to six main components. I'm going to separate them into two categories: Out-of-competition testing—meaning when there's not a competition going on—and in-competition testing. And when I talk about in-competition testing, I'm really talking about the two events in 2014, the world championships and the Olympics in Sochi.

Now, with respect to out-of-competition testing, Dr. Rodchenkov disclosed that Russia had long had a system that was referred to as the disappearing positive. For protected athletes, meaning those people that were on national teams, they would take performance-enhancing drugs but then, from time to time, be required to give urine tests—the primary method to detect cheating. Those athletes, when they came into the Moscow lab for out-of-competition testing, would be pre-tested—meaning, before the official tests began.

And if their urine sample tested positive—meaning it was a dirty test—that test was never downloaded to the ADAMS system, which is a system that links to WADA. Once a dirty sample is downloaded into ADAMS, WADA becomes aware of it and action to suspend the athlete then occurs. Now, according to Dr. Rodchenkov, the disappearing positive methodology was in place for Russia for virtually the entire time that he was the director of the Russian Anti-Doping Center, and was ordered not by him, but by his bosses in the Kremlin. And it was helped—the orchestration was assisted by both the Center for Sports Preparation and the FSB which, as Paul said, is the successor agency to the KGB. So that covers out-of-competition testing.

For in-competition testing—meaning testing that occurs while the games are going on—the system was dizzying in its checks and balances to ensure that Russians didn't get caught. Before the games, athletes were given a very sophisticated cocktail of three performance-enhancing drugs. Now, the main problem, as many of you may know, with taking performance-enhancing drugs is the time during which it stays in your system. But Dr. Rodchenkov devised a way to mix the performance-enhancing drugs with alcohol, and have the athletes swish it in their mouths for a while and then spit it out, so it would be absorbed under your tongue, sublingually. And that would keep the performance-enhancing drugs out of your digestive system and make it harder to detect. That was the first innovation.

But because athletes were going to be taking these performance-enhancing drugs leading up to, and sometimes during, the competitions, the athletes were instructed to give clean urine—meaning urine that they provided when they weren't taking performance-enhancing drugs—so that there could be a way to switch their dirty urine, taken during the games, with clean urine that had been collected before. Now, there was one major obstacle to this problem. For those of you who don't know, during competition testing when an athlete gives urine, the athlete gives two samples—an A bottle and a B bottle. The A bottle is used for testing during the games. The B bottle is used in case there's a positive test in the A to check the B bottle to make sure that it wasn't a false positive.

The problem was these bottles are tamper-proof. They're made by a Swiss company who has developed an incredible technology for caps, such that if you remove the cap, the cap breaks. And you can't use a different cap because the cap has a serial number that's the same as the serial number on the bottle. But the greatest innovation was when the FSB found in 2013 that they could open the B bottles, which everyone, including Dr. Rodchenkov, believed was impossible. Because if you could open the B bottle, then you could put clean urine in it and put the cap back on. They opened the bottles without breaking the cap. That was the next innovation.

Then during the games, as testing began, the FSB could open the bottles, replace the dirty urine with clean urine, restore them to the lab, and then test them. And the idea was that they would then test clean. But there was another problem. The FSB could not control for surprise inspections on athletes, both in-competition and out of competition. And from time to time, WADA would send doping officers to take random samples for athletes. And so, in those instances, the FSB had a team of people that would intercept the samples once they went to DHL and confiscate them. So that, in five minutes, in a system that had so many other components to it, it's too complicated to go through.

Now, Dr. Rodchenkov. Let me be clear about this: Dr. Rodchenkov had no choice but to participate in this system if he wanted to stay alive. And in fact, despite his service to the Russian Federation, when German media started to leak details of the Russian doping system from other whistleblowers, and it became a major problem and the WADA investigation started in 2015, Dr. Rodchenkov learned that the Kremlin was hatching a new secret plan, a plan to blame him as the lone wolf. And they planned to execute this, by executing him, and staging his suicide. And when he learned this from a friend of his at the Kremlin, it did not take him long to decide what to do.

Within two days, as you saw in the trailer, he was on an airplane to Los Angeles, determined to tell the truth about the Russian state-sponsored doping system. But he didn't come alone. He brought with him powerful evidence to corroborate the truth of his claims. He brought a hard drive. He brought flash drives. He brought the telephone that he used when he was at the Moscow lab. And what he did with that evidence was to turn it over to anti-doping authorities. And what they found was a goldmine. Details that have only come at the—you've seen the tip of the iceberg in some of the media reports that you see. Emails between himself and other co-conspirators about, among other things, the disappearing positive methodology. Memos that he wrote to his bosses at the Kremlin and within the FSB detailing some of the problems and issues with the doping system in Russia. And copious handwritten daily diaries that he has been keeping since he was a boy of every detail of every day at the Sochi Olympics, including information about what he was doing for the doping system and what his supervisors were doing for the doping system.

Since he came to the United States, Dr. Rodchenkov has told the truth, first in the documentary "Icarus," and then to The New York Times, and then to an independent commission established by WADA, headed by a renowned investigator named Professor Richard McLaren. Now, Professor McLaren didn't work alone. He assembled a team. He assembled a team of experienced investigators, hardscrabble people that were skeptical of Dr. Rodchenkov's claims. And because he knew that he couldn't just rely on Dr. Rodchenkov's word, he hired people to review all the evidence and also to look at stored samples of Russian athletes, the B bottles, that had been taken from the Sochi lab and moved to a lab in Lausanne.

And what did Professor McLaren and his team of investigators find? They found that Dr. Rodchenkov was completely credible and, moreover, that his evidence was fully corroborated by the documents which they determined to be authentic, and by a rigorous and expansive testing protocol for the samples, which showed clear evidence of tampering—both of the bottles themselves, because of scratches and marks, and because adjustments made to the urine to make

the salt levels match the salt levels that the athlete gave at the time of the in-competition testing—telltale signs that Dr. Rodchenkov was telling the truth.

And, most importantly, Dr. Rodchenkov produced the actual list of protected athletes. And the metadata for that list showed that it was not created by him. It was created by the Center for Sports Preparation, one of the main organizers of international sports and a key conspirator. And it just so happens that the scratches and marks and the salt found in samples of Russian athletes—because they tested many, many samples beyond the people on that list—the only people that had scratches, marks, and salt manipulation were the very people on this famous duchess list, which is what the list was called.

After Dr. Rodchenkov's truth was upheld by Professor McLaren, Dr. Rodchenkov's cooperation did not stop. The IOC then set up two disciplinary commissions. And despite the fact that they delayed significantly interviewing him and ultimately getting evidence from him, they themselves set up a completely different forensic testing system of the same bottles that McLaren had tested, and largely confirmed McLaren's reports. And Dr. Rodchenkov committed himself to submitting over 200 pages worth of affidavits, with meticulous detail about not only the Russian doping program in general, but the very officials within Russia which were pulling the strings of the puppet, and the involvement not only of officials but of coaches and athletes.

Now, let's just stop here for a second. None of Dr. Rodchenkov's revelations should have been news to anyone, because the evidence of a Russian state-sponsored doping system has been mounting for years. And it would take a day to go through all that evidence. But let me give you a couple of snippets. In 2008, there were Olympics in Beijing. And before the Beijing games, seven Russian athletes were suspended for doping violations—after, in the previous year, a whole flock of other Russians has been suspended. And The New York Times ran an article because of the mounting suspicion. And they said—and I'm paraphrasing—because of the number of suspensions and the varied sports of the suspended athletes, troubling questions are starting to mount about a state-sponsored doping system in Russia.

But then in 2013, WADA became concerned that doping was on the rise. And starting in 2013, they published a yearly report of the countries that had the most, what's called, an analytical adverse finding—a doping violation. And guess what the report showed? Russia had a staggering 225 adverse analytical findings in 2013—20 percent more than the second-ranked country on the list. So, in 2014, WADA did it again. And what did they find? Russia had 148 adverse analytical findings, 20 percent above the next highest ranked country. They did it again in 2015. What did they find? Russia had 176 adverse analytical findings, 36 percent more than the next-highest country.

And so think about that for a second, ladies and gentlemen. In three years' worth of time, Russia had almost 550 adverse analytical findings. And if that, in and of itself, is not compelling evidence of a state-sponsored doping system, I don't know what is. But I know what the IOC determined. The IOC determined that Dr. Rodchenkov was credible and, based on his evidence, they banned 43 of the athletes from the duchess list for lifetime bans against any further Olympic competitions. And so it's obviously important to talk about the corroboration and the verification that he's telling the truth.

But you know what a truthful person does? A truthful person tells the truth no matter whether the truth is guilt or innocence. And the IOC also did something important based on Dr. Rodchenkov's information, because he exonerated some athletes. There were two wrongly accused Russian athletes. And rather than simply trying to blame everyone, Dr. Rodchenkov called it out and said: IOC, you've gotten this wrong. I have no reason to believe that these two people were involved. They weren't on the duchess list. They didn't have scratches and marks. They didn't have salt content. And I don't have any recollection of being told that they were protected athletes. And based on Dr. Rodchenkov's evidence, the two athletes are now competing again.

But the IOC did something else important. It suspended not only a number of coaches, but a number of Russian officials—including the current Deputy Prime Minister of Russia Vitaly Mutko, who orchestrated the state-sponsored scheme, ordered it after the dismal Russian performance in the Vancouver Winter Olympics. And the IOC determined that he was legally responsible, culpable, for the state-sponsored doping system. So that's the good news. Now, here comes the bad news. Where are we now? It's not good. Despite all of the extensive cooperation and evidence, what result, at the end of the day, has the conflicted self-policing system of the IOC—what has it delivered to the mission of protecting clean athletes and upholding whistleblowers like Dr. Rodchenkov? I'm sorry to tell you the situation is simply shameful. Now, recall something, the IOC has a track record with respect to violations where a foreign government unduly influences either a national Olympic Committee or a lab. The example's Kuwait. In 2014, Kuwait passed a law. And the law, in the IOC's view, unduly harmed the independence of the Kuwaiti Olympic Committee.

And the IOC found that this was a terrible transgression, such that the banned Kuwait from the Olympics in 2015. And the ban still exists, all right? Okay, so there's the example. What does the IOC think of what Russia did? Well, let's judge the words by the actions. At the time that these revelations first came out in The New York Times and then were confirmed by Professor McLaren, IOC president Thomas Bach called Russia's actions, and I quote, "A shocking and unprecedented attack on the integrity of the Olympic Games and Sports." And what's more, he promised action. He promised that he would, quote, "Not hesitate to take the toughest sanctions available against any individual or organization implicated in the criminality." So, surely you would think an unprecedented attack would result in an unprecedented set of disciplinary measures.

Obviously, only a complete ban would have the dual purpose of punishing Russia's systematic doping system and deterring other cheaters. And when he announced, on December 5th, that there would be a ban, there was much international acclaim. And I confess, I was part of the choir. I believed the words. And so did everyone else, until they read the fine print. The ban wasn't a ban at all. It was hardly a slap on the wrist. And in retrospect, it looks like a carefully crafted PR stunt, a sham, and one that has earmarks of extensive negotiations with Russia. I mean, after all, think about it. In the current Olympic Games in Pyeongchang, Russia is fielding one of the largest Olympic teams, despite the fact that it's, quote, unquote, "banned." And they're not just competing and neutrals, the way other suspended countries—and for those of you who don't know what neutral means, it means no national insignia.



You're competing under the Olympic flag as Olympic athletes—but Russia got a special dispensation. Their athletes are wearing uniforms bearing Russia's name. And this ban, which is really just a temporary suspension, is going to be lifted in this Olympic game. And mark my words—[laughs]—by Tuesday, Thomas Bach is going to lift the ban and the Russians are going to march at the closing ceremony under their own national flag, despite this horrific behavior.

The Olympic self-policing system has had other catastrophes as well. Most of the 43 lifetime bans that I spoke about before, imposed by the IOC, have now been overturned by the highest court in sport, which is called the Court of Arbitration for Sport, allowing most of the athletes to compete again. But, most egregiously, Russia has been permitted, remarkably, to stonewall the IOC and WADA. Despite almost on a daily basis protesting their innocent and decrying the doping scandal as a byproduct of some Western conspiracy—in which, I assume, I must be a conspirator—Russia refuses to turn over critical evidence that was ordered by WADA more than a year ago.

Why? If they're innocent, and there's no doping system, then why not turn over the evidence? And let me just unpack that a little bit for you when we talk about the evidence. There are a lot of things that can be manipulated within a doping laboratory. But there's one thing that can't be. The testing equipment itself, as long as you're not running a pretest, records the results of the test on the computer drive for the testing equipment. And you can't change that, right? There is no way to alter it. There's no way to fake it. There's no way to change it at all. It's a permanent record. And WADA told Russia to turn over that data. And they've refused. And if that's not an admission of guilt, I really don't know what it is.

But let's ask another question: Honestly, has Russia accepted a scintilla of responsibility for this, despite the fact that, at least now, with respect to 11 athletes, the bans were in fact upheld by the Court for Sports Arbitration? Well, this comment from Pyotr Tolstoy, a leading member of Russia's state Duma, which is the lower house of their legislature, typifies Russia's reaction. I'm going to quote: “We won't apologize. We won't apologize to Bach, who prepared this report”—banning the Russian athletes—“so sweetly.”

We have nothing to apologize for. And neither do our athletes. And what's more, putting aside the lack of any acceptance of responsibility or contrition, Russia has sought to retaliate against Dr. Rodchenkov again and again. Only, by the way, after his cooperation was revealed—Russia indicted him twice for politically motivated crimes. And let's be clear, in order for this sort of system to exist, obviously many people had to be involved. It couldn't have possibly been one man. No lone wolf could do all the things that were necessary in order for even a system that was less sophisticated to succeed. There had to be athletes participating, coaches participating, people swapping samples, people helping to cover it up.

Russia, not surprisingly, singled Dr. Rodchenkov out for these criminal charges, right? So that shows the motivation. The motivation is to silence him. Russian officials have harassed his family, confiscated his property, and even declared—and I'm going to quote here—that he should be, quote, “Shot as Stalin would have done.” And to discredit Dr. Rodchenkov, even Russian President Vladimir Putin has gotten in the game, on the one hand accusing the FBI of

drugging Dr. Rodchenkov to elicit a false confession, while at the same time calling Dr. Rodchenkov an imbecile and mentally unstable.

Now, I was an organized crime prosecutor for many years. So I'm very used to seeing people who cooperate be discredited, or attempt to be discredited, by people that were their conspirators. So let's be clear about this. The U.S. didn't pick Dr. Rodchenkov. Russia did. They made him the director of the Moscow lab. When opponents of Vitaly Mutko started an investigation of Dr. Rodchenkov back in 2011, allegedly for distributing performance-enhancing drugs—which was his job—it was the Kremlin that quashed those charges so that Grigory Rodchenkov could continue the work that they had authorized.

So Russia picked this witness. Nobody from the West did. And to cap things off, just to make it extra sweet, just this week Dr. Rodchenkov—you're not going to really believe this unless you've seen it in the newspaper—was sued in New York State Supreme Court for defamation from three of the Russian athletes who had the most evidence against them in the McLaren report, in a lawsuit no doubt backed by the Kremlin. And I will say, just on a personal note, I have read media reports that an owner of an NBA franchise is helping to finance this frivolous lawsuit. And I hope that those reports are inaccurate, because if an NBA franchise owner is using NBA revenue to finance a lawsuit to attack and silence a whistleblower who's trying to bring integrity back to sports, I think that every American and every basketball fan would be galled by that. And I certainly hope that the NBA is monitoring this closely, because this sends a terrible message—a terrible message to the players, the fans, and the kids that watch that team.

So this whole litany of retaliation, right, spanning the last year and a half, which I've only just summarized—believe me, if you want to ask me questions I'll give you 15 more examples—what has the IOC done? Because the IOC has power, right? The power is right now the Russian Olympic Committee is suspended. And the IOC retained for itself in this ban the ability to continue that suspension if Russia didn't behave, if it didn't honor the IOC's decision. So all the IOC has to do is to pick up the phone and call Vitaly Mutko and say: This ban is going to continue in these Olympic Games and future Olympic Games, unless you leave our main witness alone. After all, he's testified, given affidavits, submitted evidence, been corroborated. I think that's the least that they could do, is make a phone call.

And what has the IOC done? Nothing. They've sat by and watched this abhorrent behavior and done not a single thing to stop the Russians. So let me ask you a question, do think that that emboldens the Russians when they act in this way and no one stops them? Well, you tell me, because according to press reports, assuming that they're true, Russian responded by retaliating against the IOC and WADA, right? [Laughs.] According to press reports, they hacked WADA's and the IOC's computers. They leaked their confidential documents. And some Russian Government officials have promised to impose sanctions on IOC members and WADA executives in retaliation for the ban. Does that sound like behavior that deserves its place among other nations upholding Olympic ideals?

Well, in the midst of all this—just funny twists and turns of this case, no one would have guessed what would happen next, right? [Laughs.] Because another whistleblower, in the midst of this whole thing—not Dr. Rodchenkov, not anyone that he had control of, he doesn't even know who

it is—someone within Russia leaked a confidential database dating back before the Sochi games that the Moscow lab had been using to record all of the adverse analytical findings before they made them disappear. This is exactly the evidence that Russia wouldn't produce. And the whistleblower disclosed it.

Now, WADA acted. WADA spent much time and ultimately authenticated it as a true and exact copy of what's called the LIMS database, the laboratory information management system, within the Moscow laboratory. And I've been assured by WADA that it is analyzing the thousands and thousands of adverse analytical findings stored in that secret database, and it will disclose the identities of those athletes to the international federations. And if the international federations do not bring cases against every single one of those athletes, Olivier Niggli said that WADA would do it. And I believe him. So WADA has acted.

But after the disclosure of the LIMS database, what did the IOC do? What did the IOC say? It's been crickets—simply crickets. Not a thing. The IOC didn't even disclose the LIMS database to the Court for Sports Arbitration, despite the fact that, as I've been told, there are 10 or 12 athletes whose appeals were being heard who had adverse analytical findings that had already been identified in the LIMS database. So it would have been critical corroborating information, but the IOC did nothing. So, despite the overwhelming proof of a state-sponsored doping system and epic obstruction and retaliation, IOC President Thomas Bach still plans to lift the ban—the suspension, really, of the Russian team. And so it's little wonder at this point that information about infighting within the IOC executive committee is starting to leak. And there's been really one critically important and unfortunate casualty to that infighting, because there's a British IOC member named Adam Pengilly.

And Mr. Pengilly, together with Dick Pound, another legendary former IOC member, have been the two lone voices willing to stand up to Thomas Bach's complicity. And Mr. Pengilly, for reasons that we'll all figure out whether it's true or not, has been ejected from the Olympic Games in South Korea on the eve of the IOC making a decision whether or not to lift the suspension of the Russian team. So one of the, surely, dissenting voices within the IOC has now been silenced.

So, what does this all mean? No one can seriously argue that the cowardly and indecisive actions of the IOC are appropriate, will deter cheaters, or are fair to clean athletes, Olympic sponsors, or fans. And no one can seriously debate the fact that IOC's conflicted policing system is broken and is not working. And as a result of that, who's defrauded? Everybody knows what fraud is, right? Who's defrauded? Clean athletes who invested substantial physical, emotional, and financial investments in their training. Sponsors, most of whom, by the way, have anti-doping provisions in the contracts that they make the athletes sign, including the Russian athletes. Advertisers, international federations, and every single country, including the United States, who contributes to WADA's fairly large budget.

Now, I want to put a pin in something, because I think acceptance of responsibility is extraordinarily important, and is the measure of character of a person or a country. And the sad truth of it is, America is not blameless either. We have had our share of cheaters. We have had one systematic doping system in a cycling team relatively recently. I'm proud of the fact that we

stand up, point out, and convict those individuals and make sure that they are exposed, no matter how important they are, no matter how powerful they are, and no matter how much money can be made off of their performances.

But we shouldn't take victory laps. And we shouldn't realize that this is a bit of a glass house. But at the same time, the United States has been a leader in the fight for clean sport. And the U.S. Anti-Doping Administration, USADA, and its president, Travis Tygart, have been lions on this issue. And if Congress does anything as a result of this saga, I hope that they will increase the budget for USADA so that USADA can do more of the good work that it's doing to call out cheaters within the United States, and cheaters within the Olympic and international communities.

But honestly, the United States can and, in my view, should do more to fight for clean athletes and protect whistleblowers. There are countries, such as Austria, Italy, France, and Spain, that have actually implemented criminal penalties for doping, because this is all about deterrence, right? It's a very simple concept. We learn it when we are children. If our actions are punished, then the conduct will stop. That is the basis of our criminal justice system. We don't have laws to punish doping as a criminal violation. We have many different conspiracies that cover many different kinds of fraud, but not fraud that embodies doping.

And this is true, despite the huge impact that international doping has on both U.S. athletes and U.S. sponsors, who are the main source of revenue for the Olympics and many other world events. So we need to change our language. We need to stop calling this doping, and call it what it is—doping fraud, right? This is doping fraud—fraud, meaning someone pretends that they are clean when they are dirty. It's not implicit. They've signed certifications. They've signed contracts saying, confirming, certifying that they are clean. And they are dirty. And other people get harmed. That's exactly what fraud is. And doping fraud should be the watchword in all of our discussions going forward.

But we can do more, right? I would be happy to work with this commission and propose the first doping fraud statute. But it can't be an ordinary statute. It's got to be a statute like the Foreign Corrupt Practices Act. That is a statute that allows U.S. prosecutors to reach even foreign government officials who are involved in bribery that has an impact here. And doping is no different. Congress should pass a doping fraud statute with a long-armed provision that allows us to reach out of the United States and catch the cheaters that destroy the lives of America's clean athletes and waste the resources of our businesses.

And one of my friends, when I was talking through this idea, had a very clever idea. And his idea was to just amend the Controlled Substances Act. The Controlled Substances Act is something that was passed in 1970. It's the major drug law in the United States. But it's not just drugs such as heroin or cocaine. It actually has on the schedule most of the worst performance-enhancing drugs, including all of the ones that were being used by Russia during this whole system. So we could simply just amend the Controlled Substances Act to include a provision that has a long-armed statute that says: When there is a conspiracy that affects U.S. persons or corporations, and that conspiracy exists outside of the United States, because of the harm here, we're going to prosecute it here.

So that's my recommendation for the day because, let me tell you something, if we have a long-armed statute for doping, I guarantee you, as long as we used it, this problem would go away. But we also have to protect whistleblowers like Dr. Grigory Rodchenkov. I mean, understand, the guy risked everything to come here. And what does he have to show for it? Not much of a life at all. The IOC has proved utterly toothless to do anything to stop the Russians from trying to indict him, extradite him, harass him, discredit him, threaten him. And if the IOC can't police itself, we need to pass legislation that encourages other whistleblowers to come forward—not just from Russia, but from wherever there are state-sponsored doping systems.

So part of this doping fraud statute should have whistleblower protections that provide for legal assistance, immigration status, job placement, and other kinds of support. And, as importantly, provides tools for prosecutors to go after the people that are retaliating against the witnesses. Because, let me tell you something, if you're in the United States and you try to retaliate against a witness, that is a federal crime. It should be no less of a crime because someone who's physically here is being retaliated against by someone outside of the United States. The harm is here. Okay. So thank you for patiently sitting through my remarks. But I would like to read a note from Dr. Rodchenkov that he wrote and asked me to read to you. Here's the statement.

Excuse me for reading:

“Thank you for accepting my statement. I hope at some point soon my security situation will improve so that I may address this commission personally. As you know, I have been cooperating with WADA and the IOC to provide full and truthful details of Russia's state-sponsored doping system, in which I played an important role. I sincerely apologize for my actions, which were directed by the Minister of Sport Vitaly Mutko and his deputy minister, Yuri Nagornykh. Many other high-level officials, including from the Center for Sports Preparation, RUSADA—that's the Russian Anti-Doping Agency—and the FSB played roles in this scheme, along with many lower-level people. I truly had no choice but to play my part in this scheme. But I hope you understand, I did much work to advance the goal of clean sport during my time as the director of the Moscow Anti-Doping Center.

“But despite my extensive cooperation, I am in a very difficult position. Russia has openly retaliated against me. About that there can be no serious question. They have singled me out for prosecution, issued arrest warrants, are seeking my return to Russia, and even calling for my execution. Two of my colleagues died under mysterious circumstances after this scandal unfolded in 2005. And I fully believe they were murdered to silence them. Had I not fled Russia, I am sure I would have experienced that same fate.

“The IOC has the power to stop Russia's retaliation against me. They could simply use the power they retained to continue the suspension of the Russian Olympic Committee from participation in the ongoing Olympics and future games until Russia stops its efforts. The IOC has refused absolutely to use that power. In fact, the IOC seems ready to lift the suspension before the closing ceremony in these Olympic Games. Putting aside the direct impact on me, this sends a terrible message to future whistleblowers. Why should anyone come forward if the very guardians of clean sport leave their main witness, whose truth they have repeatedly verified, twisting in the wind?

“If the IOC has proven completely ineffective at punishing countries that dope, it will only embolden cheaters. I ask this commission to consider the important role the United States could play in both encouraging more whistleblowers to come forward and creating meaningful deterrence for such epic cheating. Self-policing by the IOC does not work, and WADA lacks the resources, tools, and independence to solve these problems. I believe the United States has played a leadership role but can and should play an even more forceful role in the fight for clean sport and the protection of whistleblowers.” Thank you very much for your time and attention. And I’ll stay for any questions.  
[Applause.]

Mr. MASSARO. Thank you very much, Jim, for your powerful remarks. And I’m really looking forward to working on that legislation with you.

Mr. WALDEN. Me too.

Mr. MASSARO. [Laughs] I’m going to ask Jim a couple questions. We’re going to have a little conversation up here. And then we’ll open the floor to the audience. So please start considering your questions. When I call on you to ask a question, please state your name and organization. We’ll bring you microphones. Please make sure you speak into the mics, since we’re being broadcast.

So to get us started, Jim, during your remarks one question kept ringing in my mind. And that was, what is going on with the IOC? You know, I mean, again and again you’ve said, OK, it’s not working, it’s not working, it’s not working, it’s not—but why is that? Do they need structural reform? Is it a lack of deterrence? What’s going on?

Mr. WALDEN. Listen, I’ve said before that whether or not the IOC intends this or not, these decisions look either corrupt, complicit, or, at best, inept. But I’m sure that I’m not being 100 percent fair, in the sense that it must be difficult to balance when you need people to hold these competitions. You need big countries to hold them. You need the revenue that is necessary.

QUESTIONER. Could you start again?

Mr. WALDEN. I’ve said before, that whether this is the intent or not, the actions of the IOC look either corrupt, complicit or, at best, inept. But I don’t think that that’s completely fair, in the sense that I’m sure it’s difficult to balance the pressures of, on the one hand, you know, doping—punishing dopers, but on the other hand, needing large countries to host the games, to fund the games, to do all of the things that are necessary to make the Olympics go. But we have to have one standard of justice, right? There can’t be one standard of justice for Kuwait and another standard of justice for Russia or America, for that matter. So if they’re going to punish countries that impact the independence of the Olympic Committees and the labs, they have to punish those countries equally.

And that’s why, again, the only rational explanation for these decisions is corruption, complicity, or ineptitude. And I don’t know, Paul, which one it is.

Mr. MASSARO. Thank you, Jim. And my second question concerns the other massive international sports association in the world, and that's FIFA, right? And despite the fact that the Russian team has been banned from the Pyeongchang Olympics, we're looking at a World Cup in Sochi next year. So is it a coordination issue? Is there less doping in FIFA? Do these organizations not speak to one another? Or is this another case of complicity and potential corruption?

Mr. WALDEN. Well, I think the problems that FIFA has been having with corruption are now well known. There's been a trial in Brooklyn where it's been proved. There are other investigations going on. With respect to what Dr. Rodchenkov knows about Russia soccer, I've said publicly that he can confirm that the Russian football team—or the soccer team, as we know it—was protected by the state-sponsored doping system, and in particular the disappearing positive methodology. But there's a pending investigation going on. I'm not sure if it's a credible investigation. But he's certainly going to cooperate with FIFA with respect to that investigation. On your larger question, Paul, I don't really know. But what I can say is corruption's not a long-game strategy. It is not a long-game strategy, particularly not in this day and age where all over the spectrum of issues that are being faced in the world people are being empowered to step forward and tell their secrets, right? We see it in the #MeToo movement, thank God. We see it in so many other areas. And we're going to see it in doping. And the number of investigations of international sports agencies that are now ongoing is dizzying. So if they want to have a long-term game and they want to be viable, they should stop the corruption, or even the appearance of corruption. Because with all of these issues swirling around, to have the World Cup in Sochi, of all places, sends a terrible message to the world.

Mr. MASSARO. Great. Thanks. And let me ask a final question. In your conversations with Dr. Rodchenkov, have you spoken to him at all about the incentive for a nation to dope? It seems to me like in the short term we can all imagine, you want to win a few competitions. But it does seem like the risk/reward ratio here is way out of whack, you know? You get caught, and——

Mr. WALDEN. Well, I can't tell you about the private conversations we have, obviously.

Mr. MASSARO. Yes, of course. Of course.

Mr. WALDEN. I can tell you what he said publicly. And he thinks that this is unique in Russia, because of the power of sport in Russia. And he believes—and I know that he believes it because I've seen the agony on his face as he describes this—that the Sochi success that brought Vladimir Putin from an epic low approval rating to an incredibly high approval rating, emboldened Russia to invade the Ukraine and annex Crimea. Now, is he right, is he wrong, I don't know. But what I do know is that, again, doping is not a long-term game. It's a short-term game. And I just hope that one of the powerful messages of this story—whether the doping is occurring here in the United States or it's occurring in any other Western country or any other Eastern Bloc country—the day of reckoning is coming.

Mr. MASSARO. Well, thanks so much, Jim. And we'll take questions from the audience now. So, please wait until you receive the mic, and if you could say your name and organization.

QUESTIONER. Hi, there. My name is David Larkin. I'm an international sport and anticorruption attorney, and probably the only one in Washington, D.C. I got dragged into the sport anticorruption world about eight years ago by accident. My first comment would be directed to Paul. And I'd say, Paul, the United States needs to understand something that they don't at the moment. And that is, that sport is not about sport at the international level. What's great about this case, is that this is a great demonstration that sport is about geopolitics. And when you're dealing with sport at the international level, you need to understand that it gets hijacked over and over by foreign governments because the game dates back to 1936. Hitler's Olympics. Sport is a great propaganda tool.

And so what you see is, you see this incursion into sport by foreign nations over and over again. Countries across the world have sports ministers. And the United States, almost singularly, does not. Why? Because the United States does not understand that sport is geopolitics. So the United States Congress gets taken for a ride on this over and over. And in fact, I moderated a panel here at the Capitol and found persons financed by foreign governments talking about the legalization of sports gambling. And that should worry you, Paul. It should worry all Americans, because we don't understand this issue at all. So, Jim, I appreciate what you're doing. I believe your client.

Mr. WALDEN. Thank you.

QUESTIONER. Two questions really. One is, to what degree were Russian athletes aware of this systemic program? Because if you watch "Icarus," if you watch what Dr. Rodchenkov says, he says only a portion of Russian athletes were doping at the games at various times, right? And so that's really my first question. My second question is, is he talks about how WADA should be afraid, okay? Why would WADA need to be afraid? One last point, Paul—we need to understand in the United States that this system of international sport is systemically corrupt. We would never allow the Court of Arbitration for Sport to exist and call itself a court the way that it currently does in the United States. It's gamed. And so we in the United States need to not only address the issue in this instance. We have a system of international sport that victimizes American athletes, and that's got to be addressed. That's the bigger issue here. This is a great and important case, but there's a much bigger issue. And that's the victimization of American athletes. And I hope you're going to address that.

Mr. MASSARO. Well, if I may, thank you so much for your comments. You know, one thing about your comments that strikes me is that we really are an outlier. And in that way, I hope we can remain an outlier. I think that our take on sportsmanship as being between two sportsmen is precisely what sports should be about. [Laughs.] And I think that the United States has been able to support the rule of law in really interesting ways around the world. And I think one of those ways, as Jim hinted at, was the FCPA, through which our companies—you know, you wanted U.S. investment, you got to play by the rules of the FCPA. And that's stopped bribery. So potentially—I mean, it didn't stop bribery entirely, but, you know, it certainly put a dent in it. But in any case, if we were able to put some sort of legislation on the table, or some sort of incentive for these guys to play similarly by rules in which we acknowledge that sports is about sports—[laughs]—and not about geopolitics, then that would likely be very positive. That said, I really, really, really hope it doesn't go in the reverse, and the United States ends up thinking, oh,



it's about geopolitics. We got to play their rules—no. It's about keeping sports pure and about sports, you know? And that would just be my comment on there. Jim.

Mr. WALDEN. David, thanks for your questions. And believe me when I say I appreciate that you believe Dr. Rodchenkov. And I think many people do. But you really asked two questions., right? The first question was, were the Russian athletes aware. And I can't answer that question with respect to every Russian athlete. But what I can tell you is people don't swish things in their mouth and spit it out for no reason, right? That's kind of impossible to believe, that that wouldn't tip someone off, even if they hadn't been told, right? And when you're asked to give clean urine, you know, hard to believe that you think it's normal to give clean urine in a discarded baby bottle or a Coke bottle or the different bottles that were being used to collect multiple samples of clean athletes, and then give them over to the Center for Sports Preparation. Well, why are they doing that? But I think that the larger question is the world and, frankly, the Court of Arbitration for Sports (CAS) took this case and understood it in a way that an American prosecutor would not. They carved up the evidence and looked really at the forest with a microscope. Instead of realizing that when you look at all of the evidence, including Dr. Rodchenkov's evidence and the decades' worth of evidence that exists in other places, right—because it's not just him—there is no question that this occurred. This is not a serious topic. And there's no one that follows the Olympics or world competition that believes the lying coming out of the Kremlin. So, yes, the participating Russian athletes knew. You asked a second question and I, frankly, am not sure I quite understood it. I don't remember the line from the movie where he said WADA should be afraid.

QUESTIONER. Basically, that WADA's afraid of what he knows. Because, let's be honest, because WADA is part of the problem. I'm just saying, you know, in the movie he makes reference to the fact that WADA should be—is afraid of him and some of the information he knows. And to be frank, WADA's part of the problem. I mean, that's—historically in this construct of international sport, WADA's absolutely part of the problem. CAS is part of the problem. But it's the entire construct that's the problem, that victimizes American athletes. But why was he saying that WADA was afraid of him? That's really the question.

Mr. WALDEN. Yeah, yeah. So I can answer the question, but I got to say, just in all candor, I'm guessing a little bit, right? But I just want to tweak one thing that you're saying. This is a system, and the system is evolving. And honestly, out of all of the nonsense that we've had to deal with with the IOC and WADA—I can't judge historically—but at least WADA's doing something now. You know, I believe Craig Reedie, I believe Olivier Niggli when they look me in the eye and say: We are going after these cases. And I look forward to it, because when the LIMS data is revealed, no one is going to be able to dispute Dr. Rodchenkov's truth. It would literally be impossible given the staggering number of athletes that have adverse analytical findings there.

But what I think that Dr. Rodchenkov is probably referring to is, you remember that there was a time when the Moscow lab was almost banned, right, just before Sochi. And if the Moscow lab—not banned, suspended, I guess. If that had happened, Russia would have had a huge problem running the Sochi Games, and implementing the state-sponsored doping system, right, because all of their samples then would have to be sent to other labs and they couldn't control the

swapping, et cetera, et cetera. And I think that Dr. Rodchenkov believes that he was given a pass there.

And I don't think that he believes that it was corrupt, but that all of these agencies are much more forgiving than they should be, and much less skeptical and much less rigorous. And there are many, many different factors—human error, human incompetence, lack of independence, many different pressures put on these institutions. So I'm sorry to give you an "I think," but I think that's probably what he was referring to.

Mr. MASSARO. Great, thank you. Other questions? Please. No other questions from the audience, huh? Okay, Stacy, do we have any from Facebook?

Mr. WALDEN. Wow.

Mr. MASSARO. Wow. Yes, I guess you were very comprehensive, Jim. [Laughter.] Well, that's great. In that case, thank you so very much, everyone. That was a fabulous briefing. Let me make mention of a hearing we'll be having on February 28th, for all you Russia watchers out there, on the legacy of Boris Nemtsov, all right? Thank you so much. And with that, we'll close the briefing.

Mr. WALDEN. Thanks, everyone. Thank you.

Mr. MASSARO. Thank you, Jim.

[Whereupon, at 4:38 p.m., the briefing ended.]

**ABOUT THE ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE** The Helsinki process, formally titled the Conference on Security and Cooperation in Europe, traces its origin to the signing of the Helsinki Final Act in Finland on August 1, 1975, by the leaders of 33 European countries, the United States and Canada. As of January 1, 1995, the Helsinki process was renamed the Organization for Security and Cooperation in Europe (OSCE). The membership of the OSCE has expanded to 56 participating States, reflecting the breakup of the Soviet Union, Czechoslovakia, and Yugoslavia. The OSCE Secretariat is in Vienna, Austria, where weekly meetings of the participating States' permanent representatives are held. In addition, specialized seminars and meetings are convened in various locations. Periodic consultations are held among Senior Officials, Ministers and Heads of State or Government. Although the OSCE continues to engage in standard setting in the fields of military security, economic and environmental cooperation, and human rights and humanitarian concerns, the Organization is primarily focused on initiatives designed to prevent, manage and resolve conflict within and among the participating States. The Organization deploys numerous missions and field activities located in Southeastern and Eastern Europe, the Caucasus, and Central Asia. The website of the OSCE is: <[www.osce.org](http://www.osce.org)>.

**ABOUT THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE** The Commission on Security and Cooperation in Europe, also known as the Helsinki Commission, is a U.S. Government agency created in 1976 to monitor and encourage compliance by the participating States with their OSCE commitments, with a particular emphasis on human rights. The Commission consists of nine members from the United States Senate, nine members from the House of Representatives, and one member each from the Departments of State, Defense and Commerce. The positions of Chair and Co-Chair rotate between the Senate and House every two

years, when a new Congress convenes. A professional staff assists the Commissioners in their work.

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

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

## **Lance Armstrong Agrees to Pay \$5 Million to Settle False Claims Allegations Arising From Violation of Anti-Doping Provisions of U.S. Postal Service Sponsorship Agreement, April 19, 2018**

Former professional cyclist Lance Armstrong agreed to pay the United States \$5 million to resolve a lawsuit alleging that his admitted use of performance-enhancing drugs and methods (“PEDs”) resulted in the submission of millions of dollars in false claims for sponsorship payments to the U.S. Postal Service (“USPS”), which sponsored Armstrong’s cycling team during six of the seven years Armstrong appeared to have won the Tour de France, the Department of Justice announced today.

From 1996 through 2004, the USPS sponsored a professional cycling team. The sponsorship agreements required the team to follow the rules of cycling’s governing bodies, including the rules prohibiting the use of certain performance enhancing substances and methods. Between 1999 and 2004, Lance Armstrong was the lead rider on the team, and he appeared to win cycling’s most prestigious event, the Tour de France, six consecutive times.

The United States’ lawsuit against Armstrong alleged that Armstrong and his team regularly and systematically employed PEDs, in violation of the USPS sponsorship agreements. The lawsuit further alleged that Armstrong made numerous false statements, directly and through team managers and spokesmen, to USPS management and to the public denying his PED use to induce the USPS to renew its sponsorship of the team in late 2000, and to increase the sponsorship fees (and, by extension, Armstrong’s own salary) in light of Armstrong’s apparent Tour de France victories in 1999 and 2000. In addition, the lawsuit alleged that Armstrong took active measures to conceal his PED use during the USPS sponsorship, and even after the sponsorship ended, including lying under oath about his PED use in a 2005 arbitration proceeding involving his entitlement to a bonus for the 2004 Tour de France result; suing the Times of London and one of its sources – a former team masseuse – for libel; and threatening other people with similar lawsuits and other forms of retribution for disclosing their knowledge or suspicions of his doping activities.

“The Postal Service has strongly supported the Department of Justice’s intervention and pursuit of this case, as it always has been our position that Lance Armstrong misled the Postal Service,” said Thomas J. Marshall, U.S. Postal Service General Counsel and Executive Vice President. “This matter has now been resolved in a manner that imposes consequences for that wrongful action. With this case, as in all other instances, the Postal Service vigorously defends our brand and our position as a trusted government institution.”

In October 2012, the U.S. Anti-Doping Agency (“USADA”) issued a report and decision finding that Armstrong and his USPS teammates had engaged in a persistent and concerted doping program designed to enable Armstrong to win the Tour de France. In the wake of the USADA report, Armstrong was stripped of all of his competitive cycling results, including the seven Tour de France wins, and was banned from participating in competitive sports. Armstrong admitted to his extensive PED-use in a nationally televised interview with Oprah Winfrey in January 2013.

The allegations against Armstrong were originally brought in a whistleblower complaint filed in June 2010 by Floyd Landis, a former teammate of Armstrong, who admitted that he, too, had participated in PED use as member of the USPS-sponsored team. Landis filed his complaint under the qui tam provisions of the False Claims Act, which allow private parties to bring suit on behalf of the government and to share in any recovery. The Act permits the government to intervene in the whistleblower suit, as the government did here, in part. Landis will receive \$1,100,000 as his share of the settlement.

The settlement represented a coordinated effort of the Civil Division's Commercial Litigation Branch, the U.S. Attorney's Office for the District of Columbia, and the Offices of Inspector General and the General Counsel for the United States Postal Service, in their investigation and litigation of this matter.

The lawsuit is captioned United States ex rel. Landis v. Tailwind Sports Corporation, et al., No. 10-cv-976 (CRC) (D.D.C.). The claims against Armstrong contained in the complaint are allegations only and do not constitute a determination of liability.

## **Sports Manager Pleads Guilty To Money Laundering Conspiracy April 11, 2019**

U.S. Attorney Andrew Murray announced today that Eric Dewayne Leak, 41, of Raleigh, N.C. pleaded guilty to money laundering conspiracy in connection with a bribery scheme involving college athletes. North Carolina Secretary of State Elaine F. Marshall, John A. Strong, Special Agent in Charge of the Federal Bureau of Investigation (FBI), Charlotte Division, and Robert Schurmeier, Director of the North Carolina State Bureau of Investigation (NCSBI) join U.S. Attorney Murray in making the announcement.

“Leak used the ill-gotten gains of one criminal scheme to fund another, and in the process potentially exposed student-athletes, their respective schools, and their families to scandal and tangible harm. This serial fraudster will now have to face the consequences of his corrupt ways,” said U.S. Attorney Murray.

“The guilty plea underlines the message that when you come to North Carolina as an athlete agent you had better follow the law,” said Secretary Marshall. “We have demonstrated again that we can and will enforce the law, which is largely designed to protect student-athletes from having their careers damaged. The investigators did exemplary work on this investigation, and I thank the U.S. Attorney’s Office for its continued partnership in reaching today’s successful conclusion.”

“This is a prime example of what happens when you have compelling investigative work and a strong collaboration with other law enforcement and criminal justice agencies,” said Director Schurmeier. “For the NCSBI, it’s about integrity and fairness. It’s disappointing to know there are individuals who intentionally take advantage of our young people for personal gain and when that happens we want them brought to justice,” added Schurmeier.

According to plea documents and the bill of information, Leak was the owner of Hot Shots Sports Management, LLC (Hot Shots), a business in Raleigh, N.C., that provided, among other things, financial management services to professional athletes, including helping to transition student athletes from collegiate athletics into the National Football League (NFL) and the National Basketball Association (NBA). Leak admitted today in court that, from 2012 through 2015, he and others associated with Hot Shots executed a scheme to use the proceeds of previous criminal activity to promote new unlawful activity involving the payment of bribes to college athletes.

According to court records, from 2012 to 2014, Leak was the owner and executive director of Nature’s Reflections, LLC, (Nature’s Reflections) a mental health company with locations in Greensboro and Durham, N.C. Nature’s Reflections was enrolled as a Medicaid provider and received millions of dollars in direct reimbursements from Medicaid. From 2011 to 2013, Leak was involved in the payment of illegal kickbacks regarding the business of Nature’s Reflections. In March 2018, Leak pleaded guilty in federal court in the Middle District of North Carolina for his role in that scheme.

Court records show that Leak used money he made from the illegal scheme involving Nature Reflections' to bribe college athletes, all of whom had received athletic scholarships and other benefits from their respective schools. Leak admitted in court today that, on multiple occasions from 2012 through 2015, he provided student-athletes, and on at least one occasion a student-athlete's family member, with cash, clothes, loans, hotels rooms, entertainment, transportation, and other things of value, to influence those student-athletes to retain the services of Hot Shots. As Leak knew, the payment of bribes to student-athletes exposed the student-athletes' schools to tangible economic harm, including, among other things, monetary fines, restrictions on athlete recruitment and the distribution of athletic scholarships, and the potential ineligibility of the schools to participate in various NCAA programs and tournaments.

Leak entered his guilty plea before U.S. Magistrate Judge David S. Cayer. The money laundering conspiracy charge carries a maximum prison term of 20 years and a \$500,000 fine. Leak remains in custody. A sentencing date has not been set.

The Securities Division of the North Carolina Secretary of State, the North Carolina State Bureau of Investigation, and FBI investigated the case. Assistant U.S. Attorney Daniel Ryan, of the U.S. Attorney's Office in Charlotte, is in charge of the prosecution.