

On Football Leaks

Speaking notes

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What is Football Leaks?

Football Leaks is a whistleblower-website on which secret financial deals, contracts, emails and letters on professional soccer are revealed. It is also the name of a series of articles based on 1.9 terabytes of leaked data (also on professional soccer) that appeared in December 2016 in media across Europe. And it is the name of a book by Der Spiegel-journalists Rafael Buschmann and Michael Wulzinger.

In the book, the Germans summarize the main findings from Football Leaks and they tell the story of 'John' – the leading force behind Football Leaks, who brought the leaked material to Der Spiegel, which shared it with media outlets across Europe.

What is European Investigative Collaborations (EIC)?

European Investigative Collaborations (EIC) has evolved in less than a year from an informal group of investigative journalists to a non-registered Association with its seat in Hamburg. By now EIC partners are representing the diverse spectrum of European investigative journalism: traditional media, non-profit and digital players.

EIC is now formed by Der Spiegel, Mediapart, Dagens Nyheter, The Romanian Centre for Investigative Journalism / The Black Sea, Politiken, Le Soir, El Mundo, L'Espresso, Espresso, Falter, NewsWeek Serbia and NRC. We do collaborate with project based partners. For instance in the case of Football Leaks we partnered with the Sunday Times.

What are the main findings of Football Leaks?

First and foremost, Football Leaks has produced an enormous amount of facts and stories that were previously unknown. Stories on how transfers of soccer players really work out, on how soccer players, agents and intermediaries cooperate in order to evade taxes (in particular related to image rights), on the business dealings of Doyen Sports (which, some years ago, became an important player in professional soccer but has disappeared almost entirely), but also on issues such as the absurd level of financialization of player contracts.

To name a few:

- Late 2014, Cristiano Ronaldo moved 63,5 million euro (through Ireland) to shell companies in the British Virgin Islands, thus saving about 35 million in taxes. He did this 11 days before a change in Spanish (tax) law.
- Jose Mourinho moved €12m into a Swiss account owned by a British Virgin Islands company.

- Soccer players from South-America (such as James Rodriguez and Ángel di María) have used the Dutch financial system and fake player-agents and fake contracts to channel millions of euro's to Panama.
- Doyen sports used numerous tricks to manipulate deals and clubs in its favor. In the Netherlands, former national champion FC Twente was nearly taken out of the competition after the true contracts between Doyen and the club were revealed by Football Leaks. The local government is partly paying the recovery costs.

I could spend an hour discussing each and every article that we have written, including the difficulties that we had talking to representatives of the football industry about our findings. But given the time, it is better to highlight a few overarching themes.

The **first** is the inward focused mentality of professional soccer. When we were discussing issues such as tax morality, transparency and financial responsibility with representatives of the football industry, the first answer usually was: "This may be strange in the real world, but it is normal in football. This is the way it goes. This is football."

This mentality is shared by many sports journalists, who seem to be less critical about their favorite soccer team than about – let's say – politics in their home country. Sports media are often more interested in picking up the latest transfer news than in revealing (financial) scandals. In their defense: the two don't go together too well: after one or two critical articles, clubs are usually not willing anymore to cooperate with a critical writer or the media he or she represents.

The **second** is the lack of authority among clubs and agents of football associations. The bigger clubs in Europe often seem to be richer, better staffed and better organized than the associations. Rules made by FIFA or UEFA, particularly concerning transfers, are neglected or laughed away. This feeling is even stronger among player agents, who openly criticize FIFA and point at its internal problems and corruption.

One good example of how clubs and agents (and also players) work together to neutralize FIFA regulations relates to so called third party ownership. This is forbidden since a couple of years, but clubs and agents have found many way around it – without the FIFA being able to enforce its own rules.

In the Netherlands, the Dutch association KNVB for instance actively advised clubs on how to make cosmetic adjustments in their contracts so that nothing really changed regarding sell on rewards for agents after new FIFA rules forbade these sell on rewards.

The **third** relates to taxes. Soccer players and their advisers are not different from other wealthy individuals and have come up with numerous tax schemes in order to reduce their tax burden. This happens almost exclusively with earnings from image rights, as it is much easier to tax wages at a club.

Football Leaks, together with a number of investigations by national tax authorities have revealed that the biggest players and coaches, the biggest player agents and the biggest clubs have all been involved in setting up (image rights) constructions in order to move millions out of sight of the tax man.

The **fourth** and last that I will mention for now is the speed at which the soccer industry is growing and changing. This is much faster than the speed at which FIFA, UEFA, associations and (national and European) lawmakers are able to make or adjust regulations. They seem to be permanently behind.

One example: FIFA has tried to abandon third party ownership from professional soccer. It failed, but in the meantime the question who owns and/or finances an entire club is at stake. I know of clubs in the Netherland where unknown, foreign “investors” yearly spend (and lose) tens of millions – and nobody (not the association, nor the tax authorities, nor the other clubs) seem to know where the money comes from.

To conclude

The good thing about being a journalist is that I do not have to answer all the questions that I am asking. As journalists, we try to shine a light on matters that were previously unknown. It is up to others to react (or not to react) to our stories and revelations - also in the case of the exploding football industry.

But nobody should be surprised if in the near future another (financial) scandal around a big European club, player or agent comes to light. Thanks to Football Leaks, no one can say that journalism neglected the (financial) backside of European soccer.