

## Setting Goals For Kicking Corruption Off FIFA World Cup Field

By **Sandra Moser and Emily Ahdieh** (May 2, 2024, 2:03 PM EDT)

History is rife with examples of corruption associated with major sporting events like the FIFA World Cup, which capture the attention of spectators and viewers around the globe.

These events offer the chance for businesses and individuals to capitalize on a worldwide audience and expand into new markets, gain exposure and grow their brand and reputation.

However, such events can also present significant risks of violating anti-corruption laws and drawing the attention of enforcement agencies monitoring for signs of inappropriate business practices from participants ranging from lesser-known players to highly recognizable political leaders.

Hosted by the U.S., Canada and Mexico, the 2026 FIFA World Cup brings similar opportunities and risks. Each host country has its own anti-corruption laws and enforcement regimes.

However, U.S. enforcement of its Foreign Corrupt Practices Act, a criminal statute designed to deter corruption in international commerce and ensure public companies implement adequate accounting controls and keep accurate books, has been active.

The unprecedented tri-country nature of the 2026 men's World Cup will add to the complexity of an already complicated event and makes it even more important for those participating to be aware of potential compliance pitfalls.

Here, we highlight previous trouble spots, common anti-corruption risk areas and best practices for businesses to stay on the right side of anti-corruption rules during this historic event.

### **Historical Considerations**

Looking back at previous World Cups shows that anti-corruption issues generally emerge in three areas.

#### ***Misuse of Funds***

Once a city wins the bid to host a major sporting event, there is often a large influx of funds allocated for



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infrastructure development, venue construction, and other related projects.

There have been cases where these funds are misappropriated or siphoned off through embezzlement, fraud, or other corrupt practices.

This includes an instance related to the 2014 FIFA World Cup in Brazil, when several construction companies and politicians, including former Gov. Sergio Cabral and constructors Odebrecht and Andrade Gutierrez, were found guilty of embezzling public funds and illegally profiting from the construction of stadiums used in the event.

### ***Financial Crimes***

Major sporting events can attract illicit funds for laundering purposes due to the large volumes of money involved and the complex nature of financial transactions associated with sponsorships, ticket sales and merchandise.

Other crimes can include racketeering, bribery and wire fraud. U.S. officials have previously indicted individuals on federal charges, including racketeering, bribery, wire fraud, and money laundering for allegations of illicit actions in the lead up to World Cup games.

### ***Hospitality and Gift Giving***

While seemingly benign, hospitality and gift giving are seen as catnip for prosecutors. Sponsors, contractors and other stakeholders may offer gifts, hospitality or other perks to officials involved in the event, creating opportunities for undue influence and conflicts of interest.

A case in France involving allegations that former French president Nicolas Sarkozy accepted bribes to support Qatar's bid for the 2022 FIFA World Cup is an example of prosecutors examining the influence of gifting relating to strategic corruption.

### **Best Practices to Avoid Pitfalls**

In gearing up for the 2026 World Cup, it is important to be aware of common anti-corruption risk areas and to take steps to mitigate exposure to these risks and stay compliance minded.

Sales channels that can frequently bring risk exposure include the use of third-party intermediaries, such as partners, agents, distributors and wholesalers; sales to state-owned and government entities; and sales involving digital assets.

Risks involving the movement of goods are associated with customs clearance, both import and export; freight forwarding and logistics providers; and vendors used for these services.

Another common risk area crops up during the process of obtaining licenses and permits relating to manufacturing operations, the handling of private data and the imposition of fees, fines or penalties.

### **Third-Party Risk and Due Diligence**

Companies can be held liable for third-party acts when they directly participated in or authorized the third party's misconduct, or knew of the corrupt acts, including when they showed willful blindness

toward, deliberately ignored or consciously disregarded suspicious actions or circumstances.

Companies can mitigate this risk by vetting third parties, monitoring for red flags and addressing any red flags that are found.

Before engaging a third party, a good practice is to establish protocols for due diligence. These protocols can include the following:

- Assessing the financial stability of the third party;
- Independently establishing the actual jurisdiction of the legal entity or controlling mind;
- Running sanctions reports on the entity and the beneficial owners of the third party;
- Undertaking legal and media research — including dark web searches — for reputational risk;
- Understanding the party's reputation for performing the services to be contracted for in the market in which services are to be rendered;
- Conducting a fair market value analysis to make sure that payment to the third party is reasonable, since bribes often come from overpaid commissions; and
- If the third party is obtaining or retaining business for a firm, or will be interacting with the government to support the operations of a company, performing enhanced due diligence to determine the degree of direct or indirect impact on an investor or decision-maker by any identified governmental relationship or contact.

It is important to document the resolution of any identified red flags. Companies should have a formal process that tracks the due diligence process for third parties and can take steps to mitigate risk, such as requiring itemized receipts with invoices and electronic payment be sent directly to government agencies and performing an annual audit.

Companies may need to provide training to third parties around expectations as it relates to bribery and corruption.

Note that it is typical to obtain annual attestations from third parties stating that they have a program in place and that they have not engaged in any improper payments on the company's behalf. At a minimum, companies should consider including anti-corruption law compliance and audit rights provisions directly in contracts.

Companies may also want to secure assurances that any subcontractors used will require preapproval and be subject to the same expectations around compliance and contractual obligations.

Finally, companies should be attuned to even the appearance of impropriety regarding potential quid pro quo.

## **Conclusion**

Many of the steps to mitigate anti-corruption risks boil down to understanding who a company is doing

business with and having systems in place to resolve potential problems. Understanding these issues can help ensure a company stays on the right side of anti-corruption rules.

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