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Combating corruption at the 2018 FIFA World Cup in Russia

Russia was awarded the right to organise the 2018 FIFA World Cup in 2010, which required not only the building of football stadiums and the necessary infrastructure, but also the development of measures to combat corruption before and during the competition. Anastasia Petrova and Roman Ramodin of ALRUD Law Firm discuss the action taken in Russia to combat corruption during the FIFA World Cup 2018.



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Ticketing rules

Organisers of sports events often have to combat insider and reseller activities, including individuals that may have early information about ticket selling. Such resellers usually buy tickets at their nominal value and resell them at a higher price, which results in many fans not being able to purchase tickets to attend competitions, which conflicts with the principle of equal access to sport events. To prevent these violations FIFA has established special rules in relation to the ticket purchasing procedure at the FIFA World Cup 2018.

Football fans can only legally buy tickets to visit the FIFA World Cup 2018 on the official FIFA website or from agents authorised by FIFA to sell tickets. Any tickets that are purchased from other sources will be regarded as invalid and automatically annulled upon the attempt to use them. Football fans who have bought tickets from other sources or resellers cannot claim reimbursement of the ticket price. Russia has also adopted a special federal law on organising FIFA World Cup 2018 competitions, which prohibits legal entities or individuals from selling tickets without conclusion of the respective agreement with FIFA or its authorised organisations.

According to the statistics from public sources, in 2017 more than 200 Russian websites published information on selling tickets to FIFA World Cup 2018

competitions, using FIFA branding symbols. The federal law on organising FIFA World Cup 2018 competitions prohibits the use of FIFA branding symbols without agreement with FIFA or its authorised organisations. In addition to this Russian legislation protects the information owner from illegal information dissemination and provides for legal mechanisms to remove such information from the internet. Russian advertising law enables the combating of unfair and corrupt advertising, including by means of its removal. A few cases have demonstrated the effective enforcement of the respective Russian legislation in 2017, when Russian prosecutors claimed for the protection of rights of an indefinite number of persons, whose rights were violated by unfair and corrupt information about ticket selling. The courts pointed out that the websites offering FIFA World Cup tickets were not official partners of FIFA or its authorised organisations, hence the information regarding ticket selling published on these websites was recognised as illegal. The owners of these websites were obliged to delete the information.

The Russian Parliament has also introduced administrative liability for illegal direct or indirect selling of tickets to FIFA World Cup 2018 competitions, effective from 16 February 2018. In accordance with these new liability rules, illegal selling,

reselling, distribution, dissemination, exchange or other use, connected or not connected with profit-making, shall be punished by administrative liability in the form of a fine of up to 25 times the cost of the ticket for individuals and up to USD 17,000 for companies for each case of illegal ticket selling. Legal entities involved in such activities can also be ordered to suspend their activities for up to 90 days. Selling falsified tickets to the football matches of the FIFA World Cup 2018 will be subject to administrative liability in a form of a fine of up to USD 1,196 for an individual and up to USD 25,611 for companies for each case of selling a falsified ticket. The selling of falsified tickets can also be grounds for administrative suspension of the activities for up to 90 days.

The strict ticketing rules were also instigated by a complex set of issues relating to fan safety. Safety rules, in particular, require that each ticket is connected to the fan ID of the particular individual. Therefore, each individual visiting the match is properly identified. FIFA and the Russian Government have established regulations in relation to the behaviour of visitors to the stadium during the FIFA World Cup 2018. These rules have been adopted in order to guarantee audience safety and describe the rights, obligations and prohibitions that all visitors must comply with. Failure to comply with

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these rules may entail an administrative liability in the form of a fine of up to USD 342. In addition, a person who violates these rules may be prohibited from visiting sports events in Russia for from three months to seven years. Foreign visitors who violate the rules may be subject to arrest and detention for a period of up to 15 days together with administrative expulsion from the territory of Russia.

Hotel accommodation and prices

It is obvious that big sport events provide economic opportunities for many industries, including hospitality and hotel services. During such events, hotels usually try to get the maximum income possible and as such they may increase the prices for accommodation. However, Russian legislation provides for the possibility to set maximum prices for hotel services during big events. These respective restrictions have been introduced for the FIFA World Cup 2018.

The Russian Government established maximum threshold prices for hospitality during the FIFA World Cup 2018. The Government has established prices in relation to hotel services that will be valid from 14 May 2018 until 15 August 2018. This regulation is only effective in the 11 Russian regions where football matches will take place. For example, the set prices for a hotel room in Moscow will be from USD 60 to USD 11,098. In Saint-Petersburg accommodation fees will be from USD 79 to USD 11,952.

In case of violation of the regulations, hotels or touristic operators will be subject to administrative liability in the form of a fine at double the rate of the overly received earnings for the whole period of such offence. Additionally, hotels that fail to comply with these regulations shall be included in a special 'blacklist'. Such blacklist already contains information on hotels that have overcharged during the FIFA World Cup 2018. There are more than 50 hotels on the list to date.

According to Russian immigration rules all foreign citizens that arrive in Moscow, St. Petersburg, Yekaterinburg, Nizhny Novgorod, Sochi, Kaliningrad, Kazan, Rostov-on-Don, Volgograd, Samara, or Saransk from 25 May 2018 to 25 July 2018 will be required to register with the migration authorities within one day from

the day of crossing the Russian border. Russian hotels are primarily responsible for this registration. There is no state fee for such registration and Russian hotels must perform it free of charge. It is anticipated that some hotels and hostels may act in bad faith by requiring payment for this service. Such activity is illegal and foreign guests can make a claim to the authorised regulatory authorities and the police if they are charged for this service.

The obligations of the Ministry of Sport and the Local Organizing Committee

In order to properly prepare for the FIFA World Cup 2018, the Russian Ministry of Sport together with the Russian Football Union established the Local Organizing Committee 'Russia-2018' in 2011. The Committee performs control and coordination functions and is responsible for many of the financial requirements. As part of its regular obligations, the Committee reports to FIFA regarding the fulfillment of FIFA's requirements on sports events in the course of the preparations. The Ministry of Sport as a founder of the Committee controls its activities, in particular, in order to avoid any corruption offences in the course of the financial planning and reimbursement activities.

The building of new stadiums and the reconstruction of old ones was an essential part of the preparation for the event. For this purpose, the Ministry of Sport was obliged to choose contractors to build or reconstruct the stadiums. For anti-corruption purposes, while choosing a contractor, it was necessary to comply with special rules establishing a procedure for the selection process. There are several competitive methods for choosing a contractor: tenders (including open tender, tender with limited participation, two-step tender, closed tender, etc), auction (including auction in electronic form), request for quotations, request for proposal and purchase from the only contractor. The Ministry of Sport used the last method. The main criteria for choosing contractors were experience, financial credibility and business reputation.

While building football stadiums, there may be instances of corruption in the form of payoffs and bribes etc. The Russian authorities and the Ministry of Sport and the Committee have tried to combat

such activities by establishing preventive measures aimed at specific recruitment policies, and background checks, including criminal checks of officials. Further, Russian law provides for criminal liability in relation to individuals who take or give bribes as well as those who promise or propose to intermediate in bribery. The individual may be subject to criminal liability for such offences in the following forms: a fine, disqualification from holding specific offices or imprisonment for a term of up to 15 years, depending on the circumstances.

Since the Ministry of Sport is the state authority, its employees are considered to be state officials, which have special legal status. Due to this status, they are prohibited from performing some activities in order to comply with anti-corruption legislation. For example, state officials are prohibited from accepting gifts with a value exceeding USD 52.

In order to combat corruption Russian legislation provides for the necessity to prevent conflict of interests. A conflict of interest involves any situation in which the personal interests of a person may affect the performance of his/her professional duties. Officers must check for conflicts of interest and in the case of such conflict, they must notify the authorised person in the Ministry of Sport, who shall take the necessary preventive measures. Officers of the Ministry of Sport must also provide annual reports about their income and the income of their near relatives. Another key anti-corruption obligation of state officials is to report corruption offences through whistleblowing. Russian legislation provides for the protection of whistleblowers - state officials who report corruption offences.

Conclusion

To sum up, such big sporting events like the FIFA World Cup 2018 provide ample opportunities for corruption offences and abuse of business practices to occur. In the absence of effective unified international standards and legislation on combating corruption in sport, FIFA along with the hosting country have to implement rules and standards, compatible with the legislation of the hosting country, to a very tight deadline. Combating corruption at global sports events might be more efficient if there were unified global standards on the matter.