

**Second Report of IOC *ad hoc* Commission to Investigate the Conduct of Certain IOC Members and to Consider Possible Changes in the Procedures for the Allocation of the Games of the Olympiad and Olympic Winter Games**

**Presented to the IOC Executive Board**

**March 11, 1999**

**Introduction**

The President of the IOC established this *ad hoc* Commission to investigate the facts relating to allegations of improper conduct on the part of IOC members in relation to the candidacy of Salt Lake City for the 2002 Olympic Winter Games and to make recommendations regarding the outcome of such investigation, both as to the IOC members involved and the standards of conduct applicable to IOC members and to candidate cities in the award of the Olympic Games to host cities.

The Commission reported previously to the IOC Executive Board on January 24, 1999. On that occasion, the Commission dealt with the initial series of cases in respect of which information had been obtained from the Salt Lake Organizing Committee (“SLOC”) and made certain recommendations to the IOC Executive Board, while pointing out that the Commission was not in possession of all the facts relating to the bidding process for the 2002 Olympic Winter Games. It was nevertheless important for the IOC to deal at that time with the facts then in its possession and the IOC Executive Board unanimously accepted the recommendations of the Commission.

Since that initial report, the following events have occurred:

- On February 8, 1999, the Board of Ethics (“BE”) established by SLOC released its report (the “BE Report”).
- The BE has also provided the Commission with some details of amounts relating to gifts and entertainment recorded in the books of account of SLOC and attributed therein to various members of the IOC.<sup>1</sup>

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<sup>1</sup> Such records are incomplete and in many cases it is impossible to determine whether or not the expenses so recorded are, in fact, properly or wholly attributable to the members described. The Commission has, for the purposes of its review, assumed the expenses were accurately recorded and has asked for explanations of IOC members on that basis. It should not, however, be assumed (and the Commission does not accept) that the SLOC records are necessarily accurate, as the level of internal controls in the SLOC

- On March 1, 1999, the Special Bid Oversight Commission established by the United States Olympic Committee (“USOC”) released its report (the “USOC Report”).
- Requests were made by the IOC to the National Olympic Committees and, where contacts were still available, to the bidding committees for all Games from 1996 onward, covering a period in excess of ten years, requesting details of any inappropriate behaviour on the part of IOC members in the context of such bids, in accordance with the criteria specified in the first report of the Commission.
- Replies relating to thirty-seven cities have been received in respect of the requests made by the IOC for such details.
- Since its previous report, the Commission has met once following the IOC Executive Board meeting held on the occasion of the World Conference on Doping in Sport, once in Lausanne on February 27-28, 1999 and eight times by telephone conference.

The Commission has considered all material put before it through the BE Report, the USOC Report, by SLOC, by or on behalf of the members concerned as well as information resulting from its own inquiries. The Commission has taken all its decisions and adopted its report by consensus.

### **The BE Report**

The relevant scope of the BE Report was, in accordance with its terms of reference:

“to conduct an independent and thorough investigation with respect to any payments, gifts, services, favors or other emoluments” that were made by or for the benefit of SLOC or the Salt Lake Olympic Bid Committee (the “Bid Committee”) to or for the benefit of members of the International Olympic Committee (the “IOC”), or to agents, lobbyists or consultants who were retained by Bid Committee or SLOC.

The SLOC Executive Committee also asked for the Board of Ethics investigation

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accounting system during the bid period appears to have been very low. For example, many reimbursement cheques were signed by the individual who was receiving the reimbursement.

“to determine whether the Bid Committee, SLOC or individuals associated with those entities acted improperly in bidding for or organizing the 1998 and 2002 Olympic Winter Games”.

A considerable portion of the BE Report was, however, devoted to a description of the conduct of members of the IOC. The Commission has some concerns regarding the BE Report, having particular regard to the fact that IOC members were publicly named, based on information that was acknowledged as incomplete and that many of the IOC members named were given no opportunity to comment upon the contents before it was made public. Some of the information in the BE Report has also been found to have been inaccurate.

The BE Report nevertheless contains some useful suggestions for the future which the Commission recognizes as worthy of consideration, some of which may be rendered moot by changes in the process for awarding the Games which have already been identified by the IOC Executive Board. In particular, the Commission concurs with the principles underlying the first four of the BE Report recommendations:

1. The IOC should promulgate and enforce rules governing interactions between bid cities and IOC members.
2. The IOC should require bid cities to file periodic reports detailing all expenditures on behalf of IOC members.
3. The IOC and the USOC should prohibit bid cities from participating in NOC assistance or Olympic Solidarity programs during the bid process.
4. The USOC should promulgate and enforce rules governing interactions between U.S. bid cities, the USOC and the IOC.

## **The USOC Report**

The scope of the USOC Report was to review the circumstances surrounding the bid by the Salt Lake City Olympic Bid Committee (“SLBC”) to host those Games, with a view to improving the policies and procedures relating to the bid process and to report its findings and recommendations. The USOC Report was made public on March 1, 1999.

While not subscribing to some of the more general and extreme characterizations contained in the USOC Report, the Commission believes that the Report contains several valuable suggestions for consideration as the IOC plans for the future and considers structural changes to make the IOC more responsive to public concerns. It recommends that the IOC Executive Board include the suggestions contained in the USOC Report among those that will be studied in the course of the next few months. The Commission expresses no conclusions as to what may be the most appropriate structure, since the perspectives of many individuals and organizations must be accommodated in the context

of an international organization which must be able to act autonomously in the best interests of the Olympic Movement as a whole.

The Commission takes note of the comments in the USOC Report relating to the USOC and supports many of the recommendations made, without, however, entering into matters of a purely domestic nature. The IOC must, given its nature and organization, rely on the National Olympic Committees in all countries which have bidding cities to help ensure that its rules are followed in relation to the bid process. It is the National Olympic Committee which is the recognized Olympic entity in each country and which is the only Olympic entity which is “on the ground” in that country. It is the National Olympic Committee in each country which selects the candidate city from that country. It is the National Olympic Committee which presents the candidate city from its country to the IOC. The National Olympic Committee is jointly and severally responsible, with the eventual host city, for all financial obligations arising out of the organization of the Games. Pursuant to the request of the National Olympic Committees, the *Olympic Charter* contains provisions that require at least the President and Secretary General of the National Olympic Committee be members of the board of directors and executive committee of the Organizing Committee for the Olympic Games. Thus it is the National Olympic Committee which should have the greatest national interest in upholding the principles underlying the Olympic Movement, including a fully ethical process for the selection of host cities for the Olympic Games.

As the USOC Report observed, the IOC is in a position to police this process. This difficult task can be made easier with the assistance of the National Olympic Committees.

The Commission hopes that the experience in relation to the Salt Lake City bid for the 2002 Olympic Winter Games will lead to a considerably more active role, supervisory and otherwise, on the part of National Olympic Committees in future bid processes. It is possible that many of the excesses which occurred on this occasion might have been avoided had the USOC been more active in discharging its responsibilities, including the bringing of any violations of the rules to the attention of the IOC. Bidding cities are entitled to expect more guidance in these matters from their National Olympic Committees. They should not be left more or less on their own in the process. At the same time, the IOC acknowledges that it could have put in place more effective controls from its own perspective to monitor the situation. It will do so in future.

## **Responses from Previous Bid Cities**

In general, the responses received from previous bid cities were helpful to the Commission, to reinforce and corroborate its conclusions about certain members whose conduct has already been addressed in the Commission's recommendations to the IOC Executive Board.<sup>2</sup>

Given the specific nature of the mandate conferred upon it by the IOC President, the Commission, while noting in passing that there do not appear to be any allegations in the responses which might warrant expulsion of any IOC member (other than those already considered in the reports of the Commission to the IOC Executive Board) recommends that the IOC Executive Board consider referring the responses for further review to the Ethics Commission to be established.

## **Recommendations to IOC Executive Board**

Several additional names appeared in the BE Report. The Commission has reviewed each situation. Where the Commission considered it was warranted, it requested the IOC President, or, in certain cases, the Commission Coordinator, to write to the member concerned to ask for explanations. All explanations have been considered by the Commission and, where appropriate, additional explanations have been obtained. The Commission also directed IOC counsel to conduct an independent review of the SLOC travel and gift records to determine whether there are any additional cases that may warrant consideration by the Commission at this time.

The Commission has no powers to compel third parties to provide information. This is true as well for the Board of Ethics of SLOC and for the Special Bid Oversight Commission of the USOC. It is possible, therefore, and perhaps likely, that there are facts of which the Commission remains unaware and which may surface later, as government inquiries (including those under the jurisdiction of the U.S. Department of Justice and the Utah Attorney General) mature, given their ability to compel witnesses to testify and to compel the production of documentary evidence, such as bank records and personal files not presently available to the Commission. Such facts may affect the

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<sup>2</sup> Responses were received from or in respect of the following cities, either directly or through the national Olympic committee: **1996** : Athens, Atlanta, Belgrade, Manchester, Melbourne, Toronto; **1998** : Jaca, Nagano, Oestersund, Salt Lake City; **2000** : Brasilia, Beijing, Berlin, Manchester, Sydney; **2002** : Graz, Jaca, Oestersund, Poprad-Tatry, Quebec, Salt Lake City, Sion, Sochi; **2004** : Athens, Buenos Aires, Istanbul, Cape Town, Rio de Janeiro, San Juan, Sevilla, Stockholm, St-Petersburg; **2006** : Helsinki, Klagenfurt, Poprad-Tatry, Sion, Torino.

decisions recommended at this time by the Commission. The Commission wishes to make clear its position that such recommendations are based upon the facts presently available to it, but that it remains receptive to any evolution in the state of its knowledge. If new facts become known about possible misconduct by any IOC members, the IOC will fully review those facts and take appropriate action.

The Commission has recommended one further expulsion at this time. With respect to a number of IOC members, the Commission has recommended a graduated series of warnings, from warning to serious warning to most serious warning, rather than expulsions. While the conduct of these members is not without significant element of blame, the Commission does not consider that, in all the circumstances, it warrants the extreme measure of expulsion. The following factors have influenced the decisions of the Commission:

- the SLBC adopted a programme which ignored the rules and guidelines established for bidding cities (which it acknowledged as applicable) and, while this does not exclude the responsibility of IOC members, the SLBC was the initiator in the additional cases identified in the BE Report and examined by the Commission;
- where additional travel was involved, it was often at the suggestion or insistence of the SLBC;
- where gifts were involved, the Commission was satisfied that they were not sought by the members involved;
- in many cases, members were led to believe that invitations, gifts or liberalities were personal favours or courtesies between friends, unconnected with the bid process and were surprised to find that they had been charged or reimbursed by SLBC to the purported donors;
- for many gifts or benefits in kind, members were assured that there was no cost to the SLBC and, therefore, to the Olympic bid, in providing the benefit (“The accommodation belongs to a personal friend, who is away and is not using the unit”, etc.); and
- overall, the SLBC had conducted a campaign aimed at identifying individual interests and preferences of IOC members and sought to target those interests and preferences by establishing personal relationships that were purportedly outside the Olympic bidding context, taking advantage, *inter alia*, of cultural and economic factors where genuine friendship had been perceived as established.

The Commission noted many examples of persistent efforts by SLBC to entice and to confer advantages, hospitality and benefits on IOC members, often even after the member had indicated a degree of discomfort with the situation. The example given in

the BE Report in connection with the son of the late Alexandru Siperco (see pages 43 and 44 of the BE report) is a case in point, but not the only occasion.

Andrei Siperco, a Romanian scholar, was considering a teaching position at the University of Utah when he learned that the Bid Committee intended to pay his living expenses while he was in the States. He politely rejected this offer, saying that he “consider[s] that it is not appropriate for me to take any advantage of member of family of a member of IOC in my relations with people involved in any Olympic activity”. When David Johnson followed up with a letter urging him again to accept the scholarship from SLBC, Mr. Siperco ended all correspondance with the Bid Committee. Another example is that of Anani Matthia, who was offered a second visit to Salt Lake in 1995 (he had visited once in 1993). Initially, he appeared reluctant to go, so the Bid Committee enlisted the United States ambassador to Togo, H.E. Johnny Young, to convince Mr. Matthia to make the trip. It was only after this influential intervention that Mr. Matthia accepted the invitation.

Furthermore, in many instances, the BE Report has created the wrong public perception that the expenses paid for IOC members were excessive, if not extravagant. This stems from the SLBC’s accounting practices, according to which, in many instances, amounts recorded against the names of IOC members in SLBC’s documents include expenses for other individuals, including members of SLBC, elected officials, sponsors and other guests.

Such conduct by bid cities does not, of course, excuse the IOC members from their responsibility, but it is a factor to be taken into account when considering the gravity of the sanctions to be applied. The Commission is concerned by the fact that the *Olympic Charter*, appears, in relation to IOC members, to contemplate only one sanction, namely expulsion. Such an extreme measure is one which the Commission is loathe to recommend except in extreme circumstances, as in the cases of the expulsions already recommended, where the Commission was satisfied that they were warranted. In the cases in which the Commission has recommended that the members concerned be warned, the Commission does not consider their conduct to be sufficiently egregious to justify a recommendation for expulsion.

### **Recommendations as to Facts Arising from Salt Lake City**

1. The Commission hereby confirms its previous recommendations that the following members be excluded from the IOC on the basis that their actions have brought the IOC into disrepute under the standards of conduct described in this Commission’s report and in their attached annexes:

- Mr. Agustín C. Arroyo
- Mr. Zein El Abdin Ahmed Abdel Gadir
- Mr. Jean-Claude Ganga
- Mr. Lamine Keita
- Mr. Sergio Santander Fantini

Since the first report of the Commission, Mr. Charles Mukora has resigned and no further action may be taken in his case.

2. The Commission further recommends that Mr. Paul Wallwork be excluded from the IOC for the reasons described in the attached annex concerning him.
3. The Commission further recommends that the following members, the conduct of whom has been investigated, not be expelled from the IOC for the reasons described in the report and its attached annexes, but that warnings should be addressed to them by the IOC Executive Board:

- Mr. Phillip Walter Coles
- Mr. Louis Guirandou-N'Diaye
- Mr. Willi Kaltschmitt Lujan
- Mr. Un Yong Kim
- Mr. Shagdarjav Magvan
- Mr. Anani Matthia
- Mr. Austin Sealy
- Mr. Vitaly Smirnov
- Mr. Mohamed Zerguini

4. The Commission recommends that no further action be taken against the following members, who should be exonerated of the allegations made against them:

- Mr. Henry Edmund Olufemi Adefope
- Mr. Ashwini Kumar
- Mr. Ram Ruhee

## **Conclusions**

The Commission fully recognizes that the IOC must take action. The IOC must address the problems within its membership. The Commission is aware that the IOC is prepared to do so. The IOC must also implement reforms to ensure that these types of problems never occur again.

The Commission also recognizes that the IOC should have done more to avoid the problems surrounding Salt Lake City's candidacy. The IOC, however, in large part because of its focus on other issues of vital importance to the Olympic Movement, gave this problem less attention that it deserved.

To the extent that the problems at Salt Lake City involve members' lack of compliance with the guidelines concerning gifts and travel, the Commission acknowledges that stricter rules and better enforcement by the IOC might well have prevented the present crisis. The IOC will rigorously address these problems.

Some have suggested that the IOC may have actively fostered or encouraged a "climate of corruption". Such allegations are neither fair nor true.

First, recognizing the competitive nature of the Olympic bidding process and the attendant spending by bid cities, the IOC as early as 1988 set forth guidelines about gifts and travel by IOC members in an effort to reduce in the costs of bidding for the Olympics. These guidelines have undergone continual refinement and elaboration over the past decade, and have regularly been highlighted in communications from the IOC to bid cities. The Commission observes, parenthetically, that bidding cities resisted these guidelines from the outset. Bidding cities felt that they should be free to promote their candidacies in any manner they considered appropriate and they resented the IOC's attitude and intervention, which struck them as paternalistic.

Second, as soon as evidence of improper behaviour by particular members was brought to the acknowledge of the IOC from Salt Lake City in late November 1998, the IOC took action: the IOC President ordered the first enquiry on December 1, 1998, before any subsequent investigation by SLOC or USOC. As discussed above, the IOC has disciplined the members found to have engaged in misconduct related to the Salt Lake City bid, and stands ready to inquire and discipline further should additional information come to light. Although some may question the decision not to expel certain members who violated the travel and gift "guidelines", it bears noting that those guidelines were not vigorously enforced and were directed primarily at bid city behaviour. For these reasons, it would be disproportionate to expel members for anything less than violations involving receipt of economic benefits beyond gifts and travel.

Third, and most important, the IOC shall take decisive action to ensure that such misconduct does not occur again.

To that effect, the Commission reaffirms its endorsement of reforms recommended in its initial report, issued January 24, 1999. These include:

- Adoption of significant changes in the host city selection process. These changes must be made with an eye to eliminating even an appearance of conflict of interest among those who decide where the Olympic Games are to be hosted.
- Limitations on travel by IOC members to bid cities.
- The creation of a permanent, independent Ethics Commission charged with developing a Code of Ethics and appropriate enforcement mechanisms. This Commission should be composed of outstanding senior persons from nations around the globe, a majority of whom will be independent, outside members.

The Commission has noted that the USOC Special Bid Oversight Commission and others have emphasized what they describe as “a broader culture of improper gift giving”. They have stressed that:

“In each improper transaction, there was a giver and a taker; often the transaction was triggered by a demand from the taker.”

The Commission must take issue with such general characterizations. There are a few cases where IOC members sought or did not resist economic benefits from the SLBC, and those members have been recommended for expulsion. There are other cases where IOC members were offered hospitality gifts and travel beyond the bid city guidelines and felt compelled to accept such offers. And there are other cases where both the giver and the taker exercised poor judgement. Without condoning or excusing the unacceptable conduct of those IOC members involved in improper transactions, the Commission notes that IOC membership is unique in the world in its diversity of background, origin, religion, culture, tradition, education, politics, occupation, financial situation, language and opinion. This diversity has often remarkably served and protected the Olympic Movement and the Olympic Games. The high degree of freedom and independence enjoyed by IOC members has often enabled the institution to resist political pressures in extreme situations; such was the case, for instance, when boycotts of the Olympic Games were ordered by governments in 1980 and 1984. Had such unique independence and freedom of all individual IOC members not existed, based on such an extraordinary blending of cultures, the modern Olympic Movement might well not have survived in recent years.

When passing judgement on what has been characterized as “improper gift giving”, one cannot overlook the fact that gifts viewed as “improper” in some parts of the world are looked upon with a totally different perception in many other areas. Thus, for some highly respected, totally honest and incorruptible members, any ongoing relationship, including with members of all bid committees is, by definition based on very personal friendship. This naturally and openly implies exchanges of gifts, visits and other personal attentions. For such members, receiving gifts from bid committee members was

perfectly normal and natural. In many instances, the SLBC members led IOC members to believe that gifts were made personally by the SLBC members themselves. Such IOC members, in turn, considered it as a basic tradition of friendship to reciprocate, to invite bid committee members into their homes, to receive them as very close friends, to treat them generously and to present them with gifts, which in many instances, were quite valuable. In many cases of course, not all this was done without any consciousness or perception of impropriety; should such gifts and exchanges not have occurred, it would have been considered as offending. Although such behaviour may create the appearance of misconduct and potential conflicts of interest (and for this reason must be strictly regulated), gift giving should not reflexively be labelled a “flourishing culture of improper gifts.” In many societies, these exchanges are viewed as an honourable tradition and are not corruption.

Clearly, the most important factor at this time is not so much how the situation arose, but what the IOC proposes for the future. It is the future upon which the Commission has focused, while acknowledging that elements of past conduct must also be addressed as part of the prescription for that future.

The mandate assigned to the Commission by the President of the IOC has not been easy to accomplish, but the Commission has endeavoured to fulfil its responsibilities in a just and even-handed manner, recognizing that the process of renewal of the IOC and the protection of the Olympic Movement is essential at this time.

Lausanne, March 11, 1999

**Mr Henry Edmund Olufemi ADEFOPE**

**Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999, (hereinafter referred to as the "BE Report"), alleges that the Salt Lake Bid Committee paid the travel expenses of Mrs. Adefope to accompany her husband to the United States Olympic Congress meeting in New York City in the early summer of 1993, as the USOC was unable to pay for such expenses.

In addition, the ad hoc Commission examined certain gifts made to Mr. and Mrs. Adefope during their visit in Salt Lake City as well as the expenses covered by the SLBC for their accommodation in London for five nights in November 1993 following the Adefope's trip to New York and Salt Lake City.

By letter dated February 17, 1999, the IOC President invited Mr. Adefope to respond to the allegations.

**Member's Response**

Mr. Adefope sent a letter, dated February 23, 1999, to the IOC President in response to the allegations. Upon the request from the Commission to provide further information with respect to the gifts, Mr. Adefope had a telephone conference with the Commission on February 28, 1999.

Mr. Adefope explained that the USOC invited him to deliver a paper at its annual Congress in New York City in October 1993. The dates of the Congress coincided with the timing of arrangements he had made for his wife to have surgery in the United Kingdom. Mr. Adefope therefore informed the USOC of his desire to have his wife accompany him and travel through New York en route to the United Kingdom for the planned surgery.

When informed by Mr. La Mont of the USOC that Mr. Adefope had planned to go to New York, Tom Welch suggested to Mr. Adefope that he could visit Salt Lake City with his wife at the same time. Mr. Adefope and his wife left Lagos on October 25, 1993. They stayed at London in transit to New York where Mr. Adefope attended the USOC Congress on October 28, 1993. On October 31, the Adefope's left New York for Salt Lake City where they stayed until November 3. Their return journey to Lagos appears to have been interrupted by a three-week stopover in London, during which time Mrs. Adefope

underwent surgery and rehabilitation. In any event, the SLBC only paid for four nights accommodations out of the Adefopes' three-week stay in London.

During the telephone conference of February 28, 1999, Mr. Adefope explained to the Commission that he had no precise recollection of any specific gifts other than some memorabilia and minor gifts given to him during his stay in Salt Lake City. In particular, he does not remember having received a large quantity of basketball video tapes.

Mr. Adefope also explained that Tom Welch offered and did buy a ticket for his wife to travel to Budapest for the Session in June 1995. However, Mr. Adefope sent the ticket back to Tom Welch unused. Mr. Adefope also stated in his letter of February 23, 1999, that he declined the SLBC's 1993 offer to arrange for his wife to receive surgery to be performed in the United States.

## **Conclusions**

The travel of Mr. and Mrs. Adefope to Salt Lake City via London and New York City was in accordance with the IOC guidelines related to visits of IOC members to candidate cities. The fact that Mr. Adefope combined his visit to Salt Lake City with his attendance at the USOC Congress in New York City in order to deliver a paper is fully in compliance with the IOC rules. Furthermore, it was understandable that Mr and Mrs Adefope would stop for some time in London to rest upon their return from Salt Lake City to Lagos, because Mrs. Adefope was suffering from serious health problems. In fact, Mrs. Adefope passed away two years later as a result of her illness. The Commission further accepts that the SLBC would pay for a portion such stay, having encouraged Mr. and Mrs. Adefope to visit Salt Lake City.

Mr. Adefope recalls having only received some memorabilia and minor gifts during his stay in Salt Lake City. In particular, he does not remember having received any video tapes. The Commission is of the opinion that the SLOC documentation does not contain any persuasive evidence to the contrary. The purchases at the time of the Adefopes visit could be consistent with acquiring a stock of souvenirs for other use by the SLBC.

The Commission also notes that Mr. Adefope clearly resisted accepting other material advantages for his wife (surgery in the USA and airfare to Budapest), which Tom Welch offered to him.

The Commission concludes that Mr. Adefope did not violate the IOC guidelines related to candidate cities and that he should be exonerated of all allegations made against him.

**Recommendation**

The Commission recommends that Mr. Adefope be exonerated of all allegations made against him, as described in the above conclusions.

**Mr Agustín ARROYO****Allegations**

The allegations against Mr. Arroyo consist of those stated in the report of the IOC ad hoc commission, dated January 24, 1999, and those stated in the Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the "BE Report").

In its report, the ad hoc Commission included the following allegations :

"The SLOC records show that a member of Mr Agustín C. Arroyo's family received financial support for living expenses in the amount of not less than US\$ 19'000 during the time period of 1992 through 1995. Out of these, four large payments were made : \$6'991 on December 13, 1994, \$ 3'000 on September 15, 1993, \$ 2'500 twice on May 23, 1995. In addition, Mr Arroyo made multiple visits to Salt Lake City. SLOC paid over \$ 19'000 in travel expenses on behalf of Mr Arroyo. By letter dated January 11, 1999, the IOC President invited Mr Arroyo to respond to the allegations."

The BE Report alleges (page 19) that Mrs Nancy Rignault Arroyo - inaccurately designated as Mr Arroyo's daughter whilst she is his stepdaughter - would have benefited, from July 1992 until 1995, from alleged payments for living expenses totaling nearly US\$ 23'000.

Tom Welch is reported by the BE as having been approached by Mr Arroyo with a request to assist his stepdaughter, a US citizen who was at the time living in Texas. The BE further alleges that Tom Welch agreed to bring her to Salt Lake City and to assist her in finding a job there; according to the BE Report, Nancy Rignault Arroyo would have returned to Texas in 1994.

The SLOC records further indicate that an amount of US\$ 6'991.42 would have allegedly been spent by SLBC to cover rental fees for a condominium during Mr Arroyo's family vacation to Utah at the beginning of December 1994.

In addition, it is alleged that Mr Arroyo received as a gift a golden retriever dog.

After considering the allegations identified in the January 24, 1999 Report of the ad hoc Commission, the Commission recommended that Mr. Arroyo be expelled from the IOC. Thereafter, it came to the Commission's attention that an 8-page response prepared by Mr. Arroyo, dated January 16, 1999, had not been communicated to the

Commission. Therefore, by letter dated February 22, 1999, the Commission Coordinator informed Mr. Arroyo of the additional allegations contained in the BE Report and invited Mr. Arroyo to respond both to those allegations and again to the original allegations contained in the January 24, 1999 Report of the ad hoc Commission.

### **Member's Response**

On February 18, 1999, Mr. Arroyo resubmitted to the Commission his written response dated January 16, 1999 (which had previously not been considered by the Commission). By letters dated February 23, 1999 and February 24, 1999, Mr. Arroyo submitted additional explanations. In addition, Mr. Arroyo appeared before the Commission on February 28, 1999.

Mr. Arroyo claimed that until receiving the IOC President's letter dated January 11, 1999, he knew nothing about the payments made to his stepdaughter. Mr. Arroyo also admitted that he, his family and friends visited Salt Lake City between December 20, 1994 and January 2, 1995, for a ski holiday. He questioned how the expenses paid by the Bid Committee could have been as high as alleged, but did not dispute that substantial expenses might have been paid.

Mr. Arroyo further admitted receiving a golden retriever dog as a gift from Tom Welch. When he was in Salt Lake City during its first bid, Mr. Arroyo and his wife attended a fair with Tom Welch. His wife saw a dog she did not recognize and remarked to Mr. Welch that it was a "nice looking" dog. Sometime after that, Mr. Welch visited Mr. Arroyo and his wife in Ecuador, while on his way to Uruguay, and brought with him a golden retriever as a present for Mr. Arroyo's wife. Mr. Arroyo said that he genuinely believed this was a personal gift from Mr. Welch and felt he could not politely refuse it. The Commission also asked Mr. Arroyo about the references in the BE Report to auto insurance and furniture rental payments for his "child", totaling \$ 396. He responded that he did not know anything about these benefits.

In his appearance before the ad hoc Commission, Mr Arroyo noted that Nancy Rignault Arroyo had moved to Texas in October 1992, and questioned how she could have been receiving money for "living expenses" incurred in Salt Lake City after this date.

## **Conclusions**

The Commission concludes that Mr. Arroyo's stepdaughter received substantial payments and assistance from the Bid Committee. Although Mr. Arroyo denies knowing that SLOC paid for this assistance, he admits that he asked Mr. Welch to help find his stepdaughter employment in Salt Lake City. Mr. Arroyo also received substantial benefits for himself, his family and friends from the Bid Committee during his ski holiday in Salt Lake City between December 20, 1994 and January 2, 1995. He and his family also received gifts of a substantial value from the Bid Committee.

Though the SLOC financial summaries indicate that Nancy Rignault Arroyo received US\$ 20'460.75 in benefits, the Commission considers that one expense of US\$ 6'991.42 originally attributed to her should really be attributed to Mr Arroyo himself. This expense covered rental fees for a condominium during Mr Arroyo's family vacation to Utah at the beginning of December 1994. The Commission believes that the most accurate estimate of benefits Nancy Rignault Arroyo received is US\$ 10'468.83. As to the living expenses paid after the date on which Nancy Rignault Arroyo would have moved back to Texas (October 1992), seven checks are listed in the SLOC financial records as being written after October 1992 for the benefit of Nancy Rignault Arroyo. Check-by-check analysis indicates that none of the money paid out after October was necessarily linked to Nancy Rignault Arroyo's presence in Salt Lake City :

- One check for US\$ 3'000 was made payable to "FSB [First Security Bank] Cashiers Check for Arroyo" with a notation reading "NOC Program". The cashiers check issued in exchange for this check was made payable to Mr Agustin C. Arroyo.
- A second check, for US\$ 2'500, was made payable to "FSB for Nancy Arroyo" with a notation reading "NOC Program", and a cashiers check was issued in exchange for this check.
- Two other checks for a total of US\$ 300, for the benefit of Nancy Rignault Arroyo, were cashed.
- A fifth check reimbursed Jason Gull US\$ 529.69 for a hotel bill attributed to "Arroyo", relating to a stay in a Provo Holiday Inn August 1994. There is no indication that Mr Arroyo himself or any other member of his family besides Nancy was in the United States at that time.
- A sixth check, for US\$ 193.49, was payable to American Express, for expenses that conceivably could have been incurred anywhere, including Texas.
- The seventh check, for US\$ 295.67, was dated December 7, 1992 and made payable to Santa Fe Apartments. SLOC financial records show a number of checks to this payee linked to Nancy Rignault Arroyo. While no backup

documentation was available, it seems likely this payment was a final payment to Nancy Arroyo's apartment complex after she moved out.

The totality of Mr. Arroyo's conduct has jeopardized the interests of the IOC in a manner incompatible with the duties and obligations pertaining to his membership, within the meaning of Rule 20.3.4 and 20.3.5 of the Olympic Charter.

**Recommendation**

The Commission, after full consideration of the facts and applicable standards under the Olympic Charter and article 65 of the Swiss Civil Code, and upon careful deliberation, reaffirms its recommendation that Mr. Arroyo be expelled from the IOC.

## **Mr Philipp Walter COLES**

### **Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the "BE Report") alleges that the families of IOC members Mr Phillip Walter Coles of Australia and Mr Willi Kaltschmitt Lujan of Guatemala made a total of four visits together to the United States at the SLBC's expense, that the Coles and Kaltschmitt families stayed at expensive hotels and followed the same recreational itinerary, and that two of the trips were only four months apart in 1995, including a Superbowl trip that does not appear to have included a visit to Salt Lake City. By letter dated February 17, 1999, the IOC President invited Mr Coles to respond to the allegations contained in the BE Report.

### **Member's Response**

Mr Coles sent a letter to the IOC President, dated February 11, 1999, with a preliminary response to the BE Report. He further responded to the allegations by sending the IOC President a more detailed letter on February 19, 1999, and by appearing before the ad hoc Commission on February 28, 1999. Mr Coles categorically denies that he made two trips to Salt Lake City during the Bid period. He presented documentary evidence contradicting the allegations in the BE that two of the trips were only four months apart in 1995. In fact, according to Mr Coles, his trip to the Superbowl was a stop he made on the way to his official visit to Salt Lake City during the period of Salt Lake City's candidature. He stayed only one, possibly two days in Miami, for the Superbowl, and proceeded immediately to Salt Lake City.

Before appearing before the ad hoc Commission, Mr Coles was presented with a detailed summary and back-up documentation that the Commission gathered from records at SLOC. These records showed that Mr Coles made five trips to Salt Lake City during the time period from February 1993 through March 1998. In addition, these records showed that Mr Coles daughter and son-in-law made a trip to Salt Lake City from January 2 through 10, 1995. Many of the expenses and accommodations during these trips were paid for by the SLBC and later SLOC.

Mr Coles provided the Commission with a detailed explanation of each of these trips. Mr Coles began by stating that he considered the period of Salt Lake City's candidature to be from September 1993, (when Salt Lake City was formally designated as candidate by the United States Olympic Committee), until the vote at which Salt Lake City was selected to be the host city for the 2002 Olympic Winter Games in June 1995.

Mr Coles stated that he did in fact make the following trips to Salt Lake City with the persons listed below :

**TRIP N° 1 : February 12 - 20 1993**

Mr Coles and a guest travelled to Salt Lake City for an informal visit as a guest of Tom Welch. The visit included skiing, with a car, airfare, lodging, ski lessons, and other expenses paid by the SLBC.

**TRIP N° 2 : January 28 - February 4, 1995**

Mr Coles and a guest travelled to the Superbowl in Miami, before visiting Salt Lake City for Mr Coles' visit to Salt Lake City as a candidate for the 2002 Olympic Winter Games. Mr Coles states that Tom Welch assured him that CBS and Delta Airlines were financing the Superbowl portion of the trip. He understood that the SLBC was paying for his airfare, accommodations, meals and other costs in Salt Lake City. In fact, the SLBC paid for virtually all of Mr Coles' expenses.

**TRIP N° 3 : December 21, 1995 - January 4, 1996**

Mr Coles, a guest and two of their children visited Salt Lake for the holidays. Mr Coles paid for the airfare. The SLOC records show that SLOC paid a deposit on rooms at the Goldner Hirsch Inn at Deer Valley. The records do not show that Mr Coles in fact stayed at the Goldner Hirsch Inn. Mr Coles states that he stayed in a two bedroom apartment reserved through the Deer Valley Lodgings and that he and his guest paid for their own cooking and shopping. When he returned the key at the end of the holiday and asked for the bill, he was told "there is no bill." He did not stay at the Goldner Hirsch Inn on that trip, and SLOC records suggests that the Goldner Hirsch reservation was cancelled by Dave Johnson.

Mr Coles spontaneously volunteered to the Commission that he was willing to repay any actual out-of-pocket expenses incurred by SLOC for this trip.

**TRIP N° 4 : February 1 - 9, 1997**

Mr Coles and a guest came to Salt Lake City for a ski vacation. SLOC arranged for the lodging at the Trailsend Condominiums in Deer Valley and the Red Lion Hotel in Salt Lake City. SLOC also provided free ski lessons and lift tickets.

Mr Coles said this was a ski holiday, and he paid all airfares. His partner had won a trip to Puerto Rico through the Puerto Rico tourism office, and on their way

back they stopped in Salt Lake City. He believed that the condominium belonged to a friend of either Dave Johnson or Tom Welch and that neither SLOC nor anyone else incurred any cost for his stay at this condominium. He again volunteered that if there were any actual out-of-pocket costs incurred by SLOC, he would reimburse them. The SLOC records appear to show that the cost of the accommodations at Trailsend Condominiums was approximately \$ 6'051.

#### **TRIP N° 5 : March 19 - 31, 1998**

Mr Coles and a guest came to Salt Lake once again for skiing. SLOC records show that he stayed at the condominium of IOC member Mr Jim Easton in Deer Valley at no cost to either Mr Coles or SLOC. The Commission has confirmed with Mr Easton that Mr Coles stayed at his condominium on this visit. SLOC records show that Mr Coles was provided with a car from the SLOC fleet, and two gold passes for skiing. Mr Coles states that he was in fact picked up by SLOC at the airport and given a car to use. Otherwise, he paid for all expenses incurred in connection with this trip.

#### **Trip of Mr Coles' daughter and son-in-law : January 2 - 10, 1995**

Mr Coles explained that his daughter and son-in-law travelled to Salt Lake for a vacation during the January 2 through 10, 1995 time period. They paid their own transportation expenses. They were travelling by car or train while in US. Mr Coles states that he had asked Tom Welch to arrange for some modest accommodations for his family, assuming that they would pay the expenses of the accommodations themselves. Mr Welch, without being requested to do so, prepared an itinerary for Mr Coles' daughter and son-in-law. When his daughter and son-in-law left Salt Lake, the bill for their accommodations had been paid by SLBC. Mr Coles did not learn about this until after they returned to Australia.

#### **Other responses**

Mr Coles also pointed to a number of instances where the SLOC records appeared to be wrong or to inflate the expenses attributable to him and his guest on certain of his trips. For example, the SLOC records showed an expense of \$ 3,708 for the Sunesta Beach Resort in Key Biscayne (one half of a \$ 7,416 bill for combined lodging cost of Coles and Kaltschmitt families) during trip n° 2, when Mr Coles attended the Superbowl. In fact, Mr Coles believes that only a small portion of this amount is attributable to the room in which Mr Coles and his guest stayed. This room, according to Mr Coles, was a regular hotel room at which he stayed for one or two nights.

Mr Coles notes that Mr Welch, his wife and family, and other guests of Mr Welch attended the Superbowl and stayed at the Sunesta Beach Resort. Mr Coles assumes that this \$ 7,416 bill therefore includes the lodging cost of Mr Welch, his family, and his other guests and therefore inflates the amount of the cost attributable to him. In fact, in a letter to Mr Coles dated March 1, 1999, Tom Welch confirmed Mr Coles' suspicions. According to Mr Welch, the \$ 7,416 number represents expenses "including room accommodations for six people for two nights, travel and other associated expenses, including hosting a dinner which was attended by representatives of CBS." There are other instances in which expenses attributable to Mr Coles appear to be inflated in a similar fashion.

Mr Coles also notes that during this time period and through today he is very active in International Sports Federations and the Olympic Movement in Australia. As a result, he frequently entertains representatives of Sports Federations in the Olympic Movement in Australia and travels around the world to promote International Sports. He frequently combines his holidays with his International Sports activities.

### **Conclusions**

Although it is true that, formally, the period of Salt Lake City's candidature began with the declaration made by the United States Olympic Committee in September 1993, such intended candidature was well-known to all IOC members, since at least late 1991. After losing the bid to host the 1998 Olympic Winter Games, Salt Lake City quickly declared that it would bid again, an announcement which was endorsed by USOC in November 1991. The Commission considers that as soon as a city announces its intention to host Olympic Games, IOC members must apply the highest degree of care and prudence and exercise their best judgement in order to avoid the appearance of improper conduct. The Commission further considers that, even if the guidelines were not formally applicable before September 1993, Mr Coles would have been well served by not allowing SLOC to pay for expenses on his behalf during personal holidays.

As to the invitation extended by Tom Welch to Mr Coles' daughter and son-in-law to stay in Salt Lake City as part of a US vacation in January 1995, whilst it may be that Mr Coles did not know about the details of the financial arrangements regarding their stay, the Commission nevertheless noted that, being aware of the trip itself, Mr Coles could have counselled his daughter to make sure that any expenses paid by SLBC during her stay were properly reimbursed.

As to the trips made after the vote, namely at the end of 1995, in February 1997, and March 1998, it should be noted that at that time, Salt Lake City was a host city and not a candidate city. There is no suggestion of any "quid pro quo" arrangement under

which Mr Coles would have to be “rewarded” for a possible favourable vote. Mr Coles is very active in the Olympic Movement, not only in Australia, but as Secretary General of the International Triathlon Union. As such, he travels very frequently throughout the world.

The Commission considers that Mr Coles did not, in these circumstances, exercise his best judgement and that his repeated acceptance of benefits from representatives of the SLBC should have been avoided.

The Commission takes note that Mr Coles has spontaneously offered to reimburse out-of-pocket expenses not directly related to his official visit.

The Commission concludes that, whilst Mr Coles should have been much more careful, his behaviour does not justify a proposal of expulsion. However, he should be most seriously warned that, should similar facts ever occur again, such repeated lack of judgement would expose him to expulsion.

### **Recommendation**

The Commission recommends that the most serious of warnings be given to Mr Coles, as described in the above conclusions.

### **Mr Louis GUIRANDOU N'DIAYE**

#### **Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the "BE Report"), makes the following three allegations against Mr Louis Guirandou N'Diaye :

- (a) payment by SLOC of US \$5,000 in cash itemized as "NOC program - Guirandou".
- (b) payment by SLOC of an Abidjan-Budapest air ticket for Mrs Simone Guirandou N'Diaye costing a total of US\$ 3,314, in June 1995.
- (c) payment of various gifts to Mr Guirandou N'Diaye and his daughter Gazelle during their visit to Salt Lake City in April-May 1995 costing a total of approximately US\$ 972.

By letters dated January 11 and February 18, 1999, the IOC President invited Mr Guirandou N'Diaye to respond to these allegations.

#### **Member's response**

**a) Payment of US\$ 5,000 :** Mr Guirandou N'Diaye responded to the allegations in an initial letter of January 15, 1999, whose contents is reproduced in the Executive Board's decision of January 24, 1999. Mr Guirandou N'Diaye was invited to provide documents to support his explanations. In his letter of January 26, 1999 to the IOC President, Mr Guirandou N'Diaye enclosed a statement dated January 25, 1999, prepared and signed by Mr Koffi Guipro, Secretary General and Treasurer of the Côte d'Ivoire National Olympic Committee. In his statement, Mr Koffi Guipro confirmed that he had received from Mr Guirandou N'Diaye, on behalf of Mr Bennie Smith, a personal donation of US\$ 5,000 in cash, which was intended to provide exclusively for the needs of the NOC administration and Côte d'Ivoire sport in general. In his statement, Mr Guipro confirmed that he had been given this sum in the first two weeks of 1995, on Mr Guirandou N'Diaye's return from the IOC Session in Budapest.

**b) Air ticket for Mrs Simone Guirandou N'Diaye :** in reply to the IOC President's letter of 18th February 1999, Mr Guirandou N'Diaye on 20th February 1999 sent a letter to the IOC President confirming that he had indeed received from Tom Welch an air ticket for his wife, Simone, to travel to Budapest for the IOC Session.

Mr Guirandou N'Diaye stated that he had intended to go to Budapest alone. Mr Welch and his wife, during a visit to Abidjan at the end of January 1995, proposed

providing an air ticket to allow Mrs Simone Guirandou N'Diaye to accompany her husband to Budapest. However, it was not until the day before Mr Guirandou N'Diaye's departure for Budapest, or perhaps the very day of his departure, that Mr and Mrs Guirandou N'Diaye learned that a plane ticket was available to enable his wife to go to Budapest also. Mr Guirandou N'Diaye left alone and his wife joined him 72 hours later.

### **Conclusions**

**a) Payment by SLOC of US\$ 5,000** : on this matter, the ad hoc Commission refers to its conclusions of January 24, 1999. The Commission considers that the statement provided by the Treasurer and Secretary General of the Côte d'Ivoire National Olympic Committee is satisfactory confirmation of the explanations provided by Mr Guirandou N'Diaye. The ad hoc Commission accepts these explanations.

**b) Abidjan-Budapest air ticket for Mrs Simone Guirandou N'Diaye** : the ad hoc Commission draws attention to the fact that Mr Guirandou N'Diaye in no way solicited the air ticket concerned. The ad hoc Commission notes that offering such ticket was in breach of the guidelines established by the IOC regarding the candidatures of cities bidding to host the Olympic Games. Nevertheless, in view of the specific circumstances of the case, the nature of Mr Welch's actions in providing an unsolicited ticket, and the fact that Mr Guirandou N'Diaye did not learn of the existence of the ticket until the day before his departure for Budapest, the ad hoc Commission considers that Mr Guirandou N'Diaye did not perform an act that was incompatible with his position as an IOC member. Nevertheless, he should be issued a warning for having breached the IOC's guidelines.

**c) Gifts given during the visit of Mr Guirandou N'Diaye and his daughter to Salt Lake City** : the value of the gifts somewhat exceeds the limits set by the IOC guidelines. Nevertheless, the ad hoc Commission considers that by accepting them, Mr Guirandou N'Diaye did not perform an act that was incompatible with his capacity as IOC member. However, because of this breach, the ad hoc Commission considers that he should be issued a warning.

### **Recommendation**

The ad hoc Commission recommends that a serious warning be issued to Mr Guirandou N'Diaye, as described in the above conclusions.

**Mr Willi KALTSCHMITT LUJAN****Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the "BE Report") alleges that the families of IOC members Mr Phillip Walter Coles of Australia and Mr Willi Kaltschmitt Lujan of Guatemala made a total of four visits together to the United States at the SLBC expense, that the Coles and Kaltschmitt families stayed at expensive hotels and followed the same recreational itinerary, and that two of the trips were only four months apart in 1995, including a Superbowl trip that does not appear to have included a visit to Salt Lake City. By letter dated February 17, 1999, the IOC President invited Mr Kaltschmitt to respond to the allegations.

**Member's response**

Before receiving the IOC President's letter, Mr Kaltschmitt sent a letter to the President, dated February 12, 1999, in response to the publication of the BE Report. Mr Kaltschmitt also submitted a more detailed written response to the allegations by letter dated February 24, 1999.

Mr Kaltschmitt stated that the information contained in the BE Report is erroneous. He responded that he visited Salt Lake City only twice - once from December 27, 1992 to January 3, 1993, and a second time from January 30, 1995 to February 4, 1995. During the second visit, he and his ten year old daughter also attended the Superbowl on the evening of January 29, 1995 in Miami, Florida. They arrived in Miami on January 27, 1995 and left for Salt Lake City on January 30, 1995.

Mr Kaltschmitt stated that the first trip was not an official IOC visit to Salt Lake City and was never represented as such by Mr Kaltschmitt to anyone. He added that Mr Coles did not accompany him to Salt Lake City on this visit.

The second trip was his official IOC visit to Salt Lake City. Before he made that trip, Mr Welch invited him to be his guest at the 1995 Superbowl in Miami, Florida. Mr Welch told Mr Kaltschmitt that he had several free tickets to the Superbowl, which had been given to him by CBS. Mr Welch also knew that since Mr Kaltschmitt flew from Guatemala to the United States, his entry point would be Miami, Florida. Mr Kaltschmitt states that at no time was he ever advised that any expenses associated with his attendance at the Superbowl would be paid for by the SLBC directly or indirectly.

During his official visit, Mr Kaltschmitt and his family stayed at the Goldner Hirsch Inn in Deer Valley. Mr Kaltschmitt was presented the Bid project, visited most of the potential Games venues and the proposed site of the Olympic Village, attended a Utah awards dinner at which he assisted in the presentation of Sports Awards, and met with the SLBC representatives including Mr and Mrs Frank Joklik, Mr Tom Welch and Mr Dave Olch.

### **Conclusions**

Both the responses of Mr Kaltschmitt and the SLOC records show that the SLBC paid expenses of Mr Kaltschmitt and his family during two visits (one in 1992/1993 and one in 1995) to Salt Lake City. He also took his daughter as a third guest on the second trip.

On the other hand, the SLOC records conclusively demonstrate that the BE Report was in error in stating that Mr Kaltschmitt made four trips to Salt Lake City, each with Mr Coles and his family; and the BE Report erred in concluding that Mr Kaltschmitt's attendance at the Superbowl was not part of his official visit to Salt Lake City.

Although it is true that, formally, the period of Salt Lake City's candidature began with the declaration made by the United States Olympic Committee in September 1993, such intended candidature was well-known to all IOC members, since at least late 1991. After losing the bid to host the 1998 Olympic Winter Games, Salt Lake City quickly declared that it would bid again, an announcement which was endorsed by USOC in November 1991. The Commission considers that as soon as a city announces its intention to host Olympic Games, IOC members must apply the highest degree of care and prudence and exercise their best judgement in order to avoid any appearance of improper conduct. The Commission further considers that, even if the guidelines were not formally applicable before September 1993, Mr Kaltschmitt would have been well served by not allowing SLBC to pay for expenses on his behalf during his first visit and by not letting his daughter be a guest of SLBC on the second visit.

The Commission concludes that a warning should be given to Mr Kaltschmitt. The warning should advise Mr Kaltschmitt that his acceptance of benefits from representatives of the SLBC creates an appearance of conflict of interests. Such appearances of conflicts must be avoided in the future.

**Recommendation**

The Commission recommends that a warning be given to Mr Kaltschmitt, as described in the above conclusion.

## **Dr Un-Yong KIM**

### **Allegations**

The Salt Lake Olympic Committee Board of Ethics Report (hereinafter referred to as the “BE Report”), and the documents attached thereto, make the following three allegations relating to Dr. Un-Yong Kim.

(1) In 1990<sup>3</sup>, Keystone Company Inc. (“Keystone”) hired Dr. Kim’s son, John Kim. This appointment would have been a favor made to the Salt Lake Olympic Bid Committee (SLBC) upon a proposal made by Tom Welch; John Kim’s salary would have been reimbursed to Keystone by SLBC; John Kim’s employment at Keystone would have been engineered at least in part so that his visa status would not be jeopardized; and John Kim would have produced little of value to the company. This was allegedly done with the knowledge and consent of both John Kim and Dr. Kim himself. The former CEO of Keystone, David Simmons, is reported as having personally sought approval of such arrangements from Tom Welch, Dave Johnson as well as with Dr. Kim on the occasion of a visit in Seoul. John Kim is also alleged to have received a \$20,000 consulting contract from the SLBC via Komar International Inc (“Komar”), a firm belonging to John Kim.

(2) Dr. Kim would have used his influence over SLBC to secure a professional performance engagement for his daughter, pianist Hae Jung Kim, on March 24 and 25, 1995, with the Utah Symphony Orchestra which would have learned of her through SLBC.

(3) Dr. Kim would have used his influence over the SLBC to secure a college scholarship for Ms Ekaterina Soukhorado, the daughter of a Russian businessman who was the head of Meloddiya, a Moscow firm which had been involved in the production of records made by Ms Hae Jung Kim.

By letters dated January 11, January 21, and February 19, 1999, the IOC President invited Dr. Kim and his son John Kim to respond to these allegations.

### **Member’s Response**

Dr. Kim submitted written responses to these allegations by letters to the IOC President dated January 13 and January 22, 1999. He appeared before the Commission on January 23, 1999. Mr Graff and Ms Kummer, of Baer Marks & Upham LLP, attorneys

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<sup>3</sup> The BE Report (page 17) actually alleges that the hiring of John Kim would have taken place “sometime” in the spring 1992. This has been proven inaccurate. According to John Kim himself, he began working for Keystone in 1990 and stopped in 1992.

representing Dr Kim and his family, submitted a number of written responses, in particular by letter to the SLOC Ethics Committee dated January 29, 1999, by letters to the IOC President dated February 10, February 19, 1999, March 5 (two letters) and by press release dated February 10, 1999. John Kim, assisted by his attorneys Mr Graff and Ms Kummer, appeared before the ad hoc Commission in person on February 28, 1999.

(1) As to the first allegation : in these responses, Dr. Kim, his son, and their attorneys submit , among other arguments, that any arrangement between Keystone and the SLBC to reimburse John Kim's salary was a "secret deal" (page 2 of Mr Graff's letter of February 10 to the IOC President) to which neither John Kim nor Dr. Kim were a part. They acknowledge that John Kim and David Simmons were introduced in 1990 by Tom Welch, President of SLBC, but state that Dr. Kim himself was not involved in any of the negotiations concerning John Kim's employment by Keystone, and "was and remains unaware of any relationship between Keystone and the Salt Lake City bid committee."

Asked about a cheque of US\$ 10'000 issued by the Chase Manhattan Bank on March 18, 1992 to the order of Tom Welch, Mr Kim's attorney stated that after John Kim was told by Tom Welch that the latter had made a "first payment", John Kim, after speaking with his father sent an equivalent check to Tom Welch out of his personal funds. Mr Graff pointed out that Tom Welch never made that first payment but had instead used John Kim's check to pay Keystone.

John Kim further denies any knowledge of an alleged consulting agreement between the SLBC and Komar, International, a company owned and operated by John Kim. He submits that line items describing the alleged agreement in the SLBC's budget requests of 1992 do not constitute any evidence and that no such agreement has been produced, -which is correct-. As to a SLBC voucher request for a \$20,000 check payable to Komar, Inc.(see Documents SL073400 and SL073401), for consulting services, John Kim and his lawyers pointed out that the check associated with this voucher request was issued to Kobee, Inc., not to Komar, and that the check had been deposited into a Kobee Company account in New Jersey. They further declare that "the Kim family had no knowledge of anyone or any firm of this name." They also argue that the documents create the false impression that a contract had been entered into between SLBC and Komar, whilst in fact none had ever existed, been entered into, or negotiated. Mr Kim's lawyers further claimed that this alleged evidence appears to have been manufactured in an attempt to damage the Kim family reputation.

(2) As to the second allegation, which relates to his daughter, pianist Kim Hae Jung, Dr. Kim's lawyers presented evidence that IMG Artists has served as the agent for Ms Kim since 1993 and has contracted her performances in Atlanta, Salt Lake City and Berlin as well as in 14 other cities (see IMG Artist letter to Ms Kummer of March 5, 1999).

(3) As to the third allegation, with respect to the case of Ekaterina Soukhorado, Dr. Kim states that his colleague IOC member Mr. Vitaly Smirnov asked him to recommend her to an American college. This he did through SLBC. Dr. Kim further states that, in the course of her application for college, he was again asked to help expedite the communication because of the disorganization of the Soviet Union. He claims he did it only to help Mr. Smirnov (page 2 of Dr. Kim's letter to the IOC President of January 13, 1999.). In addition, Dr. Kim denies having ever heard of payments in favour of Ekaterina Soukhorado by SLBC until he received a letter from the IOC President dated January 11, 1999.

## **Conclusions**

### **(1) As to the first allegation**

- 1.1 The Commission considers that there was an arrangement between Keystone and SLBC as to the reimbursement, by SLBC, of at least part of John Kim's salary. As to the date of such arrangement, it could have taken place early in 1992. There is no evidence to the contrary.
- 1.2 On April 21, 1992, Keystone executed a letter entitled "Consulting Service Agreement" with Komar, under which Komar was to retain Keystone "to perform consulting services in your (= Komar) establishment of a cable television programming venture focusing on the needs of the Korean community". A bank check # 2560893 of US\$ 10'000, dated March 18, 1992, payable to Tom Wech, was sent by John Kim to Tom Welch. It appears that Tom Welch would have signed such check over to Keystone which subsequently deposited it on April 22, 1992. In addition, Keystone appears to have issued on May 1, 1992, an invoice seeking payment of \$ 10'000 and acknowledging a payment of \$ 10'000 received in the form of the above mentioned check. Keystone further appears to have issued two invoices seeking payment of \$ 10'000 each, on May 27 and August 31, 1992, the latter acknowledging of receipt of \$ 10'000 by check # 1047.
- 1.3 On July 1<sup>st</sup>, 1992, a "consulting contract" (Doc. SL072376) was entered into between SLBC and Keystone according to which Keystone "having certain

knowledge and access to certain members of the IOC” was to provide consulting services to SLBC. The records of SLOC indicate that at least two payments, namely one for US\$ 15’000 (Doc SL074 864) on September 30, 1992, and another one for US\$ 30’000 on April 26, 1993 (Doc SL072373) were made by SLBC to Keystone. The BE report states that such payments were made to reimburse John Kim’s salary. David Simmons, the former CEO of Keystone, is reported to have confirmed this. Dr. Kim states that he did not know anything about such arrangements.

- 1.4 The SLOC records show that on September 30, 1992, a voucher request (Doc SL0 73401) in an amount of US\$ 20’000 was issued in favour of a “vendor” designated as “KOMAR Inc.”, with the mention “consultancy contract”. On the corresponding check, dated September 30, 1992, for the same amount and signed by Tom Welch, the name of the beneficiary, which had been typed, appears to have been covered by a portion written in ink which reads “Kobee”. According to John Kim and his attorney Mr. Graff, this check had been deposited in Kobee’s bank account in New Jersey. The Kim family would have no knowledge of anyone or any firm of such name.

Based on the available evidence and facts, the Commission considers that there was an arrangement between SLBC and Keystone under which SLBC was reimbursing Keystone for John Kim’s salary. Furthermore, the movement of checks and payments between Tom Welch, Komar, Keystone and John Kim appears as unusual. So does the alleged underlying business relationship between SLOC, Keystone, and Komar, a small company established, like its owner John Kim, in New Jersey. In addition, the role played by the firm Kobee is at least unclear, even if the Kim family and their attorneys deny any knowledge of or any connection with such firm.

Whilst the Commission considers as highly unlikely that Dr Kim would have been unaware of arrangements made by SLBC and Tom Welch in favour of his son John Kim, the evidence available as of this day is not entirely conclusive. Should the allegations be fully established, which is not the case, the Commission would consider that such a behaviour by an IOC member would justify expulsion from the IOC. However, in the absence of fully conclusive evidence at this stage, the Commission cannot make any such recommendation.

## **(2) As to the second allegation**

Without denying any of the qualities of Ms Kim Hae Jung as a pianist, the Commission considers that the timing of her concerts in Salt Lake City, during the bid campaign,

created at least a very serious appearance of conflict of interest. Such appearances must be avoided by IOC members.

**(3) As to the third allegation**

With respect to Ekaterina Souhkorado, the Commission considers that even if Dr. Kim did neither request nor even know about the payments made on her behalf by SLBC, his mere request to assist her – more particularly inasmuch as her father was a senior officer of Meloddiya which had acted as record producer for Ms. Kim Hae Jung – also created at least a very serious unacceptable appearance of conflict of interest.

(4) The Commission considers that in their relations with bid cities and their officials, IOC members must apply the highest degree of care and prudence and exercise their best judgement in order to avoid the appearance of improper conduct. The Commission further considers that, in the above mentioned circumstances, Dr. Kim did not exercise his best judgement.

Subject to the receipt of additional conclusive evidence relating to the allegations and conclusions described under (1) above, the Commission concludes that Dr. Kim's behaviour justifies that he be most seriously warned that, should similar facts ever occur again, such repeated lack of judgement would expose him to expulsion.

**Recommendation**

The Commission recommends that the most serious of warnings be given to Dr. Un Yong Kim, as described in the above conclusions.

**Mr Ashwini KUMAR****Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the “BE Report”), alleges that Mr Ashwini Kumar accepted travel expenses for an “unknown” relative to fly to Budapest in 1995 at a cost of US\$ 5,099.-. Back-up documentation from SLOC indicates that the SLBC paid for one trip to Budapest and that such ticket is under the name “Kumar/A”.

By letter dated February 17, 1999, the IOC President invited Mr Kumar to respond to the allegations.

**Member’s response**

Mr Kumar first wrote to the IOC President on February 10, 1999 in order to deny rumours in the press. Having further learned from the media that the BE Report accused him of accepting a ticket for a member of his family to travel to Budapest, Mr Kumar challenged those allegations in a letter to the IOC President dated February 17, 1999.

Mr Kumar supplemented his February 17 letter with a comprehensive response, including exhibits, to the allegations of the BE. This response was dated February 22, 1999.

Mr Kumar appeared before the ad hoc Commission on February 28, 1999.

Mr Kumar submitted that his reputation has been grossly damaged, in particular in his country, due to the unfounded allegations made against him by the BE Report. He further explained that the “unknown relationship A. Kumar” was indeed himself.

With supporting documentation, Mr Kumar described his trips in detail. In February 1995, Mr Kumar informed the IOC Secretary General that he was planning to visit four bid cities, namely Quebec, Salt Lake City, Oestersund and Sion. In addition, he was also obligated to visit Budapest in order to fulfill his IOC responsibilities for ensuring security at the upcoming IOC Session.

Pursuant to an agreement between the SLBC and Quebec Bid Committee, his air tickets were paid as follows:

- a) The Quebec Bid Committee paid for an air ticket for him and his daughter Ms Rohini Kumar from Delhi to Quebec to Salt Lake City.
- b) The SLBC paid for a return ticket for Ms Rohini Kumar from Salt Lake City to Los Angeles to Delhi. The SLBC also paid for a ticket for his wife Mrs Renu Kumar from Delhi to Salt Lake City back to Delhi via Los Angeles. Finally, the SLBC paid for Mr Kumar's return ticket from Salt Lake City to Delhi via Los Angeles and Budapest.

Mr Kumar further stated that his return ticket via Budapest did not imply any extra cost to the SLBC. He had to visit Budapest before the Session as Delegate Security of the IOC in order to inspect the Session site. The Salt Lake SLBC incurred no extra expense for his stopover in Budapest.

Mr Kumar further explained that he visited Sion with his daughter Ms Rohini Kumar and Oestersund with his wife Mrs Renu Kumar. Both return tickets provided for a stop in Budapest at no extra cost to the bidding cities, which permitted Mr Kumar to be accompanied by his wife and his daughter at the Session in Budapest. By combining his visits to the cities and his attendance of the Budapest Session upon his return to India, Mr Kumar intended to save cost.

Mr Kumar also expressed his concern that the SLOC Ethics Board did not provide him with an opportunity to respond to the allegations against him before they were made public.

## **Conclusions**

Based on the explanations and documentation supplied to it, the Commission concludes that Mr Kumar did not violate the IOC guidelines regarding visits to Candidate Cities. He organized his travels in such a way as to save costs to all parties concerned.

The SLBC did not incur any added expense for Mr Kumar or his family to travel to Budapest as suggested in the BE Report. The Commission is fully satisfied that Mr Kumar stopped in Budapest on his return to Delhi from Salt Lake City in order to visit the Session site under his IOC security assignment, and that these actions were acceptable under IOC guidelines.

**Recommendations**

The ad hoc Commission recommends that Mr Kumar be exonerated of all allegations made against him by the SLOC Ethics Board.

## **Mr Shagdarjav MAGVAN**

### **Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the "BE Report"), makes the following allegations relating to Mr Magvan :

- (i) his son received assistance from the SLBC in obtaining employment at First Security Bank of Utah in Salt Lake City;
- (ii) the SLBC paid \$ 762 to the University of Utah in April 1992 so that Mr Magvan's son could attend an Economics course at the University;
- (iii) the SLBC paid incidental expenses on behalf of Mr Magvan's son during his stay in Salt Lake City, totalling less than \$ 1,000, and paid \$ 4,792.95 for his son's airfare for a 1995 trip from Mongolia to Salt Lake City;
- (iv) Mr Magvan recommended that the SLBC provide educational assistance to Mr B. Gansukh, who was the Secretary General of the Mongolian NOC, for English language study.

In addition, the ad hoc Commission examined certain incidental medical expenses that, according to SLOC records, paid for an eye examination and for glasses for Mr Magvan.

By letter dated February 17, 1999, the IOC President invited Mr Magvan to respond to the allegations.

### **Member's Response**

Mr Magvan sent letters to the IOC President dated February 2, 1999 and February 22, 1999. In addition, Mr Magvan's son sent a letter to the IOC President dated February 15, 1999, and Mr Gansukh sent a letter to the IOC President dated February 23, 1999.

Mr Magvan's son explains that from March 16, 1992 through October 30, 1992, he undertook an internship at the First Security Bank of Utah upon their invitation and with the permission of his employer in Mongolia. His travel expenses were covered

by the Mongolia Ministry of Trade and Industry. He is 37 years old, graduated from the University of Economics in Hungary in 1986, and currently works as a Deputy Governor of the Bank of Mongolia (Central Bank). Mr Magvan's son states that when the SLBC learned he wished to attend a few lectures at the University of Utah in the evenings, they kindly arranged for him to do so and paid for the lectures because he could not afford them.

In his letters to the IOC President, IOC member Mr Magvan explains that during his visit to Salt Lake City in 1995, he was suffering from eye pressure. He therefore visited an eye doctor in Salt Lake City. Mr Magvan further stated that he was not involved in Mr B. Gansukh's English language training in Salt Lake City at all.

In his letter to the IOC President, Mr Gansukh confirms that Mr Magvan had no involvement in his receiving English language training in Salt Lake City. Instead, according to Mr Gansukh, the English language training was arranged by Mr Shagdar Otgonbileg, the Mongolian NOC President, and Mr Tom Welch.

## **Conclusions**

While Mr Magvan's son received assistance in obtaining a job at First Security Bank in Utah, this employment appears to be in his field of work, as shown by his current employment at the Central Bank of Mongolia. His salary was paid by First Security Bank, and appears to be commensurate with the services provided (\$ 1,500 per month). There is no indication that the SLBC reimbursed First Security Bank for these expenses.

The SLBC paid certain incidental expenses for Mr Magvan's son, including the \$ 762 to the University of Utah in April of 1992 and eye doctor expenses of approximately \$ 285 in March 1992, and may have paid for dental expenses of approximately \$ 1,274 in 1992. The SLBC also paid approximately \$ 4,792 for a round trip coach ticket for Mr Magvan's son to travel to Salt Lake City, in addition to tickets purchased for both Mr Magvan and his wife.

IOC Member Mr Magvan received medical care from an eye doctor at the expense of the SLBC for what he characterized as "eye pressure" during his visit to Salt Lake City in 1995. The treatment apparently included both medication and new glasses.

The ad hoc Commission has seen no evidence to support the claim of the BE that Mr Gansukh was recommended by Mr Magvan, rather than by the Mongolian NOC President, Mr Otgonbileg.

The medical and educational benefits received by Mr Magvan's son are inconsistent with the guidelines on gifts and travel adopted by the IOC for bid cities. The payment of airfare for Mr Magvan's son was also inconsistent with those guidelines, which authorize bid cities to pay for only one three-days trip to a bid city by an IOC Member and his or her guest. In addition, the Commission believes that IOC members should abide by the highest ethical standards and should not in any way solicit or encourage employment in a bid city by a relative of the IOC member. While a member may receive personal medical care while on a visit to a bid city if necessary because of an illness or injury occurring in the bid city, an IOC member should personally bear the cost of any other medical care for the IOC member or his or her relative in the bid city. The eye care received by Mr Magvan during his visit to Salt Lake City in 1995 does not appear to have clearly resulted from an illness or injury that occurred during this visit. The types of benefits received by Mr Magvan's son create an appearance of conflict of interest. Such appearances of conflicts must be strictly avoided. Due to the particular circumstances of the case, the Commission believes that by his conduct Mr Magvan did not act in a manner that makes him unworthy of serving the Olympic Movement. The Commission therefore concludes that a serious warning should be given to Mr Magvan.

### **Recommendation**

The Commission recommends that a serious warning be given to Mr Magvan, as described in the above conclusions.

**Mr Anani MATTHIA****Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, (hereinafter referred to as the "BE Report"), indicates that the SLBC gave Mr Anani Matthia's wife a Togo-Budapest plane ticket for the IOC Session held in Budapest in June 1995. The value of the ticket was US\$ 2'891.

Examination of the documents collected by the SLOC Ethics Board indicates that the SLBC also covered the following expenses for Mr and Mrs Matthia:

- US\$ 435.86 for various purchases made by Mrs Matthia during her visit to Salt Lake City in February 1993.

- US\$ 3'925.31 representing a Paris hotel bill during Mr and Mrs Matthia's trip from Togo to Salt Lake City via Paris in February 1993.

In a letter dated 17th February 1999, the IOC President invited Mr Matthia to respond to the allegations arising from the BE report.

**Member's response**

Mr Matthia submitted a written response to the allegations in a letter dated 19th February 1999.

Mr Matthia stated that some weeks before the IOC Session in Budapest, after a visit he and Mrs Matthia had paid to Salt Lake City, Mr Tom Welch took Mrs Matthia to one side, saying that he wanted to give her a present, which he asked her not to refuse. When Mr and Mrs Matthia left for the airport, Mr Welch slipped a sealed envelope into Mrs Matthia's handbag, asking her not to open it until she was on the plane. This envelope contained a business class Lome-Budapest return air ticket with the company Sabena.

Mr Matthia also stated that he had neither the good sense to decline the ticket, nor the strength to refuse to allow his wife to accompany him to Budapest.

On 27th February 1999, Mr Matthia was sent another letter by the ad hoc Commission, Mr Matthia answered by fax the same day. He confirmed having paid two visits to Salt Lake City. The first was in the winter of 1993 on the occasion of an NBA sports event taking place in Salt Lake City. The second visit was during the campaign by

the candidate cities before the Session in Budapest. Mr Matthia explained that this second invitation was made to him by the SLBC. As Mr Matthia did not seem very enthusiastic about going to Salt Lake City again, the United States ambassador to Togo, H.E. Mr Johnny Young, was asked to convince Mr and Mrs Matthia to make this second trip. Mr Matthia confirmed that this second visit was a few weeks before the Budapest Session. It was on this occasion that Mr. Tom Welch gave Mrs Matthia's wife a plane ticket, in the above-mentioned circumstances.

### **Conclusions**

Mr Matthia accepted from the SLBC a Lome-Budapest return air ticket for his wife. The explanations given by Mr Matthia in his letters are not contradicted by the BE Report, nor by the documents made available to the ad hoc Commission.

Mr and Mrs Matthia paid two visits to Salt Lake City (winter 1993 and spring 1995), when the IOC's guidelines authorized only a single visit to candidate cities. On the first visit, the SLBC paid what appears to be excessive costs on what would ordinarily be an acceptable stopover in Paris over the course of a long return trip home. The second visit was, however, made after the intervention of the United States ambassador to Lome.

The ad hoc Commission considers that, by accepting the plane ticket for his wife and by paying two visits to Salt Lake City (winter 1993 and spring 1995), Mr. Matthia was in breach of the guidelines established by the IOC in connection with the candidatures of cities to host the Olympic Games. However, given the circumstances of the case at issue - in particular, the involvement of the US ambassador in Togo to convince Mr. Matthia -, the Commission concludes that Mr. Matthia did not act in a manner that makes him unworthy of serving the Olympic Movement. Because of the breach of IOC guidelines, however, a serious warning is justified.

### **Recommendation**

The Commission recommends that a serious warning be given to Mr. Anani Matthia, as described in the above conclusions.

## **Mr Ram RUHEE**

### **Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999, (hereinafter referred to as the “BE Report”), alleges that Mr. Ram Ruhee was given a free airline ticket by the SLBC for his wife to travel to Budapest, Hungary. The BE Report alleges that the cost of the ticket was US\$ 3’855.

By letter dated February 17, 1999, the IOC President invited Mr. Ruhee to respond to the allegation.

### **Member's Response**

Mr. Ruhee wrote a letter to the IOC President, dated February 11, 1999, after reading about the allegation in the BE Report. He categorically denied the allegation and stated that neither his wife nor anybody else accompanied him to Budapest. By letter dated February 19, 1999, Mr. Ruhee sent a further written response to the IOC President’s letter. Mr. Ruhee reiterated that the allegation contained in the BE Report was false, and that neither his wife nor anyone else travelled with him to Budapest. He also expressed concern that the SLOC Ethics Board did not inform of the allegations against him or ask him for any explanation before publicizing the false allegations.

Mr. Ruhee also informed the Commission that during his visit to Salt Lake City in 1995, he suffered from a problem with an eye and had to have his eye examined. The physician who examined it recommended immediate surgery which was performed on an out-patient basis. Mr. Ruhee wanted to pay for the costs and was told that there was nothing to pay.

### **Conclusions**

The Commission has carefully examined the SLOC records relating to the alleged payment by the SLBC of the cost of a ticket for Mr. Ruhee’s wife to fly to Budapest. Although the records show an American Express receipt referencing the purchase of a ticket for “D. Ruhee” at a cost of US\$ 3’855, the word “refund” is written immediately above this receipt. The Commission is unaware of any evidence in the SLOC records or elsewhere to support the allegation that Mr. Ruhee’s wife used the ticket or flew to Budapest at the expense of the SLBC. The Commission concludes that the allegations contained in the BE Report against Mr. Ruhee are not accurate.

**Recommendation**

The Commission recommends that Mr. Ruhee be exonerated of all allegations made against him by the SLOC Board of Ethics.

**Mr. Austin L. SEALY****Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the "BE Report"), alleges that Mr. Austin Sealy received monthly payments of US\$ 3'000 from an entity called "ARCA". According to the BE Report, ARCA was affiliated with Mr. Alfredo La Mont, who recently resigned as the USOC Director International Relations and Protocol.

The BE Report states that the SLBC had a consulting relationship with ARCA during Salt Lake City's second Bid period. From February 1992 through October 1995, the SLBC would have made six payments to ARCA totaling US\$ 18'185,90. The BE Report notes that although one payment was made to ARCA in February 1992, the bulk of the payments were made in 1994 and 1995.

Attached to the BE Report is a document, dated June 30, 1995, that appears to be an unsigned receipt for US\$ 3'000, allegedly for consulting services provided during the month of June 1995 by IOC Member Austin Sealy. Also attached to the BE Report is a letter, dated July 27, 1995, from ARCA, Inc. to Tom Welch, stating that on behalf of the Salt Lake City Organizing Committee, ARCA will make monthly payments of US\$ 3'000 to Mr Sealy for his services in assisting in developing relations and information to better serve NOCs in the Caribbean and the NOCs members of the Commonwealth Games Association.

By letter dated February 17, 1999, the IOC President invited Mr. Sealy to respond to the allegations.

**Member's Response**

Mr. Sealy, on his own initiative, sent a letter to the IOC President, dated February 1, 1999, addressing allegations that he had read about the upcoming BE Report. On February 24, 1999, Mr. Sealy sent a second letter to the President responding further to the allegations and acknowledging receipt of the President's letter of February 17, 1999. A further letter was sent by Mr. Sealy to the President on March 1, 1999, together with a copy of his counsel's letter of February 24, 1999, to the President of SLOC. He further wrote to the President on March 7, 1999.

In his responses, Mr Sealy produced a series of letters between himself and ARCA relating to his alleged business relationship with ARCA. Mr Sealy and the

correspondence he produced confirmed that Mr La Mont invited Mr Sealy to become associated with ARCA effective in June 2, 1995. In addition, Mr. Sealy states that on August 25, 1995, he received a US\$ 3'000 cheque from ARCA. He did not cash the cheque at the time, however, because he had not yet received a written business proposal from Mr. La Mont.

On September 15, 1995, Mr La Mont, on behalf of ARCA, wrote a letter to Mr. Sealy outlining areas in which he needed assistance. On October 18, 1995, Mr. Sealy wrote back to Mr La Mont confirming that he had not cashed the initial US\$ 3'000 cheque sent to him by Mr La Mont and stating that none of the areas outlined by Mr. La Mont are "the kind of activities for which I would seek a retainer". Mr Sealy stated in the letter that "I do not want to become involved in any conflict of interest situation or indeed in any form of activity which might raise questions". He further stated that the ARCA cheque he received would not be presented for payment.

After further exchange of correspondence, Mr. Sealy declined to engage in any business relationship with ARCA. His son, however, agreed to work for ARCA starting in November, 1995, through August, 1996. His son was to receive compensation of US\$ 1'500 per month as payment for his services. Mr. La Mont and Mr. Sealy's son agreed that the original US\$ 3'000 ARCA cheque should be negotiated by Mr. Sealy's son as payment for his services during the months of November and December 1995.

Mr. Sealy states that he had no knowledge that the work for ARCA was to be linked with Salt Lake City. He had no knowledge of ARCA past dealings with SLOC. Nor was he given the opportunity by the SLOC Ethics Board to address the issues raised against him in the BE Report.

## **Conclusions**

There is no evidence that Mr. Sealy personally retained any money from ARCA. There is also no evidence that he received any money from ARCA other than the August 1995 cheque for US\$ 3'000, which was ultimately given to his son as payment for services rendered in November and December 1995. Although the Commission has not seen ARCA's internal books and records, it appears clear from the correspondence provided by Mr. Sealy that the two ARCA documents attached to the BE Report are not accurate. The Commission has also not seen any evidence suggesting that Mr. Sealy was aware that ARCA had any affiliation with SLOC or Salt Lake City.

The Commission nonetheless considers that a warning should be given to Mr. Sealy, who should have been more prudent. The warning should make clear that the circumstances surrounding the receipt of the US\$ 3'000 cheque by Mr. Sealy may have

created an appearance of a conflict of interest. Such appearances must be avoided. It would have been preferable for Mr Sealy to have immediately rejected Mr. La Mont's invitation to agree to any kind of business relationship inasmuch as such proposal was made at the time of the bid by an individual who was an official of the USOC which had an obvious interest in Salt Lake City's bid. It would also have been preferable for him to have immediately returned the cheque upon its receipt.

### **Recommendation**

The Commission recommend that a warning be given to Mr Sealy, as described in the above conclusions.

**Mr Vitaly SMIRNOV****Allegations**

The following allegations have been raised against Mr Smirnov in the Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the "BE Report"):

- 1) Mr Smirnov would have been instrumental in arranging for a former ice hockey player, Alexander Ragulin, to receive free medical care from Salt Lake City Intermountain Health Care in 1991.
- 2) Mr Smirnov would have accepted gifts in excess of allowable limits, namely a Browning rifle in March 1991 and items described as "bathroom fixtures" (the latter for an alleged value of \$1'488.-).
- 3) Mr Smirnov would have helped a young Russian student named Ekaterina Soukhorado to obtain a scholarship from the SLBC to the University of Utah. The SLOC paid an amount of US\$ 12,644.- for such scholarship as the sponsors of Ekaterina.

In addition, Dave Johnson is reported as having allegedly said that, on the eve of the 1991 election, Mr Goran Takatch would have offered to him Mr Smirnov's vote for a sum of US\$ 35,000.-.

By a letter dated January 11, 1999, the IOC President invited Mr Smirnov to respond to the allegations (not including the Takatch matter which arose later in an interview with him).

**Member's response**

Mr Smirnov submitted written responses to the IOC President by letters dated January 12, 1999 and January 19, 1999. He also appeared before the Commission on January 23, 1999. Mr Smirnov presented a detailed defence and the Commission conducted further investigation.

Mr Smirnov explained that Mr Ragulin was suffering from serious cardiovascular disease; the medical treatment he required was unavailable to him in Russia; he would have lost both his legs without the proper treatment. Apparently the treatment, which did not involve surgery, was successful. Mr Smirnov explained that he requested Tom Welch

to assist in this matter “as a gesture of Olympic Solidarity”. Mr Smirnov also stated that he had informed the officers of USOC. Mr Smirnov considered that he was acting in that matter more as President of the Russian National Olympic Committee rather than as an IOC Member.

Mr Smirnov further claimed that he refused the Browning rifle upon receipt and left it in the United States. He stated that when the rifle was delivered to him more than a year later (in late 1992 or early 1993), he donated it to a youth sporting group. That youth sporting group provided a letter in Mr Smirnov’s defence acknowledging receipt of the rifle in the summer of 1993.

By letter dated 4th March 1999, Mr Smirnov denied having received any “bathroom fixtures” during the course of his visit to Salt Lake City.

With respect to Ekaterina Soukhorado, Mr Smirnov argued that he merely consulted Mr Un-Yong Kim in 1991 about how to gain entry into a US university. He claimed that any further actions for Ekaterina were done at the sole initiative of the SLBC.

As to the proposal allegedly made by Mr Takatch to Dave Johnson, Mr Smirnov declared that any such suggestion was totally unfounded. Mr Takatch denied having ever made such an offer.

## **Conclusions**

Mr Smirnov admitted having asked Tom Welch for help in providing free medical care for Mr Alexander Ragulin in 1991 during the candidature of Salt Lake City. Mr Smirnov knew that the SLBC would pay not only for the treatment, but also for the airfare of Mr Ragulin from New York to Salt Lake City and back, whilst the Russians would pay for the Moscow-New York-Moscow ticket. Although the Commission considers that Mr Smirnov genuinely believed that he was acting for humanitarian motives, he should have realized that, as an IOC Member, his request would lead SLBC to believe that it may be to its advantage to provide the assistance, thereby creating an appearance of a conflict of interest.

The same reasoning can be applied to Ekaterina Soukhorado matter. Even if in fact all correspondence was directed to Mr Un-Yong Kim, Mr Smirnov was informed by a letter dated August 4, 1993 that the SLBC was providing a sponsorship of US\$ 12,644.- for Ekaterina Soukhorado. Upon the documentation at its disposal, however, the Commission accepts that Mr Smirnov did not actively request the assistance provided by SLBC.

The Commission further accepts the explanation that Mr Smirnov initially declined the gift of the Browning rifle, and that he did not accept it until it was delivered to him for the second time by SLBC more than a year later. The Commission also accepts that Mr Smirnov gave such rifle to a Russian youth sporting group.

As to the allegation of a gift of “bathroom fixtures”, its materiality is not established. The same applies to the alleged conversation between Dave Johnson and Mr Takatch.

The Commission is of the opinion that Mr Smirnov’s conduct with respect to Alexander Ragulin and Ekaterina Soukhorado as reflected in the documentation before the Commission violated the IOC guidelines related to candidate cities. However, the Commission gives credit to the fact that Mr Smirnov considered that he was acting for honourable motives. Therefore, based upon the facts as known by the Commission to date, the Commission concludes that a serious warning should be addressed to Mr Smirnov.

### **Recommendations**

The Commission recommends that a serious warning be given to Mr Smirnov, as described in the above conclusions.

## **Mr Paul WALLWORK**

### **Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee, dated February 8, 1999 (hereinafter referred to as the "BE Report"), alleges that in late 1991, Mr. Wallwork's wife requested and received a \$ 30,000 loan from Mr. Tom Welch. To fund the loan, Mr. Welch authorized a \$ 30,000 wire transfer from his children's personal trust account to Mrs. Wallwork's account. Although there is correspondence in the SLOC files indicating that the loan had not been repaid to Mr. Welch as of 1992, in an interview with the Ethics Board, Mr. Rod Hamson stated that Mr. Welch told him that the loan was eventually repaid, though without interest.

By letter dated February 17, 1999, the IOC President invited Mr. Wallwork to respond to the allegations.

### **Member's Response**

Mrs. Wallwork sent a letter to the IOC President, dated February 10, 1999, after hearing about the allegations against her husband in the BE Report. By letter dated February 17, 1999, Mr. Wallwork sent a further written response to the IOC President. Mrs. Wallwork sent additional letters, dated March 1, March 2 and March 7, 1999 to the IOC President. Mr Wallwork wrote again to the IOC President on March 10, 1999.

Mr. Wallwork states that he had no knowledge about the loan made by Mr. Welch to his wife. He states that the Welch family and his family established a very warm personal friendship in the late 1980's and that his wife was very close to Tom and Alma Welch. At the time of the loan, Mr. Wallwork states that his wife was separated from him, but she returned home at the very beginning of the following year. Mr. Wallwork states that his wife had difficulty in meeting the repayment schedule, but never informed him of the loan even after she returned home. Mrs. Wallwork also claimed that her husband never knew of the loan.

### **Conclusions**

In the course of its examination, the Commission found that SLOC's correspondence and financial records indicate the following :

- December 20-26, 1990 (previous bid) : Mr Wallwork, his wife Julia, and at least two of their children spent the Christmas holiday with Tom Welch and his family in Salt Lake City. The cost of travel, as reflected in the SLOC financial summary amounts to US\$ 38'522.
- Fall 1993 : Mr Wallwork and his wife travelled to Salt Lake City. The reason for such travel is unknown. The cost of travel as reflected in SLOC financial summary and backup documentation amounts to US\$ 17'100.
- April 16-20, 1995 : Paul and Jerry Wallwork visited Salt Lake City for Mr Wallwork's official site visit. The Wallworks also visited Östersund on this trip. SLBC's portion of the travel costs for both Paul and Jerry Wallwork, as reflected in SLOC financial summaries and backup documentation amounts to US\$ 11'962.56.

As to the loan made by Tom Welch to Mrs Wallwork, the Commission notes that there are facts indicating that Mr. Wallwork would have - or at least should have - known of Tom Welch's loan as early as April 1992. In particular, Mrs. Wallwork sent a letter to Mr. Welch stating that Mr. Welch's facsimile message about the loan was sent to "the office number" and "practically went through the whole staff before reaching us." (emphasis added).

By letter dated April 23, 1992, Mr. Welch responded to Mrs. Wallwork's facsimile and stated that the only reason "the previous communication was sent to Paul's office was because of the urgency of the situation and the inability to get a facsimile through on the confidential number".

Even assuming that Mr. and Mrs. Wallwork's statements were true, there remains the fact that a US\$ 30'000 loan granted by Tom Welch to the wife - separated or not - of an IOC member is in itself an improper act and creates at the very least the most serious appearance of conflict of interest for a voting member. The IOC expects that its members abide by the highest ethical standards. This must also apply to their closest relatives - in particular spouses - as far as such relatives' business deals, especially in financial matters, - are concerned. A loan provided by a bid city official to the spouse of an IOC member seriously damages the reputation of the IOC membership and thus jeopardizes the interests of the institution within the meaning of Rule 20.3.4 of the Olympic Charter. This is unacceptable. Such IOC member must bear the consequences of his wife's gross misconduct. The Commission concludes that he must be expelled pursuant to Rule 20.3.4 and 20.3.5. of the Olympic Charter.

**Recommendation**

The Commission, after full consideration of the facts and applicable standards under the Olympic Charter and article 65 of the Swiss Civil Code, and upon careful deliberation, recommends that Mr. Wallwork be expelled from the IOC.

## **Mr Mohamed ZERGUINI**

### **Allegations**

The Report of the Board of Ethics of the Salt Lake Organizing Committee dated February 8, 1999 (hereinafter referred to as the "BE Report") alleges that regular payments have been made to Raouf Scally from the SLBC Funds, ending in February 1996, for a total amount of \$ 14'500. The SLOC Ethics Board Report mentions that Mr Scally was recommended to the SLBC by Mr El Farnawani. According to Mr Johnson, Mr El Farnawani described Mr Raouf Scally as a relative of Mr Mohamed Zerguini. Mr Welch said that he thought Mr Scally was a grandson of Mr Zerguini.

In addition, the Ad Hoc Commission examined the following incidental expenses that, according to SLOC records, were allegedly paid with respect to Mr Zerguini :

- (1) Mr Mohamed Zerguini's son, Dr Yacine Zerguini took a trip to Las Vegas and then to Zion National Park. Expenses related to hotel bills, meals, water ski and jet ski rentals, entertainment and some shopping for a total amount of \$ 1'980, were allegedly paid by the SLBC.
- (2) In the summer of 1994, Dr Yacine Zerguini and his son Zaki travelled through the United States. The air fare (\$ 14'300) for Zaki and his father were covered through the use of Delta Air Line certificates at the request of the SLBC. The market value of the flight was \$ 14'300. In addition, during Zaki's stay in the States in the summer of 1994, the SLBC allegedly paid for certain gifts (a gameboy and games, a Nintendo machine) for a total amount of \$ 1'073,27.
- (3) The BE Report alleges that the SLBC paid for Dr Yacine Zerguini to take another trip to the United States (Atlanta) in February 1996 to take part in a convention for orthopaedic practitioners. The SLBC would have paid for the airfare (\$ 5'015,11) and the convention registration fees (\$ 400).

By letter dated February 17, 1999, the IOC President invited Mr Zerguini to respond to the allegations.

### **Member's response**

Mr Zerguini sent a letter to the IOC President dated February 22, 1999. He was invited by the Commission Coordinator, in a letter dated February 27, 1999 to provide further responses to the allegations. Mr Zerguini sent letters by telefax to the IOC

Director General on March 2<sup>nd</sup> and March 4<sup>th</sup>, 1999, confirming his oral explanation given on the telephone to the Ad Hoc Commission on February 28, 1999. He completed his explanations by a new letter of March 11, 1999, to the IOC President.

Mr Zerguini explained that he doesn't know Mr Scally who is not one of his relatives.

Mr Zerguini further explained that, for medical reasons, he was unable to accept the invitation received from the SLBC to visit such candidate city. Tom Welch insisted that two members of his family should nevertheless visit Salt Lake City in place of Mr Zerguini and his spouse. Mr Welch sent two tickets to Mr Zerguini to that effect. Upon the insistence of Mr Tom Welch, his son Dr Yacine Zerguini and his grandson, Zaki, travelled to Salt Lake City. Zaki went in June 1994 and Dr Yacine Zerguini in September of the same year. Whist Dr Yacine Zerguini made a “normal” visit on Mr Zerguini’s behalf, his grandson Zaki (14 years old) was invited to stay with Mr Welch family to learn English. Mr. Mohamed Zerguini explained on the telephone to the Commission that the SLBC did not pay for the trip of Dr Yacine Zerguini in February 1996.

## **Conclusion**

There is no evidence that Mr Scally is in any way related to Mr. Zerguini. This allegation in the BE Report is therefore inaccurate.

The Commission acknowledges that Mr. Zerguini was unable to visit personally Salt lake City due to health problems and that he sent his son (Dr. Yacine Zerguini) and his grandson Zaki.

The visits to candidate cities are meant to permit IOC members to inform themselves on the aptitude of such cities to organize Olympic Games. Such visits are not supposed to be made by other members of the family of IOC members, except for accompanying guests. Mr. Zerguini should have been aware of the purpose of these visits and should not have sent his son and grandson in place of himself.

The Commission considers that a serious warning should be given to Mr. Zerguini. The warning should make it clear that the circumstances surrounding the visit of Dr. Yacine Zerguini and Zaki may have created an appearance of improper conduct from an IOC member. Such appearances must be avoided.

From the SLOC documentation, there is no clear evidence that Dr. Yacine Zerguini would not have paid his air ticket in 1996. Therefore, the Commission considers that the allegation relating the cost of that particular trip is not established.

### **Recommendation**

The Commission recommends that a serious warning be given to Mr. Zerguini as described in the above conclusions.