

## **AIBA Progress Report to the IOC Executive Board**

January 31, 2018

### **I. Background**

On December 12, 2017 the International Olympic Committee (IOC) requested the International Boxing Association (AIBA) to submit a progress report on its current situation, noting special regard to six different areas:

- Governance
- Management – Role of Former Staff
- Management –Clarification of Headquarters
- Financial
- Sporting Integrity – Judging and Refereeing
- Sporting Integrity – Anti-Doping

This request followed the resignation of the former AIBA President on November 20, 2017 and was accompanied by the IOC's sincere concern regarding the governance and financial stability of AIBA.

Furthermore, AIBA understands that the IOC Executive Board plans to suspend the payment of the final remaining TV revenue share from the Rio Olympic Games and the financial assistance for the 2018 Youth Olympic Games. Although not having been formally informed of these plans, AIBA appreciates that its current situation is difficult.

That said, AIBA is going through a significant transition phase at this time, and can assure the IOC that it is working extremely hard and taking every step necessary to ensure that the mistakes of the past cannot be repeated.

Numerous steps have been taken to address the situation since the IOC's request. This report not only outlines AIBA's progress on each of the requested items, but hopefully also provides the IOC Executive Board confidence in AIBA's willingness to resolve its problems, restore its image and move forward to a positive future for the sport of boxing and, most importantly, for its athletes.

### **II. Purposes of the Report**

The objectives of this report are twofold;

1. Update the IOC Executive Board on AIBA's current situation and progress on each of the six areas.
2. Share AIBA's future plans in order to further improve in each of areas.

### **III. Steps Taken to Date**

Since Mr Franco Falcinelli, the former AIBA Interim President, took over the AIBA management in October 2017, he and the entire Executive Committee (EC) have been working tirelessly to put into process numerous progressive actions. Fundamentally, this included ensuring that the Extraordinary Congress on January 27, 2018 was given the platform to decide and implement the first round of institutional changes. All measures outlined below were presented to all 109 National Federations that participated in the Congress and received their full approval and endorsement.

The description of AIBA's progress below, outlines the concrete and tangible steps which the Interim Governance Team managed to take in the short period of time it has been in function. For purposes of clarity, these steps have been divided according to the six priority areas that the IOC communicated to AIBA.

The sections below answer the IOC's detailed questions in each of the required steps.

#### **1. Governance**

In regards to governance, AIBA has started work with ASOIF and amended its Statutes to allow for an appeal process to the CAS. AIBA has also taken a number of other steps to ensure the substantial improvement of its governance structure.

##### **a. Working with ASOIF**

AIBA has been working closely with ASOIF on ensuring that the Self-Assessment Governance Questionnaire is answered comprehensively. Furthermore, AIBA has met with the Governance Task Force (GTF) to receive advice on how AIBA could adopt its guidance on governance. AIBA has specifically appointed one of its Administrators, Mr Terry Smith, who is also a member of the AIBA Executive Committee, to work exclusively and directly on this matter with ASOIF Administrative Director, James Carr.

The Questionnaire was submitted to Mr Carr on January 26, 2018. Following this submission, ASOIF informed AIBA of the next steps, which include moderation of AIBA's response and presentation of the results to the ASOIF General Assembly. AIBA has been informed that further guidance from the 'Governance Monitoring Unit' will be received once this unit is set up.

Mr Smith will again be meeting with ASOIF on February 5, 2018 to follow-up on progress made and to begin the implementation of a number of improvements, which are alluded to in the completed questionnaire below.

<https://drive.google.com/open?id=1P1mCDOnt8H5WOz5wWIM77N7H7xR50yYI>

## **b. Clarification of the Appeal Process to CAS within AIBA Regulations**

During the AIBA Executive Committee Meeting in Dubai on November 3 and 4, 2017 one of the key decisions was to propose amendments to the AIBA Statutes and adopt the appeal process to CAS.

These amendments were unanimously approved at the AIBA Extraordinary Congress and have been implemented with immediate effect from January 27, 2018.

To be specific, the following amendments and additions were approved (see bold):

- Amendment Article 66.1  
AIBA recognizes the Court of Arbitration for Sport (CAS), with headquarters in Lausanne, Switzerland, as the authority to resolve appeals against decisions made in accordance with **these Statutes and the AIBA Rules and Regulations** and the AIBA Anti-Doping Rules only. Each Confederation and National Federation must recognize CAS as an independent judicial authority but, in this regard, in accordance with the AIBA Anti-Doping Rules only. AIBA, National Federations, Confederations, Boxers, Officials and Competition Officials must comply with the decisions passed by CAS.
- Amendment Article 66.4  
Appeals against decisions made in accordance with **these Statutes and the AIBA Rules and Regulations** and the AIBA Anti-Doping Rules must be filed in accordance with the provisions of the CAS Code of Sports-Related Arbitration. Appeals shall be lodged with CAS within 30 days of notification of the written decision in question. The appeal shall not have an injunctive effect. The Disciplinary Commission or CAS may order the appeal to have injunctive effect.
- (New) Article 67  
**Confederations and National Federations must comply fully with any decision passed by the Executive Committee, the EC Bureau, the Disciplinary Commission, the Ethics Commission or any other Commission which such decisions are, according to these Statutes, final and not subject to appeal except to the CAS. Confederations and National Federations must take every precaution necessary to ensure that their own Boxers, Officials and Competition Officials comply with these decisions.**

In addition to those steps expected by the IOC, AIBA has taken a number of other steps to ensure the substantial improvement of its governance structure. These include:

### **i. Appointment of Burson-Marsteller Sport for Full Organizational Review**

In addition to the work alongside ASOIF, AIBA appointed Burson-Marsteller Sport to conduct a full organizational review of the Association on January 24, 2018. This review will consist of an in-depth analysis of the organization's current working structures and governance systems, alongside recommended future actions, all of which will be compiled into a 'New Foundation Plan' for AIBA.

In particular, the New Foundation Plan will address the following three areas:

- AIBA Processes: Assessment and recommendations regarding AIBA's current governance structure, policies and procedures.
- AIBA Products: Assessment and recommendations regarding AIBA competitions, events and development programs.
- AIBA Promotion: Assessment and recommendations of AIBA's internal and external communication and International Relations systems.

This review will be completed within a six-month period, and will act as a supplementary support to the review of ASOIF to ensure a comprehensive foundation for further developments.

## **ii. AIBA Internal Review and Approval Process of New Foundation Plan**

The New Foundation Plan will be reviewed in full by the AIBA Governance Task Force Team.

AIBA is currently in the process of forming this AIBA Governance Task Force Team, which will take the form of an Ad-Hoc Committee and will comprise of three more internal and external experts. Having reviewed all recommendations provided by Burson-Marsteller Sport, the Task Force will produce a full report to the Executive Committee for its approval at its EC Meeting in July 2018.

In this process, AIBA fully intends to consider if further amendments are required in its Statutes and Bylaws, in order to further enhance the quality and democratic nature of its governance. This process will also include the development of new processes regarding financial management, risk management and payment approvals, which will be included as part of new Finance Guidelines.

## **iii. New Interim President**

The AIBA Extraordinary Congress unanimously approved the new Interim President following the resignation of the former Interim President. This confirmation was in strict adherence to the AIBA Statutes, as currently expressed, and hence in accordance with Swiss law. After the emergency EC meeting during the Congress, AIBA's lawyer, Mr Claude Ramoni, Partner at Libra Law, stated as follows:

*“Further to Mr Franco Falcinelli's resignation from the position of Interim President, the Executive Committee held an emergency meeting during the lunch break. According to article 39.3 of the Statutes, in the absence of President – who resigned in November – the Vice President who has served the longest period shall act as Interim President.*

*As Mr Falcinelli stepped down, the longest serving Vice President is Gafur Rahimov, who has been serving as Vice President in AIBA for more than 15 years since 2002. The Executive Committee unanimously confirmed that Mr Rahimov shall act as the Interim President accordance of the Statutes and Mr Rahimov has accepted to take over this position. Following this situation, his mandate as the Interim President will last until the next ordinary electoral Congress in November.”*

## **2. Management – Role of Former Staff**

AIBA has finalized all settlements with former staff that held executive level positions in the previous AIBA structure. No former Executive Directors will be returning back to work at AIBA's Headquarters.

### **Additional Steps taken in the Field of Management**

The appointment of their executive staff is a responsibility that lies solely with the International Federations. However, AIBA is in full agreement with the IOC's suggestion regarding the importance of a fresh start. As such, AIBA is in the process of filling key positions in order to stabilize its operations. The following appointments have already been made:

- i. **New Executive Director** – Until the Extraordinary Congress held in Dubai on January 27, 2018 AIBA had operated the AIBA Headquarters with three appointed Administrators who are also members of the AIBA Executive Committee. Immediately following the Congress, AIBA appointed a new Executive Director, Mr Tom Virgets from the USA, the current Chairman of AIBA Disciplinary Commission. He will officially join AIBA from April 1, 2018 following his resignation from the US Naval Academy as the Senior Associate Athletic Director, position he held for many years. Upon starting his new role, Mr Virgets will resign from his position on the AIBA Disciplinary Commission.
- ii. **New Chairpersons Appointments** – AIBA has also reshaped key Commissions by changing their Chairpersons. New Chairpersons have been appointed to the Technical & Rules Commission, Women's Commission, and WSB Commission.

## **3. Management – Clarification of Headquarters**

The former AIBA President signed a new lease for office space which would have resulted in a lease payment of over 50,000 CHF per month for a period of ten years. The plan was that this new office would be ready for AIBA to move in by April of this year.

Due to its high cost and reduced number of staff currently working at the Association, AIBA has decided to look for another tenant who could take over this lease. While AIBA was looking for a new tenant, a rumor of possible relocation of AIBA to another country or city such as Dubai was spread. Although decisions regarding the location of its operations lie solely with the International Federations, AIBA can confirm that it at no point has had any intention of moving its Headquarters from Lausanne, Switzerland.

Based on its strong efforts to reduce operations expenses, AIBA expects to formalize an agreement with new tenants for its proposed new office in Lausanne very shortly, and will be staying in its current office at the Maison du Sport International.

#### **4. Financial**

After the former AIBA Interim President, Mr Franco Falcinelli, and the AIBA EC learned of the organization's precarious financial situation, AIBA has been looking for a company that could investigate and analyze the entire finance situation. This decision goes beyond the IOC's required steps and AIBA confirms its intention to make the result of this audit public once the investigation and audit are completed.

To carry out this investigation, AIBA contracted K2 Intelligence, a company based in New York, London, Madrid, Tel Aviv, Geneva and Los Angeles on December 18, 2017. The scope of work and timing are as follows:

- (i) The management of AIBA's overall finances and use of funds in the last five years;
- (ii) The management of finances by the World Series of Boxing ("WSB") since its inception in 2009.

AIBA expects to receive a complete report on the forensic investigation and audit report together by the end of April 2018.

In addition to the ongoing investigation, AIBA wishes to inform the IOC of the following.

##### **i. PwC Project**

K2 Intelligence will investigate the credibility of results from a PwC Report produced for AIBA under the former President, as it was indicated that this report was completed by interviewing and investigating only three current employees who were not involved in the business affairs of WSB AO SA, which raises questions regarding the credibility of this report's contents. Therefore, AIBA has included the PwC Report as one of the target items to investigate during the AIBA Finance Forensic Investigation.

This report was followed by a serious violation of the AIBA Statutes by the former President, as all financial information should be reported to the AIBA EC and approved by the AIBA EC. In addition, the former President released this internal report to outside organizations without any consent given.

##### **ii. Bankruptcy Risk from Benkons Loan**

AIBA has been in significant financial difficulties in recent months due to Benkons' request to immediately repay its loan to WSB AO SA, and AIBA's guaranteed payment of the loan. The Benkons loan has been one of the most pressing issues to be solved in order to stabilize AIBA's finances and management. Before the Extraordinary Congress, AIBA reached a settlement agreement with Benkons to repay the loan of 10 Million USD split in 50% cash and 50% in the form of sponsorships. As a result of this, AIBA will not have to make any cash payment until January 2021. Taking into account AIBA's current bank balance of 4 million CHF, this means that the threat of short-term financial difficulties is averted.

### **iii. BMA and FCIT Agreements**

AIBA EC has decided to dissolve the BMA company subsidiary of AIBA. In addition, AIBA plans to conduct a meeting with the previous investor of this company, FCIT, in February in order to settle any disputes related to BMA and look into the possibility of launching a new company to manage all marketing programs of both AIBA and WSB. The Kazak investor, Skiff Promotion, had already agreed to dissolve BMA last year. Currently AIBA is clearing up any outstanding issues with some of the National Federations involved before dissolving.

### **iv. Alisports Agreement**

The former AIBA President signed a 20 years agency agreement with Alisports. The terms and conditions of this agreement are unacceptable for AIBA and AIBA is currently exploring possibilities to terminate this agreement.

## **5. Sporting Integrity – Judging and Refereeing**

AIBA's Chairpersons from the Refereeing & Judging Commission and the Technical & Rules Commission have proposed various rules changes and a new system to ensure fair results in all AIBA competitions. AIBA will develop comprehensive questionnaires and conduct an extensive survey to the global boxing family, including National Federations, Athletes, Teams, Coaches, and fans, and consider all inputs and recommendations during the organizational review led by Burson-Marsteller Sport.

One of the main objectives of this effort is to get receive feedback on the post-Rio 2016 Refereeing & Judging systems which were announced immediately after the Olympic Games without going through a thorough internal process. Both Commissions have been requested to work closely together with Burson-Marsteller Sport in order to carry out this review and develop the recommendations to submit to the AIBA EC meeting, scheduled to take place in July this year as part of the New Foundation Plan.

## **6. Sporting Integrity – Anti-Doping**

AIBA has contacted both GAISF and ASOIF to seek their advice and guidance on enhancing AIBA's Anti-doping program. Following this request, AIBA received a proposal from GAISF for services from the Doping-Free Sport Unit (DFSU).

AIBA immediately accepted this proposal for full services of the DFSU and entered into an agreement on January 29, 2018. The DFSU will cover all in and out of competition tests for all AIBA and WSB programs. AIBA is determined to continue its efforts and develop a full and formidable Anti-Doping program.

#### **IV. Conclusions**

AIBA is committed to regaining all lost trust and credibility, not only from its members and athletes, but also its partners, including the IOC, ASOIF and the global sports community.

The above steps symbolize a new phase in AIBA's history – one that reestablishes the core values of the sport and focuses on developing a new foundation for our future alongside the IOC and other key stakeholders. AIBA is determined not to allow for any of the past mistakes to be repeated, and is committed to a fresh, positive future, with good governance and management at its center.

By taking the aforementioned steps, AIBA have made a significant start in achieving this. But the work has only just begun. With many important projects ongoing in the fields of governance, management, finance and sporting integrity, it is requested that the IOC take into consideration the nature of the transitional period currently facing the organization, and reserve due judgement until the AIBA EC meeting in July, when it is anticipated that more significant, sustainable changes will have been made, and the full effect of recent changes will be realized.

Any questions regarding this report can be addressed to Mr Falcinelli ([francofalci@hotmail.com](mailto:francofalci@hotmail.com)), AIBA Executive Vice President, who has been appointed by the AIBA EC as the person responsible for AIBA's governance restructuring as well as for continuous communications with the IOC on both Governance and Sports related issues.