

74th FIDE Congress
Verification Commission
30 October 2003
Kallithea, Halkidiki, Greece

Report

Chairman: Mr. L. Mazouz (ALG)

Present: I. Gelfer (ISR), N. Freeman (BDA), T. Redman (USA), W. Arns (NED), H. Hamers (NED), D. Jarrett (FIDE Treasurer), A. N. Yazici (TUR), M. Sand (FIDE Vice President), I. Leong (FIDE Vice President), N. Elhaj (Continental President for Africa), L. Costa (POR), W. Kelleher (USA), M.S. Yousufzai (AFG), G. Qaderi (AFG), R. Barrera (ARG), G. Anaya (CUB).

The Meeting was given the Addendum to the preliminary report (Annex 4b) and then opened with an introduction from the Commission Chairman, Mr Mazouz, in which he highlighted the three main points:

- lack of income;
- out of control expenses; and
- the failure to take any notice of the budget.

He was followed by the other two Commission members present, Mr Gelfer and Mr Freeman, who both re-emphasised the parlous state of the finances of FIDE and the unacceptability of the situation continuing as at present.

The Meeting was then opened to questions from those attending:

- Mr Redman asked the Treasurer why there was no effective cost control. The Treasurer replied that his Report would cover this issue and that he had raised the credit card many times at Presidential Board Meetings.
- Mr Hamers said that whilst he agreed with the Report, he had seen similar reports from the Verification Commission before, but still nothing had been done. Mr Mazouz said that, whilst it was the Commission's duty to report matters and give recommendations, it was up to the Presidential Board and Executive Board to take action. He also said that, if the Presidential Board and Executive Board approved the recommendations of the Commission, the Commission would actively ensure that these recommendations be carried out.
- Mr Sand said that he and Mr Leong had called for a Presidential Board Meeting, which was likely to take place on Saturday, specifically to deal with the matters raised in the Report.
- Mr Hamers asked why did the Treasurer accept the situation of no control over expenses. The Treasurer stated that he had many times strongly recommended that action should be taken and had been supported by the Presidential Board to try and ensure effective control.
- Mr Hamers asked what the present financial situation was and the Treasurer advised that there was about CHF 200,000 in the account, which was almost in line with what he

expected when he had done a cash flow statement for the Doha Presidential Board Meeting in June 2002.

- Mr Sand asked the Treasurer how much did the President owe FIDE. The Treasurer replied that when the President had asked for a two year cycle instead of a one year cycle, he confirmed that FIDE would be paid the 20% for both years (about \$1.5 million in total) and also that \$320,000 had been paid for Continental Championships that had not been reimbursed.
- Mr Kelleher asked why had the excesses on credit card expenses gone on so long and the Treasurer gave a history of the credit card and its various limits. He said that the amount was debited each month from FIDE's account before he received the statements; that he had not received a breakdown of the expenses on the credit card since February, despite assurances given both to the Presidential Board and the Verification Commission; and that he had unsuccessfully asked for its cancellation.
- Mr Redman asked the Treasurer how could he allow such high expenses and said that it was the Treasurer's responsibility to make sure that they did not happen. The Treasurer replied that he had raised the matter at every Meeting for the last few years, but that it was up to the Presidential Board to make a decision.
- Mr Freeman said that one of the major problems was that no one was taking responsibility to ensure that the FIDE Office was being run efficiently and effectively.
- Mr Yazici said that it was very difficult to explain to his members how it was that the FIDE Secretariat was just wasting the fees they were paying to FIDE and not used for any beneficial purposes.
- Mr Sand said that he was going to raise this matter at the Presidential Board Meeting, but that in order to have a solution full information should be given. He felt that the Addendum did not stress enough who was abusing the finances and exactly how they were being abused.
- Mr Leong agreed with this and said that at the last two Presidential Board Meetings, he did not feel that the Board had been given sufficient information to be able to take effective action.
- Mr Sand asked who exactly were the third parties on whose behalf FIDE had paid over USD 100,000. He was advised that they were, the President, the Executive Director and the World Chess Foundation.
- A general discussion followed in which it was agreed that the Addendum's recommendations regarding payments for on FIDE expenses should be further highlighted. It should be noted that the Executive Director had used the credit card to pay his personal expenses and those of his friends, as well as for the President's non-FIDE related matters. He also had made considerable use of the mobile phone for private calls. The Treasurer stated that he had analysed several thousand calls so far, with between 30% and 50% being private each month and that in one month alone the Executive Director's calls on the mobile phone came to over 24 hours. The Meeting was in complete agreement that this misuse of FIDE money was completely unacceptable.
- It was agreed by all present that the Treasurer had done an excellent job in trying to find out the full nature of the expense abuse in very trying circumstances.
- Mr Arns said that he would have great difficulty in explaining to his Federation the situation with regards to the expenses as the Government had cut the grant to the Federation and that they were having to cut costs.

- Mr Redman said that if the income was lower then the expenses must be lower so that FIDE can pay some monies that had been allocated in the activities budget, rather than paying just the Secretariat.
- Mr Costa said that he had only recently become a FIDE delegate and that he was horrified when he discovered what the situation was.
- Mr Arns asked what was the procedure from here and what would happen if no action was taken on the Verification Report. Mr Sand advised that it had to go to the Presidential Board and then to the Executive Board. Mr Gelfer said that if the Presidential Board did not take any action, then he would recommend to the Executive Board that they should not approve the Treasurer's Report.
- Those attending thanked the Verification Commission for their Report and Addendum and stressed that there should be no attempt to sanitise the misuses that had been discovered.

Chairman

Lakhdar Mazouz

A handwritten signature in black ink, appearing to read 'Lakhdar Mazouz', is written over a horizontal line. The signature is stylized and cursive.