



**Executive Summary**  
**Guam Football Association Soccer Stadium Contributions**  
**OPA Report No. 18-02, March 2018**

The Government of Guam (GovGuam), through Public Law (P.L.) 24-33, entered into a public-private partnership with the Guam Football Association (GFA) in 1997 to develop a soccer stadium and related facilities that meet international competition standards. Since then, GovGuam contributed \$1.0 million (M) in tax credits and granted two leases of GovGuam lands to GFA for \$1 a year for a period of 30 and 25 years, respectively. In addition, cash appropriations and sponsorship amounting to \$1.4M was contributed to GFA from fiscal year 2012 to 2016.

In response to recent corruption committed by the former GFA President, we reviewed these GovGuam contributions to determine if they were properly used and monitored by GFA and GovGuam. Our audit found the following:

- GFA officials did not follow the Federation Internationale de Football Association (FIFA) and Asian Football Confederation (AFC) codes of ethics provisions on conflict of interest;
- Department of Parks and Recreation (DPR) failed to create a Memorandum of Understanding (MOU) for the use of the Northern Soccer Stadium;
- GFA significantly delayed remitting the Event Admission Assessment Fee; and
- Guam Visitors Bureau (GVB) did not request for an accounting of the \$400 thousand (K) granted to GFA.

In April 2017, the former GFA President, pleaded guilty in the United States District Court to corruption and agreed to pay more than \$1.1M in forfeitures and penalties. He was charged with two counts of wire fraud conspiracy in connection with his participation in multiple schemes to accept and pay bribes to soccer officials and one count of failing to disclose foreign bank accounts. In November 2017, the FIFA Ethics Committee banned him for life from FIFA.

**GovGuam and GFA Public-Private Partnership**

As part of GovGuam’s public-private partnership with GFA, GovGuam contributed the following:

1. 30,623 sq. m. of land in Dededo and 48,492 sq. m. of land in Agat, valued at \$839K and \$397K, respectively, leased to GFA for \$1 a year to construct soccer stadiums and facilities.
2. \$1.2M in tax credits to construct soccer stadiums requiring GFA to match these funds. \$200K of these tax credits has not been expended.
3. \$700K in cash appropriations, received in 2013 and 2016, for additional facilities, a gymnasium and classroom sports facilities requiring GFA to match these funds. An additional \$400K has not been paid.
4. \$400K to host, attend, and participate in the 2018 FIFA World Cup Qualifiers and the 2019 AFC Asian Cup 2019 preliminary joint qualifiers; and
5. \$300K from GVB as sponsorship to host FIFA 2018 World Cup qualifying matches.

GFA also received significant contributions from other sources, which amounts to \$8.7M from calendar year (CY) 2012 to 2016. Our audit only covers contributions made by GovGuam from CY 2012 to 2016, specifically the \$1.4M cash appropriation and GVB sponsorship.

**Contribution to GFA from CY 2012 – CY 2016**

<b>Contributors</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
Government Guam	\$ -	\$ 500,000	\$ -	\$ 700,000	\$ 200,000	\$ 1,400,000
Others (FIFA, AFC, etc.)	\$817,087	\$1,668,459	\$1,832,996	\$2,928,224	\$1,456,810	\$ 8,703,576
<b>Total</b>	<b>\$817,087</b>	<b>\$2,168,459</b>	<b>\$1,832,996</b>	<b>\$3,628,224</b>	<b>\$1,656,810</b>	<b>\$10,103,576</b>

### **Potential Conflicts of Interest in Awarding Projects and Reimbursements**

Although GFA complied with the matching funds requirements of specific appropriations laws and funds were used for appropriate purposes, we noted instances of conflicts of interest. For example, four projects were awarded to a close relative or acquaintance of the former GFA President or Executives, which did not follow the FIFA and AFC Code of Ethics. In addition, GFA did not solicit bids for these projects and bid proposals were not on file to ensure that they were getting the best value for money. We also found that eight reimbursement checks payable to the GFA Executives amounting to \$99K were also co-signed by the payee. Reimbursements should not be signed, even co-signed, by the payee in order to ensure proper independent authorization, as well as to avoid the appearance of conflict of interest.

### **Lack of MOU for the Northern Soccer Stadium**

P.L. 27-85, established, as a condition for contributors to receive tax credits, that the soccer stadium must be available to the public in accordance with an MOU with DPR. However, we found that DPR failed to create an MOU governing the use of the Northern Soccer Stadium. As a result, the public was unaware that the Northern Soccer Stadium was constructed with the intent that it will be available to the general public.

### **Delays in Remitting Event Admission Assessment Fees**

In the Office of Public Accountability (OPA) Report No. 07-15, released in 2007, we found that Event Admission Assessment Fees were only paid after OPA initiated the audit. In our current audit, we found that from CY 2012 to 2016, GFA remitted the fees, but with significant delays ranging from 125 to 990 days. As a best practice, GFA should remit the fees timely and such procedure should be documented in the MOU with DPR.

### **GVB Did Not Request an Accounting of the \$400K Contributed to GFA**

P.L. 33-89 appropriated \$400K to GFA passed through GVB pertaining to the 2018 FIFA World Cup and 2019 AFC Asian Cup preliminary joint qualifiers. As a best practice, GVB should request an accounting for the use of these funds to ensure their proper use.

### **Conclusion and Recommendation**

GovGuam's objective to develop and construct a comprehensive soccer stadium has been achieved. However, accountability can be improved over the funds contributed. Since GFA receives significant contributions from various sources including GovGuam, it is vital for GFA to be transparent on how funds are used and strictly adhere to its ethical standards particularly avoiding conflicts of interest.

To improve accountability over GFA contributions, we recommend that GFA audited financial statements be posted on the GFA website to ensure transparency to sponsors and contributors. We also recommend that DPR prepare and execute the required MOU with GFA to prevent confusion over the public use of GovGuam properties, and that GVB request an accounting of funds they passed through to other entities.

Our recommendations to GFA are to: (1) implement policies to ensure competitive project awards, (2) prohibit payees to sign their checks, and (3) timely remit event admission fees that have been implemented and closed.

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