

Meeting of the JOC on Transport, Tourism and Sport to consider

Moran Inquiry Report into Olympic Ticketing

Leinster House, 17 August 2017

Opening Statement by Minister Ross

Thank you Chairman,

I would like to thank the Committee for the opportunity to address you this morning. I am joined by Brendan Griffin, the Minister of State with responsibility for Tourism and Sport. I am also joined by officials of the Department, Ken Spratt, Peter Hogan, and James Lavelle from the Sports Division and the Department's Legal Advisor, Michael Dreelan.

At the outset, I would like to thank Judge Moran and his team for their report. Needless to say, it was crucially important that Judge Moran would be afforded the resources and the time that he needed to produce a Report that clarified, to the greatest extent possible, the matter that was before him. Having published the Report on Monday last, I am grateful for this early opportunity to discuss it with the Committee.

Chairman, I would like to begin by taking the Committee back to this time last year and by providing some important context. In interests of time, I will summarise the important events in chronological order.

Prior to the Olympics no comparable controversies about the Olympic

Council of Ireland, its president Pat Hickey or the distribution of tickets had surfaced. Public interest rightly centred around the performance and prospects for our athletes.

All that changed on Friday, 5 August when an Irish citizen, Kevin Mallon, an executive working for The Hospitality Group (THG) was arrested on suspicion of being involved in ticket touting at the Rio Olympic Games. Subsequently, Mr Mallon was charged with offences relating to the practice of crimes of Criminal Association, Facilitation of Illegal Ticket Reselling and Ambush Marketing by Association. Mr. Mallon was held in preventative detention and received consular assistance.

Monday, 8 August

On the 8th of August news broke that the tickets at the centre of the allegations were originally assigned to the Olympic Council of Ireland (OCI). The OCI issued a statement to the effect that they would be establishing an investigation to consider the matter.

Thursday, 11 August – Sunday 14 August

Between the 11th and the 14th of August there was intense media and political interest in the matter here in Ireland. Reportage and commentary included many calls for an appropriate investigation. At that point I had not yet departed for Rio. Given the importance of this to our international reputation, I was considering the options for an appropriate Government response. My key objectives were to establish the facts of the matter and to limit or repair any damage to Ireland's reputation. At that point I was of

the view that there was a compelling case to include a minimum of one independent member on the OCI Investigating Panel. I saw no credible case for asking the OCI to investigate itself. I understood the OCI Investigating Panel would be a three person panel and I decided to press for an independent member, preferably a retired Judge, to chair it.

Sunday, 14 August

On my arrival in Rio on the evening of the 14th of August, straight from the airport, as arranged, I immediately met with OCI President Pat Hickey and OCI First Vice President Willie O'Brien. At that meeting, Mr Hickey refused point blank to include any independent members on the OCI's Investigating Panel. He referred to legal advice which he insisted was "very emphatic". Mr Hickey also declined to answer any questions about the recent tickets controversy on the grounds that it might prejudice Mr Mallon's case before the Brazilian courts. He added that the OCI would not provide any information to any third party, including any independent inquiry that I might establish, until such time as Mr Mallon's case was concluded.

Monday, 15 August

On the 15th of August I followed this up with a meeting with the Secretary General of the International Olympic Committee (IOC), Mr. Christophe de Kepper. Mr Hickey joined us. At the meeting with Mr. de Kepper I highlighted the importance of having independent members on the OCI Investigating Panel.

To my surprise Mr. de Kepper agreed and pointed to the "independent"

member already on the Investigating Panel. When it was explained to Mr. de Kepper that the person that he (Mr. de Kepper) considered to be an “independent” member was in fact the legal adviser to the OCI, Mr. de Kepper appeared to be surprised. At that point in the meeting, Mr. Hickey’s position changed and he agreed to reconsider the request for the inclusion of independent membership of the Investigating Panel. However, Mr Hickey emphasised to Mr. de Kepper that the final decision would be one for the National Olympic Committee (i.e. the OCI). I asked Mr. de Kepper for a decision as soon as possible.

During that day, i.e. Monday, 15 August, my official emailed Mr. Donovan Ferreti, the Ticketing Director at the Rio Organising Committee of the Olympic Games (ROCOG), seeking a meeting between him and me. No meeting took place as the request for it was overtaken by events.

Later that day, Monday the 15th of August, the Chairman of Sport Ireland, Mr Kieran Mulvey – who was at the Olympics – was in touch with Mr Hickey. I understand that Mr Mulvey explained my need to have independent representation on the Investigating Panel and suggested that he should concede my request.

Tuesday, 16 August

Early on Tuesday, the 16th of August, my official emailed Mr de Kepper requesting an early reply about admittance of independent membership onto the OCI Investigating Panel. Mr de Kepper was also requested to update the President of the International Olympic Committee, Mr Thomas

Bach, on the developments.

Later that day, Tuesday, I met with Mr Mulvey. He advised me that Mr Hickey was now agreeable to the inclusion of one independent member on the OCI Investigating Panel. The text of an agreement was drafted by Mr Mulvey and was to be considered by Mr Hickey and by me. I was satisfied with what was being proposed and confirmed my acceptance of the text in the early afternoon. Mr Mulvey indicated that Mr Hickey needed to clear the text with the OCI Executive Committee. There was no further word from the OCI during that day.

Wednesday, 17 August

Early on the morning of Wednesday, the 17th of August, news broke of the arrest of Mr Hickey. I discussed the matter on the phone with Minister of State Patrick O'Donovan and with the Attorney General. Given the seriousness of the situation, and in the interests of taking swift and decisive action, I decided to return to Dublin where I could fully consider the options open to the Government and decide the best course of action.

Thursday, 18 August

I arrived back in Dublin on the afternoon of the 18th of August. I briefed the then Taoiseach, Enda Kenny, on the telephone.

Friday, 19 August

On the 19th of August, I convened a meeting to decide on the next steps. The meeting was attended by Minister O'Donovan, Attorney General Máire

Whelan, along with officials from the AG's Office, from my own Department, and from the Department of Foreign Affairs. We agreed to establish a non-statutory inquiry to be carried out by a retired Judge. We believed then, and I still believe even more strongly, that a Judge-led non-statutory inquiry would be the most appropriate mechanism to establish the facts and restore Ireland's reputation. We provided the Judge, in the Terms of Reference for the Inquiry, with the flexibility to escalate it into a statutory Commission of Investigation should he decide that that would be appropriate.

Chairman, we now have the Judge's Report before us. The reason I spent the last few minutes recalling the chronology of events is to emphasise some summary points:

- From the date that this controversy broke, it was always my objective that a rigorous, independent process would be put into place to inquire into the events surrounding the OCI's approach to Ticketing for Rio. That has now happened.
- I wanted an effective and efficient process. Effective in the sense that we needed to know what went on. And efficient in the sense that I wished to minimise the cost to the Exchequer of any process that would take place. Both have been largely achieved.
- Judge Moran has delivered a Report that is both effective and efficient.
- This time last year, when I arrived in Rio, reportage was rife with

allegations, speculation, anecdotes, and innuendo. Much of that reportage has been successfully addressed and clarified by the publication of this Report;

- Judge Moran has revealed a hitherto unknown rotten culture at the heart of the OCI. He has shined a light on these matters. He has highlighted shameful standards of corporate governance under Mr Hickey's Presidency and a triumph of commerce over competitors. Judge Moran has exposed the stress and frustration caused to athletes, their families and their friends by the OCI's appointment of a ticketing agent that was nothing other than a charade and totally unfit for purpose. None of this was known a year ago.
- The Report before you links some of the more serious allegations and speculation of August 2016 to actual evidence. The narrative presented in the Report is on the basis of information which was *"uniform and persistent"*, much of the information being *"in the form of independent documentation, such as emails, clear in their meaning and the provenance of which has not been questioned by any party"*; Little, if any, of this was in the public arena before the report was written.
- While Judge Moran could not establish all of the facts, he did not need to. He was not in pursuit of criminality, merely a narrative of events, however unpalatable. It has proved unpalatable. But it is already being remedied. Others can draw their own conclusions from the narrative.

- Mr Hickey claims that there are inaccuracies in the Report. However, he was afforded every opportunity to engage with the Inquiry and to highlight anything that he might have believed to be inaccurate. He chose not to, as is his right. He also decided not to challenge its publication in the courts.

Chairman, having summarised the events, and emphasised some important points I would now like to expand on what I feel are the two major themes of Judge Moran's report. The first is the overriding emphasis placed by the Olympic Council of Ireland (OCI) and its President Pat Hickey on maximising the commercial opportunities of ticketing for the Olympic Games. I was struck, reading the report, by the extent to which the commercial interests of The Hospitality Group (THG) / Pro10 and the OCI were Mr Hickey's number one priority. The athletes, their relations and Irish supporters were a poor second. The OCI went to great lengths to secure high-value tickets for resale by these companies. For some reason they fought tooth and nail to convince the Rio Organising Committee and the International Olympic Committee (IOC) to accept THG's appointment as authorised ticket reseller, with Mr Hickey drawing on his extensive contacts within the IOC in pursuit of that goal.

When that company was rejected, Mr Hickey, Marcus Evans of THG and others collaborated to create the sham of Pro10, whose sole purpose was to disguise the rejected THG's continued involvement in ticket sales. According to Judge Moran's report Hickey's personal assistant agreed that

Pro10 was effectively a ‘cover’ and a ‘front’ to allow Marcus Evans and THG to remain in the picture. Judge Moran does not mince his words when he talks about Hickey’s apparent attempt to conceal his relationship with Marcus Evans, the Marcus Evans Group or THG in his denial in the television interview on RTE. Judge Moran said this was hard to “reconcile” with the email trail between the two men. Sham companies do not deliver.

And when the crisis broke last August, with the arrest of Kevin Mallon, they tried to cover up their actions, with the OCI and the companies issuing public statements that we know now to be false, most notably in an interview Pat Hickey gave to RTE News.

Judge Moran describes Pro10’s service to its customers as “*inadequate and chaotic*”. This report sets out multiple failings in its operations, which were to be expected from a company with no prior experience of ticket sales for a major sporting event.

The OCI and Mr Hickey were well aware of Pro10’s dubious origins and abject failings but showed utter disregard for the interests of athletes, their family and friends, and Irish spectators generally. The OCI’s demands clearly targeted high-value tickets for blue riband events over events with Irish competitors’ involvement. In addition, there is evidence in the report of National Olympic Committee family tickets being handed over for sale by Pro10/THG, directly contrary to the ticketing rules established for the Rio Games.

It is true that these arrangements created a lucrative stream of income for

the OCI and its programmes to support Irish athletes. Nothing in this report suggests that individuals in the OCI were benefiting personally from these arrangements.

But clearly commercial interests can never again be afforded priority over the interests of athletes, their friends and families, and ordinary spectators. I regret that the OCI under the leadership of Pat Hickey defied this doctrine.

The second major theme of this report is the feeble corporate governance in the OCI. In this respect Judge Moran's Report should be required reading for anyone with an interest in bad governance, lack of oversight and transparency. The report dubbed it as a case of "*unilateral presidential decision making*".

It is clear from the report that the governance structures of the OCI failed entirely in their purpose to direct and control the management of that organisation.

The leadership of the OCI, in particular its President Pat Hickey, operated almost entirely without oversight. The Board was little more than a rubber stamp on decisions taken by the President. There is evidence in this report that information of the highest importance was withheld from them by Mr Hickey, such as the rejection of THG's application to be the authorised ticket reseller.

Functions of the Council's Board, Treasurer and Chief Executive were transferred to the President. It was utterly inappropriate that they had no role whatsoever in the process of negotiating ticketing agreements which

attracted rights fees of up to \$1million. These agreements were negotiated and approved by one man, Pat Hickey, and we have learned since the Inquiry concluded that the agreements he signed with THG extend well into the future.

The circumstances of the honorarium to the President also raise serious concerns. The amount paid to Mr Hickey (sixty thousand euro per annum) was far in excess of what might reasonably be considered an honorarium. Indeed, Judge Moran notes that the payment may have been in breach of the OCI's Memorandum and Articles of Association.

I am heartened that today the partly reconstructed OCI has embraced the need to fundamentally reform its corporate governance regime. I know they have made great strides under the shadow of this report, guided by the new President Sarah Keane, the new Executive Committee and the refreshed Council. Nevertheless I find it greatly troubling that, were it not for the events of last August, these failings may never have come to light. If the OCI's Investigating Panel, championed by Hickey, had been accepted as the investigator, rather than the Moran Inquiry, the mind boggles at the possible findings.

It was clear to me when I returned from Rio that governance in sporting bodies was a nettle to be grasped. My Department has been working with Sport Ireland to hammer home to NGBs and other sporting bodies the need to enhance their governance structures.

Since 2013 Sport Ireland has been encouraging all sports bodies to adopt

the Governance Code for Community and Voluntary Organisations. Since last August we have placed an even greater emphasis on signing up to the code. I am pleased to report to you today that 11 bodies have signed up to the code while a further 42 others – including the OCI – are on the journey to compliance with the code.

I expect continued and accelerated progress across the sector. But let me be very clear, if this progress is not maintained, I will implement further measures to get more sports bodies signed up to the governance code.

Chairman, there has been a lot of comment since I published the report on Monday on the subject of parties who did not cooperate with the Inquiry. I would like to recognise here though, that there was excellent cooperation from many parties, particularly the OCI, its President Sarah Keane and members of the Executive Committee. The information they shared – along with the extensive records which the OCI supplied to the Inquiry – have enabled Judge Moran to provide invaluable insights and make important recommendations.

It is regrettable that other parties chose not to co-operate with Judge Moran, particularly those parties who indicated a willingness to co-operate at the outset. It is not too late for them to respond to Judge Moran's call to provide explanations of significant matters, as set out in Chapter 12 of his report.

I would like to acknowledge, as Judge Moran has done, the legitimate right which exists against self-incrimination. Those parties who have chosen to

avail of this right are entitled to do so. I have emphasised the utmost importance of due process and the tenets of natural justice at every stage of this process. I know that Judge Moran has done the same. He has given every opportunity to all parties to respond to the material compiled in his report.

The lack of co-operation has happily not undermined the Inquiry. This report contains staggering facts, significant insights and highlights important lessons for ticketing and corporate governance which extend beyond the OCI or the sport sector. It has been a major influence in the reform of the OCI, in the resignation of Pat Hickey and the restoration of Ireland's reputation in the global sporting sphere. Ireland's Olympic athletes are in a better place than they were before it was published. Their treatment was shambolic.

Chairman, before I conclude, I would like to underline that in the terms of reference for this Inquiry, it was open to Judge Moran to recommend that a full commission of inquiry be established to look further into these matters. Judge Moran has decided not to recommend that such a commission be established.

I accept this recommendation and agree that a statutory inquiry would be disproportionate. I also agree that the key issues that would likely arise are already being addressed adequately in the reforms underway in the OCI.

Furthermore, if the Inquiry had possessed powers of compulsion, they would have encountered great difficulty in exercising these powers over

parties outside the State, such as THG, the Rio Organising Committee and the International Olympic Committee. In addition to this challenge, the right against self-incrimination would remain even if Judge Moran could compel witnesses. So the argument that a statutory inquiry would have forced all parties to cooperate fully simply does not stand up. The participation of the OCI provided ample evidence of the unacceptable practices that had infiltrated Ireland's Olympic movement.

I do not believe we would have learned any more, any sooner, if I had decided last August to pursue a statutory inquiry. And we would almost certainly have a much larger legal bill to be borne by the Irish taxpayers.

Conclusion

Chairman, this Report is a solid account of unacceptable activity on the part of the OCI and their ticketing resellers in Rio in 2016. It remains to be established as to whether or not the activity was illegal in Brazil. Regardless of the Brazilian outcome, the behaviour was utterly unacceptable. Judge Moran, an independent authority, has highlighted those unacceptable practices and provided an important cornerstone that will cement the ongoing transformation of the OCI. It will protect the interests of the biggest losers in this entire episode, the Olympic athletes and their families. I commend his Report to the Committee and I would welcome your views and any questions that the Committee will have.

Thank you Chairman.