

**88<sup>th</sup> FIDE Congress**  
**VERIFICATION COMMISSION (VC)**  
**Goynuk, Antalya, Turkey**  
 10<sup>th</sup> October 2017 - 17:00-19:00

Chairman: G. Boxall (JCI)  
 Secretary: M. Murphy (USV)  
 Member: T. Sitale (BOT)

Present: T. Sitale (BOT), A. Schuering (NED), M. Khodarkovsky (USA), R. Haring (USA), S. Tserendorj (MGL), G. Wastell (AUS), I. Dobronauteanu (ROU), V. Ungureanu (ROU), V. Danilov (ROU), A. Holowczak (ENG), A. McFarlane (SCO), G. Oen (USA), L. Ncube (ZAM), W. Iclicki (MNC), H. Bond (CAN), S. Escafre (FRA), N. Faulks (BER), A. Mongiello (ISV), J. Vega (GUA), D. Lima (BRA), M. Ramirez Barajas (MEX), D. Jarrett (FIDE), A. Siegel (FIDE), N. Katis (FIDE), R. Jones (PNG), A. Herbert (BAR), S. Johnson (TTO)

Apologies: Apologies for absence were received from N. Freeman (FIDE).

Minutes: Following the Chairman's welcome and a minor amendment to the Agenda, the meeting addressed the Minutes of its gathering in Baku on 8 September 2016. Among other routine items, Mr. Faulks, supported by Mr. Bond, drew attention to the reference to removal of the cap on tournament registration fees in the ante-penultimate paragraph. After some discussion about what was said, the meeting agreed to (a) replace the words "expressed the view" with the words "drew the meeting's attention to the fact", (b) replace the word "might" with the words "was to" and (c) omit the words "in the foreseeable future". Subject to those changes, the minutes of the meeting of 8 September were approved.

Matters arising: Ms. Haring proposed that steps should be taken to enable recommendations made by the Commission to be made binding on FIDE. The proposal found support in the meeting but reservations were expressed by Mr. Schuering. The Chairman expressed the opinion that the proposal would involve a change to FIDE Statutes before implementation.

The Commission's report of July 2017

Agon: The Chairman proceeded to summarise the Commission's report. A lengthy discussion ensued on the performance of Agon under the terms of its contract with FIDE of 22<sup>nd</sup> February 2012. There were several expressions of concern that the performance of Agon was not satisfactory, that it was not discharging its responsibilities under the contract and that it was contributing to the financial challenges of FIDE. Alex Holowczak sought clarity on the effect of the revised verbal arrangement with Agon on its paying the 500,000 euros due to FIDE in instalments of 100,000 euros per year. The Treasurer explained that he doubted if Agon would ever pay the proper amount and hence FIDE should be braced for further financial challenges ahead.

Ms. Haring expressed displeasure that the Agon predicament appeared to be being white-washed by the FIDE leadership and wanted action to be taken. Those sentiments were echoed by Mr. Vega who asked that there should be a clear recommendation by the Commission that the contract be terminated if it failed to pay the 100,000 euros by the end of the year. He was

concerned that FIDE appeared to have always had bad sponsors, that there was a string of such evidence from sponsors over past years and that it had to end. Strong views to a similar effect were expressed by Mr. Lima, Mr. Iclicki and Mr. Herbert. Mr. Khodarkovsky inquired if Agon, through the late Andrew Paulson, had ever paid the 500,000 dollars he had promised the FIDE General Assembly in 2012 that he would pay, having said that once the agreement was signed with FIDE, he would transfer the money immediately. Clarification was sought from Mr. Jarrett who explained that, to the best of his knowledge, no such payment was ever made. In response to a statement of the Treasurer, Mr. Ncube disputed whether the arrangement made with Agon to compromise the contract terms was in fact tabled or brought to a vote at the Presidential Board. The Chairman added that there were reputational consequences for FIDE in the defaults on the part of Agon when for example players who are involved in the Grand Prix events complained of non-payment of prize-money by Agon. Mr. Schuering pointed out that there would be need for legal consultation on the issue of Agon and for clear and formal warning if the contract was to be terminated. The Chairman also underlined the need for proper legal advice before termination steps were taken.

Federations in arrears: Mr. Faulks rhetorically asked if the suspension of services to Federations in arrears was in fact a deterrent in practice to defaulting Federations or a real problem to FIDE, especially for those dealing with ratings and pairings of events involving the Federations in question. Mr. Herbert as Chairman of the Development Commission explained that for Federations that are not active and do not submit tournaments for rating there is no impact, but he could not think of any other sanction or better solution.

Write-offs: Mr. Ncube requested clarity on this item in the report and queried why he was mentioned in it. The Chairman indicated that he believed that the debt mentioned originated from the time of the Khanty-Mansiysk Olympiad and that details would be available to Mr. Ncube after the meeting.

Legal costs: Mr. Jarrett informed the meeting that the revised budget figure for 2017 legal costs was 100,000 Euros and that that figure had already been exceeded.

Presidential Advisers: Ms. Haring asked how much was spent on Presidential Advisers in 2016 and the Chairman informed her that the figure was 38,029 euros. Mr. Ncube wished to know how much the two advisers from Africa were paid and was informed that Mr. Mazouz was paid 2,000 euros per month and Mr. Elhaj was paid 1,000 euros per month. Mr. Katis from FIDE Secretariat said that Mr. Elhaj was paid in connection with chess development. The general consensus of the meeting was that, during the temporary transfer of duties from the President to the Deputy President at least, such payments should not be made.

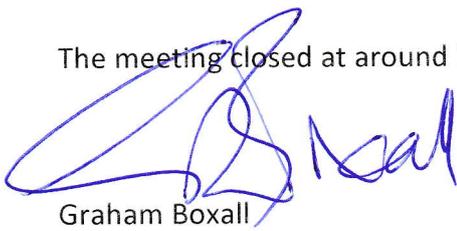
Guidelines: The Chairman explained the proposal that the Treasurer be given guidelines to assist him in decision-making issues and policy on expenditure. Mr. Herbert asked if that meant 'delegated-authority' guidelines which would outline what amount could be authorised by officers of various levels of seniority including what amount should be brought to the Presidential Board for approval. He agreed that clear levels of expenditure and approval in the various FIDE structures would be helpful. In response, the Treasurer said that the proposal of Mr. Herbert could be factored in as well.

2016 Financial Accounts: The meeting then went over the FIDE financial figures for 2016 as reported in the annual accounts and among the comments were the following:

- 1) Mr. Khodarkovsky sought clarity on the tax jurisdiction applicable to FIDE and the Treasurer explained that Swiss law applied.
- 2) Ms. Haring asked why profit and loss for tournaments such as the Olympiad were not being consolidated into one set of figures but spread throughout the accounts. Mr. Jarrett explained that this was the practice and a format which had been used for many years.
- 3) Ms. Haring also wanted clarity on why there were no entry fees for the World Rapid and Blitz tournament. Mr Jarrett explained there were no entry fees charged in that event but that FIDE received 20% of the prize fund from the organiser.
- 4) Several members queried the value of FIDE's office in Moscow. Mr. Iclicki said that the office is used by Mr. Balgabaev and Ms. Shovunova. The President has opened his own office elsewhere in Moscow. The Chairman indicated that it was not the role of the Commission to decide on the value of the office and that such a matter should be considered by the Presidential Board or raised by the General Assembly where the budget is considered for approval.
- 5) Ms. Haring inquired why the Treasurer had cut budgets for Commissions that raise income for FIDE. In response he said that evaluation of the importance of work of the Commission was a complex task and hence his proposal to have guidelines in future. Ms. Johnson expressed the view that profitability and financial returns should be a factor in giving priority to Commission budgets.

In summary, the Chairman pointed out that it is the Treasurer's desire to have a 2 million asset-base and therefore the Commissions will continue to experience restraint in budget allowances.

The meeting closed at around 7:20pm.



Graham Boxall  
Chairman, Verification Commission