

INTERNATIONAL SKATING UNION

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Disciplinary Commission

Case No. 2018-03

14.05.2018

Panel:

Volker Waldeck (Chair)
Albert Hazelhoff
Jean-François Monette

Decision of ISU Disciplinary Commission In the matter of

ISU Council

represented by ISU Legal Advisor, Dr. Béatrice Pfister

- Complainant -

against

Mr. György Sallak,

represented by Libra Law SA
Attorney-at-Law Yvan Henzer,

- Alleged Offender -

regarding the violation of the ISU Code of Ethics

I. History of the Procedure

On March 19, 2018 the ISU Council, represented by ISU Legal Advisor, Dr. Béatrice Pfister, filed a complaint together with 9 exhibits against the Alleged Offender. By Order No. 1 of March 20, 2018, the Alleged Offender was invited by the ISU Disciplinary Commission to file a statement of reply within 30 days upon receipt of the complaint.

The Alleged Offender, represented by Attorney-at-Law Yvan Henzer, on April 18, 2018, requested to extend the time limit for filing a statement of reply until 18 May 2018.

By Order No. 2 the Disciplinary Commission extended the time limit until Monday 30th of April 2018 and emphasized that this time limit is preclusive. If the Alleged Offender failed to submit his Statement of Reply by the extended time limit, the Disciplinary Commission would proceed with the review and deliver its final decision.

On April 30, 2018, the Alleged Offender filed a Statement of Reply / Defence of Lack of Jurisdiction.

II. Procedural Matters, Admissibility

According to Article 24, Paragraph 1 of the ISU Constitution 2014 the Disciplinary Commission serves as a first instance authority to hear and decide all charges referred to it by an ISU authority or party against any Skater, Official, Office Holder or other participant in ISU activities (Alleged Offender) accused of a disciplinary or ethical offence.

The Alleged Offender is accused of criminal offences and breaches of contract regarding the Short Track Speed Skating Development Camp 16-01 (the "Event") which took place in Budapest from 4 to 14 January 2016 and was prepared since April 2015. Therefore, the ISU Constitution and General Regulations 2014 and the Code of Ethics 2012 (ISU Communication No. 1717) are applicable.

The Alleged Offender challenges the competence of the ISU Disciplinary Commission.

The Claimant states, that the Alleged Offender was appointed as a Co-Chair of the ISU Development Commission in December 1998 and subsequently as ISU Development Coordinator in October 2002. He held this position until June 2016 when, immediately after the conclusion of the ISU Congress, the newly elected ISU Council terminated his appointment.

Evidence: **Communication No. 2017, Decisions of the Council, Paragraph 4**

The terms of his engagement are stated in the engagement letter of January 14, 2009

It was replaced by an Agency Agreement of May 12, 2015.

It was concluded between the ISU and - upon the Alleged Offender's request - MGST Ltd., a company entirely owned by him. From these documents it follows that the Alleged Offender received a yearly remuneration from the ISU of CHF 110'000. -- until September 2014 and of CHF 143'000. -- thereafter, plus travel expenses.

The Alleged Offender denies having been an ISU Office holder. In addition, the termination of his position in the world of skating would deprive the ISU Disciplinary Commission from the jurisdiction against him.

The Alleged Offender admitted that he was effectively working as an ISU Development Coordinator. However, he was not appointed in this position ad personam. Contractually speaking, the ISU was not bound with him personally, but instead with the company MGST Ltd.

The Alleged Offender quotes Article 24 (8) para. b) of the ISU Constitution 2014 in force at that time:

The appointment of a person to an official position in the ISU, and the continued assignment of that person in such position, or any other ISU position, is not a matter of right but a function entrusted to the designated body or Official of the ISU. Accordingly, such appointments or continued assignments are not subject to the jurisdiction of the DC.

From that he concludes that, pursuant to the ISU Constitution and in accordance with the letter of appointment of 14 January 2009, he was not considered as an Official of ISU and that such appointment was not subject to the jurisdiction of the Disciplinary Commission.

The Panel finds that the Alleged Offender misinterprets Article 24 (8) para b ISU Constitution 2014. Paragraph b) only states, that nobody has the legal claim to be appointed to an official position in the ISU and that a dispute about an appointment or assignment is not subject to the jurisdiction of the Disciplinary Commission. Paragraph b) does not enjoin the Complainant from opening disciplinary proceedings against the Alleged Offender regarding the violation of the Code of Ethics.

Furthermore, the Alleged Offender states, that in 2015, he and ISU decided to change the legal status of the position of ISU Development Coordinator. In an Agency Agreement executed on 12 May 2015, ISU mandated MGST Ltd, a company employing him, to perform all task and duties of the ISU Development Coordinator, through him (item 1 of the Agency Agreement). This Agency Agreement replaced any previous agreement between the parties and/or Mr. Sallak (Agency Agreement, page 4). Accordingly, Mr. Sallak and ISU were no longer in any contractual relationship and MGST was to supply ISU with the functions of ISU Development Coordinator, through its employee, Mr. Sallak. It follows that, when he, acting for MGST, approved the final report regarding the Budapest training camp, on 17 February 2016, he was not bound to the ISU.

The Alleged Offender requests the ISU Disciplinary Commission shall decline jurisdiction as he was not, at the time of the alleged offence, an Office Holder. He was merely an employee of MGST. Since he had no contractual relationship with ISU, the ISU cannot impose any kind of jurisdiction upon him.

The Agency Agreement between MGST and ISU was terminated on June 16, 2016. The Alleged Offender quoted the letter of termination written by the ISU Director General:

“the ISU will of course honour all provisions of the above-mentioned agreement, in particular but not limited to the ISU remuneration payments for the period up to September 30, 2016.”

The Alleged Offender concludes, since the ISU did not complain about the performance of the Agency Agreement, one fails to see how proceedings can be initiated against him. In other terms, as the ISU considered that MGST duly complied with its obligations, ISU is estopped from acting against him in his position of MGST employee. If MGST was released without restriction from its duties, it implies that he was effectively exonerated. The ISU cannot, on the one hand, terminate a contract and, the other hand, keep jurisdiction upon the contractor.

Finally, the Alleged Offender refers to the decision of the ISU Disciplinary Commission Case No. 2017-07, ISU vs. Gorojdanov, regarding the violations of the duties of judges and the ISU Code of Ethics. Mr. Gorojdanov has resigned from his position as a judge, while the disciplinary proceedings were pending. Further the ISU Disciplinary Commission decided

“because of his resignation, the alleged offender is no longer an ISU Official. From this follows that he is not subjected to the jurisdiction of the DC”.

In the case at hand, the Agency Agreement with MGST was terminated before the start of the disciplinary proceedings. Therefore, the ISU Disciplinary Commission cannot have jurisdiction according to its own jurisprudence. To conclude, the ISU Disciplinary Commission can only terminate the disciplinary proceeding against him since he was not contractually bound with ISU (only MGST was). Alternatively, the Agency Agreement with MGST was terminated before the commencement of the Disciplinary Proceedings, which shall lead to the same conclusion.

The Panel finds that the Alleged Offender is subject to the jurisdiction of the ISU Disciplinary Commission.

It is irrelevant that the Alleged Offender was an employee of his company MGST Ltd. which was the contracting party to perform the development project 16-01. The jurisdiction of the Panel does not depend on a contractual relationship with the ISU but on the personal status of the Alleged Offender within the ISU.

It is uncontested that the Alleged Offender was appointed as a Co-Chair of the ISU Development Commission in December 1998 and subsequently as ISU Development Coordinator in October 2002. He held this position until June 2016. The ISU Development Coordinator is an “ISU Official” and belongs the group of Officials as listed in the minutes of every ISU Congress.

Evidence:

Minutes of the ISU Congresses 2002 till 2016

Additionally, the Alleged Offender has signed and submitted to the ISU Office a so-called “Declaration for Competitors and Officials entering ISU Events” for the season 2016/2017, signed on November 10, 2016. In this declaration form he was assigned as “Team Official”.

In his “Declaration for Competitors and Officials entering ISU Events” the Alleged Offender confirmed,

I/we, the undersigned,

I) accept the ISU Constitution, which establishes an ISU Disciplinary Commission (Article 25) and recognizes the Court of Arbitration for Sport (CAS), in Lausanne, Switzerland as the arbitration tribunal authorized to issue final and binding awards involving the ISU, its Members

*and all participants in ISU activities, excluding all recourse to ordinary courts (Articles 26 & 27);
VI) am familiar with the ISU Code of Ethics (ISU Communication 1717 or any update of the Communication)....*

Thus, the Panel is convinced that the Alleged Offender was an ISU Official as required in Article 24 Paragraph 1 ISU Constitution 2014.

As stated above the termination of the Agency Agreement between MGST and the ISU did not influence the personal status of the Alleged Offender as an ISU Official.

But immediately after the ISU Congress 2016, on June 11, 2016, the Council decided:

“Based on the 2016 Congress decision to create a Development Commission and to discontinue the present function of the Development Coordinator, the Council decided to terminate with immediate effect the cooperation with Mr. György Sallak.”

Evidence: **Communication No. 2017, Decisions of the Council, Paragraph 4**

Accordingly, the appointment of the Alleged Offender as Development Coordinator ended on June 11, 2016.

Notwithstanding that the appointment as Development Coordinator was terminated, the Alleged Offender and the Hungarian National Skating Federation on November 10, 2016 submitted the “Declaration for Competitors and Officials entering ISU Events” to the ISU Office for the season 2016/2017 to be entered as “Team Official”. That means that still in the season 2016/2017 the Alleged Offender considered himself to be an ISU Official.

But in March 2018, when the Statement of Complaint was filed with the ISU Disciplinary Commission, there were no evidences that the Alleged Offender was still an ISU Official. Therefore, the Alleged Offender alludes to the decision of the Panel in the case No. 2017-07, ISU vs. Gorojdanov, in which the Panel has terminated the proceedings, because Mr. Gorojdanov had resigned as judge and was no longer an ISU Official and not subject to the jurisdiction of the ISU Disciplinary Commission.

In the case No. 2017-07, ISU vs. Gorojdanov, the Panel has terminated the proceedings, because Mr. Gorojdanov has resigned as a judge and confirmed that he would not apply for a reinstatement within the next three years. The sanction which the Panel would have imposed on Mr. Gorojdanov when the proceedings would continue, would not have exceeded a one year’s suspension. Therefore, the Panel has found that it was no longer in the interest of the ISU to continue the proceedings and decided to terminate it.

In the present case the ISU is interested in a declaratory judgment that the Alleged Offender has violated the ISU Code of Ethics, even though the Alleged Offender was no longer an ISU Official when the proceedings before the ISU Disciplinary Commission started. The ISU is interested in the ascertainment of the facts which prove the offences committed by the Alleged Offender when he officiated as Development Coordinator. Further the ISU is interested in preventing the Alleged Offender from running as a candidate for an ISU office in future. The Panel takes into consideration that the Alleged Offender at the last ISU Congress 2016 stood as candidate for the election of the ISU President and

gained 52 votes compared with 63 votes for the elected President. Therefore, the Complainant needs a decision of the Panel about the violation of the Code of Ethics and the loss of eligibility of the Alleged Offender in future.

Thus, the Alleged Offender is subject to the jurisdiction of the ISU Disciplinary Commission.

According to Article 24 Paragraph 6 a) ISU Constitution 2014 the Complaint must be filed with the Disciplinary Commission within 60 days of learning of the facts, which constitute a disciplinary or ethical offence. The Complainant has learned of the misconduct of the Alleged Offender through the final report of Deloitte SA, Geneva, dated January 25, 2018. The complaint has been received by the Disciplinary Commission on March 19, 2018, i.e. within the 60 days' time frame.

The Complaint is admissible.

III. Facts

The Alleged Offender was appointed as a Co-Chair of the ISU Development Commission in December 1998 and subsequently as ISU Development Coordinator in October 2002. He held this position until June 2016 when, immediately after the conclusion of the ISU Congress, the newly elected ISU Council terminated his appointment.

Evidence: Communication No. 2017, Decisions of the Council, Paragraph 4

The terms of his engagement are stated in the engagement letter of January 14, 2009 which was replaced by an Agency Agreement of May 12, 2015 concluded between the ISU and - upon the Alleged Offender's request - MGST Ltd., a company entirely owned by him. From these documents it follows that the Alleged Offender received a yearly remuneration from the ISU of CHF 110'000.-- until September 2014 and of CHF 143'000.-- thereafter, plus travel expenses.

The Development Program and the duties of the ISU Development Coordinator for the relevant period were regulated in the ISU Constitution (Art. 4 paragraph 2 and Art. 23 of the 2014 Constitution). In particular, the ISU Development Coordinator was responsible for fair and effective distribution of ISU financial support to and for the benefit of ISU Members and participants and to assure that ISU Development Program funds were expended carefully (Constitution Art. 4 paragraph 2).

Of particular importance in this context is his duty to evaluate programs and to prepare tentative proposals and budgets for development projects and to properly check the use of financial contributions to ISU Members for individual projects (Art. 23 paragraph 4 b) and f) 2014 Constitution and ISU Communication No. 1531, paragraph 111.4), which, of course, encompasses the proper control of the final financial reports for respective projects.

On April 20, 2015, Mr. Istvan Darázs, as project manager and coordinator of the event submitted an application on behalf of Hungarian National Skating Federation (HNSF) for organizing a Short Track Speed Skating development camp in Budapest in January 2016. Mr. Darázs was at that time employed as Short Track and Speed Skating Director of the HNSF and had been hired by the Alleged Offender in his capacity as Director General of HNSF. The application for the development camp contained a budget of CHF 121'280.00 and requested an ISU contribution of CHF 108'400.00.

In his function as ISU Development Coordinator the Alleged Offender, during a meeting on May 13, 2015 in Amsterdam, recommended to the ISU Sports Director Speed Skating and to the Vice President Speed Skating to approve the event and the budget. In this meeting the Alleged Offender recommended the acceptance without any warning whatsoever of the inflated and/or fake costs items. Relying on the expertise, experience, knowledge of the Hungarian market and due diligence of the Alleged Offender, Vice President Dijkema approved the project in good faith. 80% of the ISU contribution, i.e. CHF 86'720.-- were paid upon Mr. Sallak's instructions, the remaining 20% were supposed to be paid upon completion of the development camp.

As the Deloitte Report reveals, HNSF - undoubtedly with the knowledge of the Alleged Offender as its former Director General and then General Managing Director for International Relations but without knowledge and/or consent of the ISU - contracted ZSUR-Bt to organize the event, as it had done under a framework agreement with the company with respect to several other ISU funded development camps and events since 2002, always without knowledge of the ISU. As follows from the excerpt from the trade register of February 28, 2018 and must have been known to the Alleged Offender - also because of his close relationship with Mr. Darázs - ZSUR Bt. is a limited partnership of which Mr. Darázs was a majority member from 1994 until 2001 and a member until 2010. His son and his daughter have been and continue to be members of the company since 2003. In an interview with Deloitte of May 16, 2017, Mr. Darázs claimed to have ceased all relations with ZSUR Bt. in 2010 when he transferred his shares to Ms X, managing director of ZSUR Bt. However, apart from the fact that due to the membership of his children Mr. Darázs retained close, conflict of interest relevant ties with ZSUR Bt., the transfer of his shares to Ms. X was of a fiduciary nature only, with the purpose of disguising his conflict of interests consisting in his ownership in ZSUR Bt. on one hand and his function within HNSF, in which he concluded commercial contracts, at least partly for ISU funded activities, with the same ZSUR Bt. on the other hand. The suspicion of a merely fiduciary transfer of ownership with the Alleged Offender always having remained a beneficial owner of the company is strongly supported by the fact that on September 11, 2017, shortly after having been suspended by HNSF as Short Track and Speed Skating Director in the beginning of September 2017 (based on the ISU investigation of development project 16-01), Mr. Darázs was registered as official owner of ZSUR Bt. again. In any event, regardless of Mr. Darázs' actual relationship with ZSUR Bt. the Alleged Offender has failed to inform the ISU about the obvious conflict of interest situation with respect to the engagement of ZSUR Bt. for the organization of the development project 16-01.

After the Budapest training camp was concluded, on February 17, 2016, the Alleged Offender approved Mr. Darázs' final report, including financial report and a summary of the allegedly total costs spent in the amount of CHF 132'362.--, together with the request to have the not yet paid part of the ISU contribution transferred to HNSF as soon as possible. The receipts supporting the alleged total costs included four handwritten invoices issued by ZSUR-Bt. to HNSF on January 14, 2016. However, no invoices of the actual ZSUR-Bt subcontractors, namely the actual providers of the services, was included.

The ISU noticed that in the final report accommodation costs had been reported as medical camp duty costs and vice versa which raised its suspicion. Therefore it has been withholding the outstanding balance of the ISU contribution in the amount of CHF 21'280.-- to date and started an internal review of the training camp and the alleged costs related thereto. Based on these findings Complainant decided to have an audit of the development project 16-01 performed and engaged Deloitte for the purpose of reviewing respective transactions.

In summary Deloitte reported in the table below, the expenses as reported in the ISU Final Report, the Subcontractor Report and corresponding supporting invoices:

Table 1: Summary of reconciliation

Category	ISU Final Report (CHF)	Subcontractor Report (CHF)	Subcontractor invoices (CHF)
Ice rental	10,530	5,757	5,757
Weight room	2,880	-	-
Sport hall and fields	3,420	-	-
Travel and transfers	2,742	5,657	5,657
Room for technical seminars	1,900	-	-
Medical duty	12,800	1,886	1,886
Accommodation and boarding	67,900	33,244	33,244
Supervisor and project manager, Moderators, demonstrators	29,000	15,935	5,710
Administrative cost of organization	1,190	2,542	2,542
Hotel damages	N/A	276	276
Subtotal	132,362	65,296	55,071
ZSUR margin	N/A	10,522	
Total	132,362	75,818	55,071

Based on the findings of the report, the total amount of unsupported and potentially inflated costs amounts to CHF 51,189 and is summarized in the table below:

Table 2: Breakdown of unsupported costs¹

	CHF
A Final ISU Report amount (equals ZSUR Event Invoices' amount	132,362
B Subcontractor Report amount (taxes included)	75,817
<i>Out of which</i>	
B1 Items for which Subcontractor Invoices were provided	55,072
B2 Items not supported by invoice	10,224
B3 Labelled as ZSUR Bt margin	10,521
C VAT charged by ZSUR Bt (to be paid to tax authority)	26,101
D Unsupported amount (A-B1-C)	51,189

The unsupported costs are explained in detail in the Deloitte Report Chapter 5, Our Findings.

The Complainant believes that the Alleged Offender is responsible for numerous irregularities related to ISU development project 16-01. He approved, on behalf of the ISU, a totally non-transparent and completely false, fabricated budget. In particular he failed to inform the ISU that HNSF would outsource the event organization and this to the closely to Mr. Darázs and his family related ZSUR Bt., despite the obvious conflict of interest. At the same time the budget approved by him was based on grossly "overestimated" items, in particular ice rental fees, medical services and accommodation. This cannot be due to simple "wrong guessing" by the project manager and the Alleged Offender himself, especially because in his function as ISU Development Coordinator he had been involved in several ISU development projects run by HNSF in Budapest before, for which the same service providers as in project 16-01 were

engaged. Rather, he deliberately approved the inflated budget positions which were supposed to cover hidden costs, in particular salaries and the "margin" for ZSUR, in preparation of the equally false and inflated final financial report of Mr. Darázs of January 17, 2016, most probably expecting that the false, unjustified figures of that report would go unnoticed, as long as they remain approximately in the range of the approved budget.

IV. Motion

I. Complainant moves

1. To find the Alleged Offender guilty of violations of the ISU Code of Ethics.
2. To exclude the Alleged Offender for life from all ISU activities, in accordance with Article 24 paragraph 9 a) iv) of the ISU Constitution 2014.
3. To impose upon the Alleged Offender the reimbursement of all costs incurred by the ISU related to the present proceedings.
4. To assess the costs of the proceedings against the Alleged Offender.

II. The Alleged Offender

1. challenges the jurisdiction of the ISU Disciplinary Commission,
2. requests a 30-day time limit to file a statement of defense in case the ISU Disciplinary Commission declares to be competent.

V. Law

The legal basis for this decision is ISU Constitution (2014) Art. 24 Paragraph 9 a) iv), ISU General Regulations (2014) Rule 125 Paragraph 4 and 5, and the ISU Code of Ethics 2012 (ISU Communication No. 1717), which was approved by the ISU Congress 2012 (see: Minutes of the 54th Ordinary Congress 2012, page 36).

ISU General Regulations Rule 125 (2014) states:

Rule 125

4. *Compliance with ISU Rules and the Code of Ethics*
Office Holders, Officials, ISU Members, Remunerated Persons and Voluntary Persons, and eligible Skaters and Coaches, participating in any ISU activity shall comply with any applicable statutes, position descriptions, ethical declarations and codes of conduct prescribed by the Council. Failure to comply may result in sanctions imposed by the Disciplinary Commission in accordance with Article 24 of the Constitution.

5. *Disciplinary Sanctions*
Sanctions may be imposed by the Disciplinary Commission in accordance with Article 24 of the Constitution against any Skaters, Official, Office Holder or other participant in ISU activities who can be proved to have acted against the spirit of the ISU Statutes or otherwise improperly.

As decided before, the Alleged Offender was an ISU Official when he organized and performed the Project 16-01. He was responsible for numerous irregularities when he managed the Project 16-01. He violated the ISU Code of Ethics 2012, Paragraph 4.

The relevant provisions of the Code of Ethics in this case are (underlined what is applicable):

4. My Personal Ethical Commitment to the ISU and Skating

All who involve themselves with the ISU in any capacity shall be deemed to agree that this Code is a commitment to be observed and honored as if expressed in a written document, solemnly signed by the involved person, and containing the following provisions:

a) I agree to read and become familiar with the ISU Statutes applicable to the ISU sport activity that I serve. I agree to give particular attention to all provisions respecting fair, impartial sports competition measures. I agree to comply fully with all ISU requirements, and to exemplify by my conduct and my oral and written expressions, the highest standards of honesty, respect, truth, fairness, ethical behavior and sporting attitude.

The Alleged Offender has betrayed the ISU Council and Director General when he submitted a wrong budget and wrong financial report of the Project 16-01.

c) I accept that my participation in any ISU activity is an honor and privilege that carries important responsibilities. I will not use or possess illegal drugs, or directly or indirectly participate or aid in illegal drug use or drug rule violations, cause damage to persons or property, or engage in illegal activity, recognizing that all such activities bring disrepute to the skating sports and the ISU, and, in certain cases, may result in criminal charges and ISU action against me.

His action has caused a financial damage to the ISU and brought disrepute to the skating sport and the ISU. The Deloitte report states the total amount of unsupported and potentially inflated costs amounts to CH 51,189.00. The Claimant estimates the financial damage at a minimum of CHF 50,000.00.

According to criminal law the behavior of the Alleged Offender constitutes an offence. It may be left for criminal proceedings whether elements of fraud or embezzlement are fulfilled. The Panel has only to decide upon the violation of ISU Rules. The Panel is convinced that the Alleged Offender has caused a damage to the ISU - financially and ethically - and that his action may result in criminal charges.

f)I agree that my performance, conduct and comments while serving the ISU should genuinely stimulate trust and confidence among the Members, Skaters, officials, media and the public at large. I understand that my actions can reflect on the ISU and the sport of skating both positively and negatively. I recognize that even the appearance of misconduct, impropriety, insincere attitude or purpose can be damaging. I agree not to hold any official position within my Member organization that at any time could be, or reasonably appear to be, in conflict with my independent status, duty and loyalty to the ISU.

The Alleged Offender has tried to cover up his misappropriation. When Deloitte on June 29, 2017 informed the ISU Office that at the occasion of an interview between Deloitte and HNSF the Alleged Offender and Mr. Darázs had stated that the audit had no legal ground and that they would no longer cooperate.

h) To assure my independence and integrity, and the honesty of the ISU sports, I agree to absolutely reject and forego any partisan and parochial attitudes, approaches and interests, to refrain from any attempt to influence the course and/or results of any ice skating event in a manner contrary to sporting ethics, to refrain from participating in all forms of betting or support for betting or gambling related to any event/activity under the jurisdiction of the ISU, and to adhere strictly to the larger purposes and mission of the ISU as the Union of all Members. I agree to: (1) prompt disclosure of my personal interest in any situation that could reasonably be considered to involve a conflict of interest; (2) abstain from making or influencing decisions involving personal or family gain or public acclaim; (3) absolute independence on my part which excludes favoritism for, or prejudice against, any Member, Coach, Skater or his/her family member, ISU Office Holder or country; and (4) strict observance of the confidentiality of non-public ISU information or when disclosure is prohibited by law or the ISU Statutes.

The Alleged Offender manifestly approved and supported ZSUR Bt. as vehicle for defrauding the ISU and providing unjustified financial benefits to Mr. Darázs, and ZSUR Bt. The Alleged Offender damaged the ISU when benefitting Mr. Darázs and the Darázs family related ZSUR Bt. Rather, there is justified suspicion that the Alleged Offender himself shared in the unlawful profits of his wrongdoings.

j) I agree that ISU properties, funds, services and influence are not to be appropriated or misused for my private gain and that all commercial and sport activities of the ISU are to be conducted in compliance with all applicable laws and the ISU Statutes.

The Alleged Offender has misused the ISU funds relating to the Project 16-01 for his private gain and in favor of Mr. Darázs and his family company ZSUR Bt.

The violation of the Code of Ethics paragraph 4 a, c, f, h, and j) results in a sanction as stated in Article 4 p) Code of Ethics:

p) I understand that if a violation of this Code on my part is determined also to be "misconduct", the ISU may suspend me for a definite period or forever exclude me from all ISU events and activities. I understand that all disciplinary proceedings respecting "misconduct" will be conducted as provided in the ISU Statutes. (see ISU General Regulations Rule 125).

The Complaint is admissible and well-founded.

The motion of the Alleged Offender, to grant another 30 days' time limit for a statement of defense, is rejected. The Panel has extended the time limit already by Order No. 2 and emphasized that this second time limit is preclusive. As the Alleged Offender failed to submit his Statement of Reply by the extended time limit, the Disciplinary Commission delivers its final decision.

VI. Decision

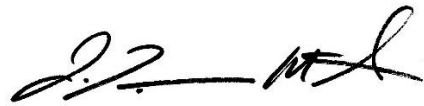
1. The Alleged Offender has violated the ISU Code of Ethics 2012, paragraph 4 a, c, f, h, and j).
2. The Alleged Offender is excluded for life from all ISU activities, in accordance with Article 24 paragraph 9 a) iv) of the ISU Constitution 2014.
3. The Alleged Offender has to bear the costs of this proceedings, including the costs of the audit.
4. The amount of all costs which the Alleged Offender has to reimburse the Complainant will be assessed in a separate decision.



Volker Waldeck



Albert Hazelhoff



Jean-François Monette

The present decision is subject to appeal to the Court of Arbitration for Sport, Avenue de Beaumont 2, CH-1012 Lausanne, Switzerland, within 21 days upon receipt of the decision, in accordance with Article 25 Paragraph 12 and Article 26 of the ISU Constitution 2016.