

## **Was Saracens' punishment for breaking the salary cap fair?**

I have had a love for rugby as long as I can remember. I have grown up watching and playing this sport I love. I have grown up supporting Harlequins and I have always felt so jealous of Saracens, our rivals. They were the Galacticos of rugby. They had an all-star team full of the very best; they had 17 players at the 2019 World Cup more than any other club side in world rugby. This is why when Saracens were given a 35 point deduction because of a breach of rugby's salary cap I was in shock. I felt angry at how they had managed to cheat for so long; I felt happy because it meant we could always call them cheats. These feelings subsided and I became confused. What else had they been hiding? Why did they still have their trophies? Why haven't they lost any players?

This inspired me to write this report. I will find out whether Saracens were treated fairly compared to other examples of misconduct in sport. I will investigate the severity of the crimes compared to Saracens' and the punishment that came with it. I am going to assess not just the financial damage to these clubs but also the reputational damage. I am going to find out whether Saracens' punishment truly fitted the crime.

### **What they did?**

There has always been controversy around this Saracens team; how did they afford all of their star players? This led to an investigation by Premiership Rugby and an independent report was published by Lord Dyson in 2020. His report stated that Saracens went over the salary cap by £1.1m in 2016-17; £98,000 in 2017-18; and £906,000 in 2018-19. This means they were 15.7%, 1.4% and 12.8% over the salary cap respectively. The salary cap is a way many sports try and make their sport an equal playing field by making sure richer teams don't buy their way to victory. The salary cap is currently £7 million per club with two players who can be payed outside of the cap. These players are called 'Marquee Players' and they are usually the stars of the team. Saracens did not cheat by simply paying players more money. They paid their players in other ways.

Firstly, their owner Nigel Wray invested in players' companies. These companies weren't normal companies; one example was Maro Itoje's image rights. The Dyson report notes a salary cap breach with regards to what they said was an overspend of £871,000 by Wray and two other directors buying shares in Itoje's image rights company. They paid £1.6m for a 30% stake in Itoje's image rights company based on an evaluation by PwC (an accountancy firm). Premiership Rugby said the shares were only worth £800,000 based on a valuation by a different firm but Saracens paid Maro Itoje extra because he was being paid less in his normal salary. Maro Itoje is one of the best rugby players in the world and is an England regular. Saracens would have certainly wanted to keep hold of him even though they probably couldn't afford his true salary worth.

Another example of how Saracens paid their players to stay at the club was in property ventures. Nigel Wray would offer to share the costs of property investments with a player. This could be a new house or building work. One example of this was with Chris Ashton: the report noted that Ashton paid 80% towards a house worth £1.4m, while Wray and another director paid 20% towards the property. This was a benefit and equivalent to salary and meant that Saracens did not have to pay any more while still keeping a very good player at the club. There were many other examples of these types of payments; this was what caused Saracens to go so far over the salary cap.

### **Punishment**

Saracens were fined £5.3 million in November 2019 along with a 35 points deduction. This was all to change though because in January Saracens were given the option of opening up their books and proving that they would not be over the salary cap in the 2019-2020 season or accepting relegation. They accepted relegation and will now play the 2020-2021 season in the second tier of English Rugby (The Green King IPA Championship). They also received the same £5.3 million fine. This scandal

resulted in Nigel Wray resigning as chairman of the club but there was no imposed punishments on any individuals.

Saracens were reckless in their cheating. They were warned that there would be severe consequences, but they continued. Saracens will now have to deal with the prospect of relegation. This will hit them financially; they will have to deal with smaller support and loss of many sponsors, but will this affect them massively? They will receive 'Parachute Payments' by the Premiership to make sure they will not go bankrupt. 'Parachute Payments' are payments given to newly relegated teams in many sports. These payments consist of the TV revenue and sponsorship that clubs in the higher league receive from the league. Furthermore, star players will be loaned out to other teams while Saracens are trying to get back into the Premiership. Saracens can also use this as an opportunity to try out new talent. They still have their many trophies they have won, and in years to come they will still be known as 3 time Premiership winners.

### **Harlequins 'Bloodgate' scandal.**

The first scandal I am investigating is the 'Bloodgate' scandal. This took place in a Heineken Cup match between Harlequins and Leinster in 2006. Harlequins were a young team who were full of hope for the future; they had a superb coach in Dean Richards who was one of the best coaches in Europe. During the match against Leinster, Harlequins were trailing 5-6 with 5 minutes to go when Tom Williams, who had just come onto the pitch, was told by coach Dean Richards that he would be coming off for blood. Confused Williams went onto the pitch but with 2 minutes to go, Williams was brought a blood capsule by physio Steph Brennan. Williams bit down on it and went off. Then, a more accomplished goal kicker Nick Evans came on to hopefully win the match. Despite this ploy Harlequins did not win the match; Leinster were incredibly suspicious and after the match tried to confront Harlequins in their changing room. Harlequins at first denied all claims but after an investigation was launched they admitted to using a blood capsule.

### **Punishment**

This was a disgraceful bit of cheating and Harlequins were given a £260,000 fine. Harlequins were not kicked out of the Heineken Cup, but individual punishments were: a 12-month ban for Williams (reduced to four months on appeal), a three-year ban for director of rugby Dean Richards and a two-year ban for physiotherapist Steph Brennan. This incident caused a massive dent in their reputation which is still being rebuilt to this day.

### **Verdict**

These two examples of cheating may not seem relatable, but they are still infringements of the rules. They both cheated in order to win and had the feeling of winning as a motivation. The £260,000 fine received by Harlequins was a massive fine for something which happened in one match while Saracens were fined £5.3 million for breaches across 3 whole seasons. Therefore, Saracens had cheated in around 72 games, which equates to £73,611 per match. This shows that Saracens were let off lightly compared to Harlequins and since they play the same sport, they weren't treated differently because of their financial worth. Moreover, Saracens weren't given any individual punishments; they still have the same coach and players. None of their players have had their careers ruined with bans like Tom Williams - he will always be remembered as 'Bloodgate man'.

### **Melbourne Storm Salary Cap Breach**

The second example of misconduct in sport I have explored is the Melbourne Storm salary cap breach of 2010. Melbourne Storm are an Australian rugby league side who play in the Australian National Rugby League. This is often thought to be the best rugby league league in the world. Melbourne Storm's breach was found out by the NRL after an investigation conducted in late 2009 and early 2010. After initially denying the claims, Storm officials confessed on 22 April 2010 that the club had

committed serious and systematic breaches of the salary cap for the last five years by paying their players in other instalments outside of the salary cap and this left the NRL ignorant of: \$3.78 million including \$303,000 in 2006, \$459,000 in 2007, \$957,000 in 2008, \$1.021 million in 2009 and \$1.04 million in 2010. The salary cap for the Australian National Rugby League was: \$4.1 million in 2010 and 2009, \$4 million in 2008, \$3.9 million in 2007 and \$3.6 million in 2006. This meant they were: 8.4% over in 2006, 2% over in 2007, 23.9% over in 2008, 24.9% over in 2009 and 25.3% over in 2010. For one player, a \$400,000 contract lodged with the NRL was found out to be valued at \$950,000 and contained a \$20,000 gift voucher for a national retailer and a \$30,000 boat. Other offers included a new car for a player's partner, and \$30,000 in home renovations. During these seasons, Melbourne Storm had been very successful - winning the 2007 and 2009 premierships and the World Club Challenge.

### **Punishment**

NRL Chief Executive David Gallop fined them an Australian sporting record \$1,689,000 which included \$89,000 of prize money from the World Club Challenge. Also, all eight premierships points they had already received in the 2010 season were taken away and he barred them from receiving any more Premiership points for the rest of the 2010 season while they still played out all of their games. They were essentially relegated without going down a division. He also stripped Storm of their 2007 and 2009 Premierships. Furthermore, the NRL introduced requirements for players and their agents to sign statutory declarations pledging their contracts comply with salary cap regulations, where previously only club chairmen and chief executives did so for biannual salary cap audits. This was because of the breach by Storm.

### **Verdict**

The breach of the salary cap by Storm was very similar to Saracens. They did not pay their players any more than the salary cap, they simply paid them additional money in other private instalments. The scale that Storm were over the salary cap is larger and over a longer period than Saracens, but the punishment received by Storm was less than the punishment received by Saracens. Saracens were fined over £3.5 million more. On the other hand, Saracens were not stripped of their Premiership titles and European Titles unlike Storm. This means that Saracens will still have their titles in years to come and the respect which comes with them.

### **New Orleans Saints 'Bountygate'**

The second example of financial cheating is the 'Bountygate' scandal. This scandal rocked American sport and it involved The New Orleans Saints American Football Team. During the 2009-2011 seasons, The Saints injured key players from opposing teams for money. After an investigation conducted by the NFL in the 2011 off season, it was determined that Defensive Coordinator Gregg Williams had initiated a fund soon after he arrived in New Orleans in 2009, in hopes of making the defence more aggressive. Between 22 and 27 Saints defensive players were involved. The players and Williams contributed their own cash to the pot and received cash payments based on their performance in the previous week's game. For instance, a special teamer (someone who chases after a punt) who downed a kick returner (someone who receives a punt and tries to run it as far as possible) inside the receiving team's 20-yard-line earned \$100. Players could also be fined for mistakes on the field such as missed tackles and giving away penalties. Players also received 'bounties' for 'cart-offs' (plays in which an opponent was removed from the field on a stretcher or cart) and "knockouts" (plays that resulted in a player being unable to return for the rest of the game). Players usually earned \$1,000 for 'cart-offs' and \$1,500 for 'knockouts' during the regular season, though they were encouraged to put their winnings back into the pot in order to raise the stakes as the season went on. Payments were known to double or even triple during the playoffs.

### **Punishment**

This was a gross act of cheating in which the team knowingly injured players. Saints were fined \$500,000; they also had to forfeit all of their 2012 draft picks. Furthermore, Defensive Coordinator Williams and

Head coach Sean Payton were suspended for the entire 2012 season; General Manager Mickey Loomis was suspended for the first eight games of the 2012 season; Assistant Head Coach Joe Vitt was suspended for the first six games of the 2012 season.

### **Verdict**

Saracens and New Orleans Saints both cheated in order to win and that was their definite motive. New Orleans Saints cheated across two seasons so cheated in around 40 games meaning they were fined around \$12,500 per game compared to Saracens who were fined £73,611 per game. In comparison, New Orleans Saints were let off lightly. They did not have to deal with the financial insecurities which come with being relegated because it's not possible in the NFL, and they did not have to give up their Super Bowl. This is comparable to Saracens, so the only difference is the fine and this is why Saracens were treated more harshly.

### **Juventus Match Fixing Scandal**

The third example of financial misconduct in sport is the 2006 Juventus Match Fixing. This scandal involved Juventus and other major football clubs in Italy. It involved the Juventus executives arranging amenable referees and assistants involving the Turin Club and those involving other teams which were considered allies to Juventus. The scandal first came to light as a consequence of investigations of prosecutors on the Italian football agency GEA World. Transcripts of recorded telephone conversations published in Italian newspapers suggested that, during the 2004–05 season, Juventus general managers Luciano Moggi and Antonio Giraudo had conversations with several officials of Italian football to influence referee appointments. In one of those conversations Moggi accused Pierluigi Collina and Roberto Rosetti (two referees) of being "too objective" and asked them to be "punished". Essentially, these executives organised referees they believed would favour Juventus. Moreover, these referees were getting paid significantly more money than their peers.

### **Punishment**

This scandal ended up with Juventus being stripped of the 2004–05 title (left not assigned), being downgraded to last place in the 2005–06 championship (title given to Inter Milan) and relegated to Serie B. They then had to start the next season with a 9 point deficit, and they were fined €75,000. There were many individual fines given out with 30 executives in total receiving bans from football; Luciano Moggi and Antonio Giraudo received life bans from football along with 2 year prison sentences.

### **Verdict**

The crime committed by Juventus is more severe than the one committed by Saracens; Juventus were cheating in a way that meant that they could change the game while not playing well, while Saracens still had to play at their best even though they had better players to help them win. In comparison to Saracens, Juventus were let off lightly. This is because Saracens were fined much more money and were also. Even though Saracens did not have to give up their title, they were fined over £4 million more. On the other hand, Juventus had to rebuild from nothing in Serie B with a 9 point deduction at the start of the season; they also had a mass exodus of players. The financial impact on the Serie A was the worst out of all parties affected as they had to deal with the loss of a massive team. They had to deal with the reputation damage and loss of many sponsors. Also, 30 star players left the league in the wake of the scandal joining other big leagues instead.

### **Manchester City Financial Fair Play Scandal**

The fourth example of financial misconduct is the 2020 Manchester City Financial Fair Play scandal. This scandal involved Manchester City Football Club lying to UEFA about their accounts and their sponsorship. City were found guilty by UEFA's club financial control body (CFCB) of having falsely inflated their sponsorship revenues, when they submitted their accounts. This followed an investigation sparked by the publication of 'leaked' emails and documents by the German magazine

Der Spiegel in November 2018. The 'leaked' emails and documents appeared to show that City's owner, Sheikh Mansour bin Zayed al-Nahyan of the Abu Dhabi ruling family, was mostly funding the huge £67.5m annual sponsorship of the City shirt, stadium and academy by his country's airline, Etihad. One of the leaked emails suggested that only £8m of that sponsorship in 2015-16 was funded directly by Etihad and the rest was coming from Mansour's own company, the Abu Dhabi United Group. This was against the UEFA Financial Fair Play Rules. The FFP was a major reform to encourage clubs not to make huge losses from escalating players' wages or overspend beyond their revenues. Breaking even – a maximum €45m loss was permitted for the first period 2012 to 2013, which has since been reduced – applies even if a wealthy owner is bankrolling those losses. City, where Mansour was massively funding player signings to rocket the club into the elite, faced an impossible task to meet the €45m deficit; they needed to show boosted revenues, and in 2011 Etihad's sponsorship greatly increased, the airline also taking on the naming of the council-owned stadium. The Der Spiegel emails suggested, however, that Etihad were funding only £8m of a sponsorship declared to UEFA as £67.5m, with the rest being funded by Mansour. So that meant the owner was funding losses, rather than sponsor revenues.

### **Punishment**

Manchester City were expelled from the Champions League for two seasons. They were also fined €30 million. This case is still pending and there has not been any punishments given by the Premier League yet. This financial cheating happened in the Premier League as well so there is likely to be another punishment.

### **Verdict**

Saracens and Manchester City both cheated to be able to pay for better players to give themselves a better chance of winning. City made sure they were never in too much debt, and this was so they could carry on paying lucrative transfer fees and salaries. This was an incredibly severe punishment, but UEFA want to crack down on this type of financial misconduct. The punishment given compared to Saracens' punishment was much more severe but this is in football and clubs are much richer in football so UEFA know they can fine larger amounts. Manchester City cheated over four seasons in the Champions League which meant they played around 32 games. This means they fined £165,000 per game. This was much more than Saracens' £73,611 per game. Manchester City are the same as Saracens in that they could face a mass exodus of star players and fans who only want to play for and support the "best of the best", but they will face no longer lasting effects just like Saracens; they will still be remembered as two time Premier League Champions over this period.

### **Conclusion**

Saracens committed a breach of the salary cap regulations. They cheated in order to win and that was their motivation. The players had their suspicions, but nothing was said. I have reviewed other examples of cheating in sport and I have concluded that their overall punishment was fair and probably not severe enough. Even though they received a bigger fine than they certainly should have done which was bigger than Juventus', Storm's and New Orleans Saints', they received a fitting punishment of relegation. They brought the game of rugby in England into disrepute therefore they certainly deserve relegation.

The reason Saracens' punishment was not severe enough is because there will be no long lasting impact on the team coming from this scandal. Relegation will only be for one year and due to 'Parachute Payments' the financial impact will be minimal. More importantly they have not been stripped of any of their titles. They will still have the respect which comes with these; they will forever be known as 3 time Premiership Champions and people in 30 years' time will look back on this Saracens team as serial winners. They will not be looked back on as cheaters. Also, Saracens were not given a severe enough punishment because none of their

players or coaches were suspended unlike Juventus, Harlequins and New Orleans Saints. This definitely should have happened to Saracens. How was Maro Itoje among other players who broke the rules not suspended? Premiership Rugby ruined Tom Williams' career but they would never do this to England players because they would be punishing the better players in the league and this could mean a loss in demand for the league. Moreover, how was Mark McCall not suspended as coach? He knew about the rules being broken and did not speak out; Dean Richards was suspended for 3 years for just being involved in Bloodgate. Mark McCall along with his players are very lucky men.

Can you imagine if drug cheaters kept their medals and trophies? Can you imagine if they were not banned? That is exactly what Saracens are doing. They are keeping everything they won by cheating, and it is disgraceful that they still have everything. This is like a robber getting a prison sentence but being allowed to keep what he stole. They will be like the New England Patriots American Football team who won the Super Bowl in 2017 and are forever remembered as one of the best teams in history – no one remembers that they deflated balls to have a better grip when playing in the rain.

There has always been cheating in sport – since the first ball was kicked or the first arrow shot. There has always been a belief of winning at all costs even if it means cheating. The reason sport is such a fantastic phenomenon is because there is never a fully predictable outcome, and this is because there are rules to ensure that sport always has a level playing field. This is one of the main reasons I love sport so much. I love the thrill of being involved or watching a game which is different to any previous ones and Saracens took away this feeling of excitement. Whenever this Saracens team got to a match, there was always this feeling of inevitability that Saracens would come out victors; they used to lose but never often. They took away one of sport's key factors and they ruined many teams' and fans' enjoyment of the game.

As a child I was told not to cheat - they never prosper; I was taught to never lie and that the truth is always right. Saracens definitely didn't tell the truth. Saracens definitely cheated, and they will still prosper. They should have been stripped of all of their titles, and all players and staff involved should have received bans and fines. Saracens were let off lightly.

## **Appendix.**

### **Websites**

Saracens Salary cap articles

<https://www.bbc.co.uk/sport/rugby-union/51222415>

<https://www.theguardian.com/sport/2020/jan/23/dyson-report-saracens-salary-cap-breaches-deal-by-deal>.

Articles for examples.

[https://en.wikipedia.org/wiki/Melbourne\\_Storm\\_salary\\_cap\\_breach](https://en.wikipedia.org/wiki/Melbourne_Storm_salary_cap_breach)

[https://en.wikipedia.org/wiki/New\\_Orleans\\_Saints\\_bounty\\_scandal](https://en.wikipedia.org/wiki/New_Orleans_Saints_bounty_scandal)

<https://en.wikipedia.org/wiki/Calciopoli>

<https://www.theguardian.com/football/2020/feb/15/manchester-city-uefa-financial-fair-play-sheikh-mansour>

## **Podcast**

Rugby Union Weekly Podcast: Bloodgate ten years on and multiple ones on the salary cap scandal.