



EUROPEAN ANTI-FRAUD OFFICE

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Hungarian court issues prison sentence in a case of fraud with EU funds

In February 2018, the Hungarian Capital's Court of First Instance issued a prison sentence of three and a half years for the director of a company who defrauded the European Union (EU) and the national budgets of €2.45 million (HUF 770 million), of which €2.1 million worth of EU funds. The origin of the case was an investigation concluded by OLAF in 2014.

The OLAF investigation revealed that the company had fraudulently applied for national and EU funding to replace machinery used in the manufacturing and printing of paper bags. Pursuant to investigative activities, OLAF found that the machinery was never replaced and the company had falsely declared the already existing equipment as new. False documents, including tender offers, contracts and invoices to prove the purchase of the equipment were prepared by the management of the company. The managers used an off-shore company to facilitate the fraudulent scheme.

OLAF submitted its findings as well as a judicial recommendation to the Hungarian judicial authorities in 2014. Subsequently, the Hungarian Capital's Main Prosecutor Office initiated a criminal procedure and issued an indictment in February 2017, on the basis of which the first instance ruling has now been issued. This ruling is subject to appeal.

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

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