

OLAF investigation leads to discovery of €23.6 million alleged fraud

An OLAF investigation into alleged fraud involving two EU-funded projects for broadband networks triggered national investigations as well as judicial procedures in Hungary.

In 2018, the European Anti-Fraud Office (OLAF) finalised an investigation into alleged fraud involving two projects for broadband networks that were co-financed by the EU through the European Regional Development Fund (ERDF). OLAF recommended the recovery of over 1.2 billion Hungarian forints – approximately €3.6 million – and issued a judicial recommendation to the Hungarian authorities to initiate criminal proceedings.

OLAF's investigation had found that the beneficiaries submitted overpriced invoices in order to receive the highest possible amount of financing, when in fact they implemented the projects at the lowest possible cost by using several levels of subcontractors. Most of the money obtained from these overpayments was then taken through complex bank transfers, including across borders, to finally circle back to one of the initial beneficiaries.

Based on OLAF's recommendation, the Hungarian authorities launched a large-scale criminal investigation that eventually covered 19 projects. The investigations revealed a sophisticated criminal organisation that is now accused of fraud against the EU and national budgets spanning over years.

In March 2022, the Bács-Kiskun County Prosecutor General's Office pressed charges against the alleged members of the organisation. According to the indictment, the total financial loss caused to the national and EU budgets was HUF 8.7 billion (around €23.6 million). Assets, properties and cars belonging to the defendants and companies involved were seized.

OLAF Director-General Ville Itälä said: *"Fake or creative invoices are one of the tricks we often detect in fraud cases. Similarly, fraudsters often try to dilute their traces through complex, cross-border financial transfers. OLAF investigators did a very good job here in reconstructing the scheme and following the money. I am proud of their work and I am pleased that our recommendations triggered investigations and criminal proceedings by the Hungarian authorities."*

More information can be found (in Hungarian) [in the press release](#) by the Hungarian Prosecutor.

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.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF's recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

For further details:

Jana CAPPELLO
Spokesperson
European Anti-Fraud Office (OLAF)
Phone: +32 2 29 85549
E-mail: olaf-media@ec.europa.eu
http://ec.europa.eu/anti_fraud



Eirini NIKOLAIDOU
Deputy Spokesperson
European Anti-Fraud Office (OLAF)
+32 2 29 83128
olaf-media@ec.europa.eu
http://ec.europa.eu/anti_fraud

