

OLAF Investigations in Illegal Funding of Construction Works Lead to Indictments in Hungary



News

Thomas Wahl

On 27 October 2020, OLAF reported that [Hungarian public prosecutors](#) had [indicted](#) four Hungarians for having pocketed more than €1.7 million in EU and Hungarian funding by illegally overpricing the costs for the renovation of children's playgrounds in Hungarian municipalities. An investigation, which was opened by OLAF in 2011 and closed in 2014, revealed that a consultant artificially had inflated costs estimations for renovation and construction works and subsequently manipulated public tenders. The consultant and three other accomplices built up a system to request EU and Hungarian public funding by means of overpriced offers. Furthermore, the consultant systematically favoured the same general contractor. The scheme let it appear that the work was carried out by sub-contractors at a much lower price; in most cases, the main contractor charged more than double the real cost of the work completed by the sub-contractors.

OLAF identified a total amount of €4 million in illegal subsidies for 145 projects. Now, the Hungarian public prosecutors have been indicted for illegal activities in 60 projects carried out during 2009 and 2013. The three main defendants pocketed more than 536 million forints (€1.7 million) in EU and Hungarian public money. The fourth defendant is considered to have defrauded almost 187 million forints (€609,000).

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ISSN: 1862-6947

<https://eucrim.eu>



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The project is co-financed by the [Union Anti-Fraud Programme \(UAFP\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



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