

Kickbacks turned into diamonds (Magyar Nemzet, 2018.03.26.)

(Original Hungarian version: <https://mno.hu/belfold/gyemantta-valt-alkotmanyos-koltseg-magyar-vedett-tanu-amerikaban-2455928>)

According to our information, a Hungarian citizen is in the FBI's witness protection program in the United States. He could be the key figure in a scheme of how defrauded EU funds are transferred out of Hungary. Even though the American authorities have alerted the Hungarians multiple times that they have this person in custody (who is wanted in Hungary for other reasons), the Hungarian authorities have not tried to arrange an interrogation.

A strange, tangled story came to our attention from American sources. A Hungarian man is living in the United States under papers provided by the FBI's witness protection program. American authorities have an interest in him because they suspect he was part of a network which was utilized in recent years to siphon off 3-4 billion euros (1300 billion forints) from Hungary into Arab and Asian bank accounts. Americans suspect this money originated from kickbacks from winning EU-funded contracts, reallocated payments for government politicians. The FBI suspects that the money was typically withdrawn from MKB (Hungarian Commercial Bank), occasionally from other government-controlled Hungarian banks.

These were cash transactions, occasionally amounting to a few million euros. After that, couriers (such as the man in the US under protection) would either smuggle the money outside the country in diamonds or through the shadow banking system of the Arab world, the so-called "hawala". The money was typically deposited in accounts in the Middle East or Singapore. (In the "diamond world", according to our information, some gems functions as cash substitutes instead of jewelry: even far away from the location of purchase, they are exchanged at a guaranteed price. Hence large amounts of money can be transported across borders without taking up much space, unnoticed, leaving no electronic trace.)

Four days ago, Magyar Nemzet asked MKB that in the last three years, how many lump-sum withdrawals over EUR 250,000 (approx. 80 million forints) did they have. We did not receive an answer as of our deadline.

The Americans suspect that some of the money came back to Hungary through straw-men, disguised as Arab investments, to buy luxury hotels, castles and other real estate. The American authorities are disturbed by the illegal financial methods because international terrorism is also financed through these channels (especially the hawala). They try to fight these methods any way they can.

We learned that US authorities have asked the Hungarian authorities for specific investigative acts on the basis of the testimony of the Hungarian man, but after thirty days they received a reply from Budapest that their colleagues here did not find any evidence of criminal wrongdoing. The essence of the money laundering method investigated by the FBI is that the bank line breaks when the money is moved, so it can no longer be linked to a person. The cash is later returned to the system, but from a seemingly legal, typically foreign source.

The Hungarian authorities also have a warrant out for the Hungarian man. According to Interpol's list, he is wanted on suspicion of considerable money laundering. In light of this, it is strange that Hungarian authorities don't want to interrogate him. According to the documents in our possession, the US authorities have informed the Hungarians several times since March last year that the man is at their disposal and can be interrogated at any time in the presence of the FBI. To this date, the Hungarian warrant has not yet been recalled but the Hungarian investigators also did not take the opportunity to question the man. (We asked the prosecutor's office four days ago why they haven't (interrogated the man), but they asked for our patience in their response. We are still patiently waiting for their explanation.)

Atlatzo.hu asked the US Department of Justice about the inter-country notification, but the DoJ didn't want to comment on this information. The Hungarian citizen can travel in the United States freely despite being wanted internationally. A member of our staff met him in person, but the man didn't want to make a statement.

Last June, Atlatzo.hu wrote about another case. The Budapest General Prosecutor's Office unprecedentedly initiated the extradition to the US of multiple Hungarian citizens accused of committing fraud and money laundering. The extradition didn't happen despite a final court decision. According to our information, the extradition was vetoed by the Hungarian Ministry of Justice. (We asked the ministry's press office about the reasons for it but didn't get a reply.) According to US information, two members of the criminal gang also acted as couriers in the procedure of smuggling out EU money from Hungary. They left large amounts of cash (in sums of five to six million euros, almost two billion forints) in Viennese apartments at the orders of their principals. If that's true, it's understandable why we don't want to extradite them to America.