

Database exposes Hungarian oligarchs hiding huge fortunes

How UBO registry documents proved that Hungarian pro-government businessmen owned a number of private equity funds

Why are private equity funds popular in Hungary?

- During recent years, wealthy businessmen close to the government discovered that private equity funds can be used like offshore companies
- They are perfect for tax optimisation AND hiding ownership
- The money is held by a fund manager company on behalf of the investors. Only the fund manager is subject to company ownership disclosure rules
- Real investors can stay hidden



Why are private equity funds popular in Hungary?

- As a result, private equity funds have multiplied: around 180 exist now
- Hundreds of billions of HUF worth of wealth have been transferred to them
- According to an estimation, by 2021, 3.5 percent of all Hungarian companies' profits were realized in private equity funds
- Many fund manager companies are clearly linked to business circles close to the government



Why are private equity funds popular in Hungary?

Private equity funds own, for example:

- the Hungarian motorway maintaining concession for 35 years
- hotel chains, restaurants, posh bars
- dozens of Budapest's luxurious palaces, many of them previously owned by the state
- banks
- industrial companies
- waste treatment plants



Beneficial ownership register

- Created in Hungary following EU regulations
- Currently operated by the tax authority, NAV
- Banks managing the accounts of business entities are responsible for uploading and updating UBO information
- Should UBOs of funds be declared??
- Who is the UBO of a private equity fund??
- **CONFUSION => HAPPY JOURNALIST**



Beneficial ownership register - findings

- **119** private equity funds registered at the time
- **37** reported their beneficial ownership to the registry
- 11 of these identified only fund managers as UBOs
- **26** identified UBOs with actual interest (from 39 to 100 per cent)
- 17 of these belonged to clearly pro-government businessmen
- **5** more were closely linked to pro-government business circles

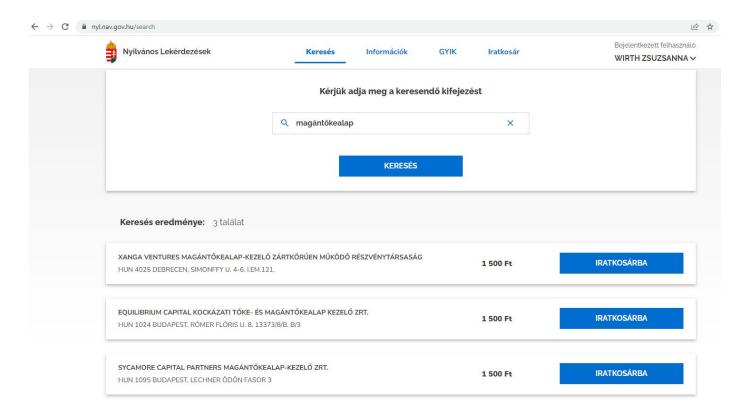


Beneficial ownership register - findings

- Lőrinc Mészáros, a friend of PM Viktor Orbán had a 100 per cent stake in 9 funds, another 2 belonged to his corporate lawyer
- István Száraz, a friend of the central bank director's son, owned almost 11 per cent of the Hungarian superbank Magyar Bankholding
- 2 funds were owned by a previously unknown real estate trader, who has links to Orbán's son-in-law's business circles
- One of the funds owning the motorway concession belonged to the billionaire owner of a private jet that is sometimes used by Orbán



Impact





Thank you for your attention!

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