



CLIENT ALERT – From our office in Budapest

Spate of cases of financial fraud in which the victims are French individuals or legal entities

Our firm has recently been consulted by several companies and individuals of French nationality who were victims of financial fraud involving a company registered in Hungary and therefore having a bank account generally opened with a bank located in Budapest.

The Hungarian police authorities (effectively assisted by the country's tax and customs services) have fully grasped the extent of this crime phenomenon and have not failed to alert us to the particularly high proportion of French victims in the cases they have handled. Moreover, it would appear that the existence in Hungary of a particularly simple and rapid procedure for setting up companies would make it easier for such fraud to take place in the country.

Depending on whether the victim is an individual or a company, the two fraudulent schemes often used are as follows:

- the sending to one of the employees of the company targeted by the fraudsters of e-mails from a member of management in which the employee in question is informed that a confidential transaction must be carried out and that a third party will return to him or her with details regarding payment terms.

After receiving these details, the employee transfers the requested amount to the account of a Hungarian company.

- As for private individuals, they are offered advantageous investment opportunities enabling fraudsters to obtain the transfer of large sums of money to Hungarian bank accounts.

In both cases, the police, having been duly notified, may order the bank to immediately block the funds fraudulently paid into the account of the company suspected of fraud.

This emergency procedure enables victims to recover, at short notice, the funds belonging to them in the event, of course, that the police might intervene before the funds are transferred to an account.

It is therefore important that companies' internal regulations establish control procedures to prevent such incidents from occurring and, if they do occur, alert mechanisms to rapidly inform financial institutions that may be required to intervene in the context of a disputed transfer of funds.