



This project is co-funded by the
Seventh Framework Programme for
Research and Technological
Development of the European Union



EU Grant Agreement number: 290529
Project acronym: ANTICORRP
Project title: Anti-Corruption Policies Revisited

Work Package: WP 6 Media and corruption

Title of deliverable: D 6.2 Case studies on corruption involving journalists

Case studies on corruption involving journalists: Hungary

Due date of deliverable: 31 August, 2016

Actual submission date: 31 August, 2016

Authors: Miklós Hajdu, Boróka Pápay, István János Tóth (BCE)

Organization name of lead beneficiary for this deliverable: UNIPG, UNIVERSITÀ DEGLI STUDI DI PERUGIA

Project co-funded by the European Commission within the Seventh Framework Programme		
Dissemination level		
PU	Public	X
PP	Restricted to other programme participants (including the Commission Services)	
RE	Restricted to a group specified by the consortium (including the Commission Services)	
Co	Confidential, only for members of the consortium (including the Commission Services)	

The information and views set out in this publication are those of the author(s) only and do not reflect any collective opinion of the ANTICORRP consortium, nor do they reflect the official opinion of the European Commission. Neither the European Commission nor any person acting on behalf of the European Commission is responsible for the use which might be made of the following information.

CONTENTS

1. Introduction	p. 3
2. The representation of specific corruption cases in the Hungarian media	p. 4
3. Main characteristics of investigative journalism in Hungary	p. 32
4. Lessons from the analysis	p. 52
Appendix	p. 53

Introduction¹

The aim of this paper is to analyse the role of media and journalists in uncovering of corruption cases in Hungary. How does the Hungarian media deal with corruption cases and how do the structure of political polarization and ownership structure of Hungarian media influence this special activity of journalists?

The paper consists of two parts describing the relation between the corruption and media in Hungary from two perspectives. In the first section we present four particular Hungarian corruption cases by briefly describing their background and analysing thoroughly the role of media in the outbreak of these scandals. The cases were selected in order to be able to explain the function of the Hungarian press, especially its investigative departments.

The second part of the study focuses on the general nature of the Hungarian press with special emphasis on investigative journalism. The aim of this chapter is to provide insights into the Hungarian media market and its influencing factors. The cases of the first section are often quoted to make the findings more illustrative. At the end of the paper we summarize the main lessons from this analysis.

The study is based on eight semi-structured interviews² with leading investigative journalists and one with a media expert in Hungary. The results of the fieldwork were processed anonymously; the conversations were not recorded. We subsequently analysed the articles and documents using the Google and other applications and databases³ related to the topic. The findings related to people, organizations or news outlets that are based on publicly available sources are indicated in the footnotes.

¹ We would like to thank Katalin Goldstein (Corvinus University Budapest) and Samuel Markson (Harvard University) for proofreading the study.

² Some more details of the interviews are presented in the second part of the appendix.

³ For instance, www.textplore.org (a software for content analysis with a database containing about three million articles) and www.kmonitor.hu (a database of articles from the online media dealing with corruption, public procurement, public spending and, in general, with the transparency of the public sphere).

The representation of specific corruption cases in the Hungarian media

1. Investigation with severe political effects: the Tocsik scandal

Relevance

The Tocsik case is considered to be the first important corruption scandal since the transition in 1989-90. It is still not known exactly who leaked the information about the scandal, but the intelligence agencies and the different interest groups are supposed to be the sources of the initial data. The journalists had positive roles in the outbreak of the scandal, which can be considered both active (enforcer or initiator) and passive (reporter or facilitator). The Tocsik case had serious political affects too.

Background

In 1996, the Prosecutor General's Office of Hungary filed a civil lawsuit on suspicion of fraud against Márta Tocsik, a lawyer, which was followed by a prosecution procedure a year later. For her involvement in the formalization of contracts of the National Privatization and Asset Management Corporation⁴ (later: NPAM) involving local government's land affairs, she received an 804 million HUF (5.3 million USD⁵) commission. During a long series of judicial proceedings lasting 12 years, many contradictory verdicts have been made⁶. Márta Tocsik was clearly only one of the actors, a scapegoat in a complex and iconic case of political corruption. One of the journalists who exposed the scandal wrote a eulogy for Márta Tocsik's death concluding that she was in the wrong place at the wrong time and her life was ruined because of a scandal in which she was supposed to be only a puppet.⁷ The Tocsik case was closely followed by the media and was used as a political tool to gain political capital.

In Hungary the act XIII⁸ of 1989 stated that the value of the lands of public companies has to be transferred to the local governments, as forming strong local governments was an important guiding

⁴ Állami Privatizációs és Vagyonkezelő Rt. (ÁPV Rt.)

⁵ Calculation is based on the average exchange rates in 1996 (source: www.mtieco.hu)

⁶ <http://k-monitor.hu/adatbazis/aktak/tocsik-ugy>

⁷ <http://www.komment.hu/tartalom/20130417-meghalt-tocsik-marta-1.html>

⁸ Hungarian laws are numbered in Roman numerals.

principle during the transition in 1989-90. Due to a controversial interpretation of this law, the center-right Antall-government⁹ (in office from 1990 to 1993) delayed its implementation and the NPAM could take advantage of determining the value of the local government's interests¹⁰. The act LIV of 1992, a retroactive regulation, decreased the amounts belonging to the municipalities. Local governments protested against the ruling by bringing hundreds of lawsuits against the state. During the era of socialist-liberal government – the coalition of the Hungarian Socialist Party (later: HSP) and the Alliance of Free Democrats –, the Supreme Court set a precedent in the city of Dunaújváros, making the Dunaferr Company¹¹ pay the sum of the initial claim for the local government.

The first actors of the Tocsik-case were the Vektor ltd. and the Vektor Broker ltd (see Figure 1.). These companies offered brokering deals between local governments and the NPAM for a performance fee of ten percent for the mayors.¹² One of their managers mentioned later in the press was Péter Lovas.¹³ On the 9th of December 1995, Imre Szokai, president of the NPAM and confidant of the current Prime Minister (Gyula Horn, HSP), introduced Márta Tocsik to Péter Liszkai, counsellor of NPAM. Five days later, Péter Liszkai (NPAM) and Péter Lovas (Vektor) finally reached an extrajudicial agreement about the sums that were entitled to the represented local governments. Liszkai named Tocsik as a mediator (for a ten percent commission), whose task was also cost minimizing for NPAM during the negotiation process. The appointment and payment of Tocsik was a result of a case of corruption involving multiple actors. The role of the Supervisory Board of NPAM was unclear but they did not prevent the deal and the employment of Tocsik by the Directory Board. Also, Tocsik was the only applicant of the two-day long application process for the position. Three kinds of problems surrounded this application process:

⁹ <http://www.britannica.com/biography/Jozsef-Antall>

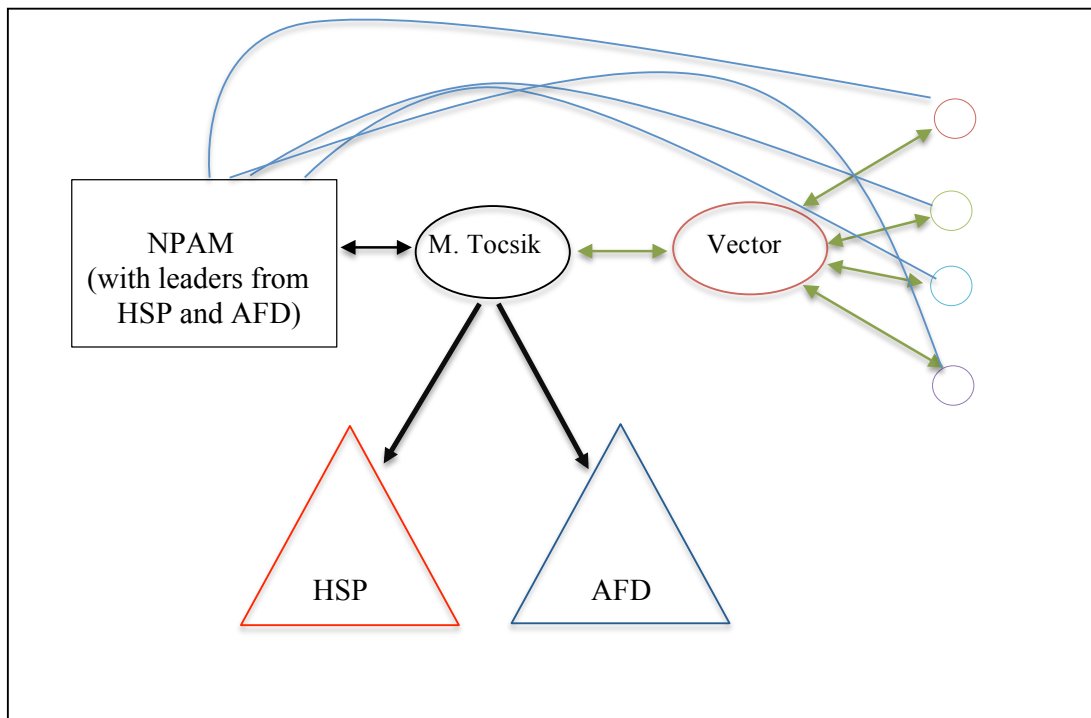
¹⁰ http://magyarnarancs.hu/belpol/a_szokai-tocsik-ugy_x-aktak-61137

¹¹ The Dunaferr Danube Ironworks is one of the most significant industrial producers in Hungary (<http://www.dunaferr.hu/en/>)

¹² <http://beszelo.c3.hu/cikkek/a-tocsik-botrany>

¹³ http://magyarnarancs.hu/belpol/a_szokai-tocsik-ugy_x-aktak-61137

Figure 1: The actors and mechanism of the Tocsik's case



- Notes:
- NPAM: National Privatization and Asset Management Corporation
 - M. Tocsik: Maria Tocsik, lawyer
 - (blue arrow): local governments brought hundreds of lawsuits against the NPAM
 - ↔ (black arrow): corrupt transaction (outsourcing of mediation to Marta Tocsik without competition with high level of commission)
 - (black arrow): transfer of bribes
 - HSP : companies owned by leaders of Hungarian Socialist Party
 - AFD : companies owned by leaders of Alliance of Free Democrats
 - Vector : Vektor ltd. and the Vektor Broker ltd, private owned companies
 - ↔ (green arrow): legal market transactions: Vector companies offered brokering deals between local governments and NPAM (via M. Tocsik) for a performance fee
 - (colored circle): local governments (in different colour)

1. Marta Tocsik established a monopoly position that allowed her frent-seeking,
2. the selection process of Marta Tocsik was not transparent but it was uncompetitive (she was the only applicant),
3. Marta Tocsik later transferred a high portion of her performance fee to firms related to the ruling parties (HSP and AFD)¹⁴.

¹⁴ It clearly appears that M. Tocsik played a role of 'broker' or 'middleman' between the corrupted leaders of NPAM (bribers) and the leaders of ruling parties (HSP and ADF). See: Della Porta, D. – Vanucci, A. (2012): The Hidden Order of Corruption. An Institutional Approach, Ashgate, Farnham, England, pp. 135-171. and Szántó, Z. – Tóth, I. J. – Varga, S. (2012): The social and institutional structure of corruption: some typical network configurations of corruption

An internal investigation aiming to uncover the aforementioned payments was suspended¹⁵. In total, the two Vector companies realized a 2 billion HUF profit (13.1 million USD¹⁶) and Márta Tocsik earned a total of 804 million HUF¹⁷. Tocsik transferred a large percentage of the payment to various private-owned companies close to the socialist and liberal parties which formed the government and individuals such as her secretary or even a cabdriver¹⁸. Tocsik's (eventually retracted) confession revealed that László Boldvai (treasurer of the Socialist Party at that time) and György Budai (an entrepreneur associated with the Alliance of Free Democrats, AFD) extorted money from her for the companies (Arány Ltd. and Utilitas Ltd.)¹⁹.

The scandal emerged on the 18th of September 1996, when Figyelő²⁰, a Hungarian weekly paper, published an article about NPAM trying to deal with local governments by hiring an external specialist²¹. On the 24th of September, Tamás Deutsch (member of the FIDESZ, an opposition party at that time) drew attention to the article in the Hungarian Parliament. Following a long chain of events, the government suspended the members of the NPAM directory board. On October 6, the Prime Minister dismissed Tamás Suchman (HSP member), the minister responsible for matters of privatization from his position. On October 8, the Prosecutor General's Office ordered an investigation against Tocsik for forgery of official documents and against an unknown suspect in the NPAM leadership. In the Parliament, a parliamentary committee headed by Tamás Deutsch was established to investigate the Tocsik case. One of our interviewees stated that the board of the NPAM led by Imre Szokai, and the board of the Alliance of Free Democrats (AFD), led by Iván Pető, knew about the money transfers between Márta Tocsik and the aforementioned companies.

The legal proceeding at first instance started on the 27th of November 1997 at the Budapest Metropolitan Court. In 1999, the Court dropped all charges due to absence of crime in the case of Tocsik, Liskai and Szokai, while determining abuse of influence by Boldvai and Budai. In 2000, the Supreme Court relaunched the procedure. In 2002, Tocsik was found guilty of abetment in embezzlement, was sentenced to 4 years in prison and was ordered to pay back a total of 640 million HUF. Liskai and Szokai were imprisoned and all charges were dropped against Boldvai and Budai. In April 2003, the charges were dropped against Tocsik, but she was fined 400.000 HUF for forgery by the Supreme Court.²² In 2008, she lost the civil trial and she had to pay back 562

transactions in Hungary, In: Vedres, B. – Scotti, M. (eds.): Network sin Social Policy Problems, Cambridge University Press, Cambridge, UK. pp. 156-176.

¹⁵ http://magyararancs.hu/belpol/a_szokai-tocsik-ugy_x-aktak-61137

¹⁶ Calculation is based on the average exchange rates in 1996 (source: www.mtieco.hu)

¹⁷ <http://beszelo.c3.hu/cikkek/a-tocsik-botrany>

¹⁸ http://magyararancs.hu/belpol/a_szokai-tocsik-ugy_x-aktak-61137

¹⁹ <http://beszelo.c3.hu/cikkek/a-tocsik-botrany>

²⁰ Literal translation of the title of the newspaper: Observer

²¹ http://magyararancs.hu/belpol/a_szokai-tocsik-ugy_x-aktak-61137

²² <http://budapesttimes.hu/2013/09/28/then-and-now-the-tocsik-case/>

million HUF as a result. She wasn't present at the trial due to her illness. She died in 2013²³, at the age of 61.

The HVG online news portal mentions that the Tocsik case helped FIDESZ to emerge as the most popular right-wing party. With the Tocsik case, FIDESZ received much of the media's attention and gained popularity²⁴. Also the Alliance of Free Democrats suffered heavy losses, the number of its supporters dropped in 1996; the proportion of the supporters of the Alliance of Free Democrats was fluctuating between 15 and 20 per cents in 1995, and it decreased to about 10 per cents after the eruption of Tocsik-case²⁵.

The role of the media in the Tocsik case

As the scandal erupted, the first details of the case were revealed by the editor and a journalist of Figyelő, Tibor Krecz and Zoltán Siposs^{26,27}. Initially the journalists were be considered as passive, positive – reporter or facilitator - actors in the Tocsik case, but that role became more active (enforcer or initiator). The documents – half-page summaries of the board decisions of NPAM²⁸ – supporting the story were hidden in a brown envelope left in a locker of the Budapest Keleti railway station²⁹. The key of the locker was put under a traffic sign next to a gas station on the M3 motorway near Budapest. However, the authors never talked to anyone about how did they came to know the existence of these documents, they only claimed that the source was not Tibor Krecz's wife, who worked at the legal department of the NPAM at that time.

The interests regarding the outbreak of the scandal remained unclear too. Zoltán Siposs suggested in his memoir written on the occasion of Marta Tocsik's death that one interest group wanted a too big share of the privatization and others became unhappy with that situation³⁰. Nevertheless, we can conclude based on interviews that the motivation of the journalists of Figyelő of writing the story derived from naivety. They acted instinctively and tried to do their job faithfully after they received the information about the case but they did not recognize the importance of the story. However, we should note that Világgazdaság, a daily newspaper, also possessed the information about the Tocsik-case.

The two journalists, Krecz and Siposs thought that their article would be immediately forgotten. But soon they were threatened and intercepted, the door of their editorial office was cracked and their

²³ http://index.hu/belfold/2013/04/17/meghalt_tocsik_marta/

²⁴ http://hvg.hu/gazdasag/20130417_Meghalt_Tocsik_Marta

²⁵ http://www.tarsadalomkutatas.hu/kkk.php?TPUBL-A-931/publikaciok/tpubl_a_931.pdf

²⁶ http://fn.hir24.hu/itthon/2005/09/21/1996_tocsik_ugy_nyitanya/

²⁷ http://fn.hir24.hu/gazdasag/1996/09/18/rendk_v_li_kiad/

²⁸ <http://cink.hu/mi-is-volt-az-a-tocsik-ugy-es-hogyan-leplezodott-le-474749417>

²⁹ <http://www.komment.hu/tartalom/20130417-meghalt-tocsik-marta-1.html>

³⁰ <http://www.komment.hu/tartalom/20130417-meghalt-tocsik-marta-1.html>

telephone directory was stolen by the Hungarian intelligence agencies led by István Nikolics (Minister of Civilian Intelligence Services). Tibor Krecz's wife was immediately fired from the NPAM, and a family feud emerged too due to the publication of the story³¹. Nearly twenty years after the first article appeared about Tocsik case, the authors still refuse to share details about their sources of information, and they are not keen on talking about the scandal.

Világgazdaság, the newspaper that also possessed the information about the activity of Tocsik, for unknown reasons just published them a day later than Figyelő – however as Világgazdaság was a daily newspaper, probably it could probably publish the story earlier, than Figyelő. Additionally, several journalists of other newspapers and magazines gained some information about the case, but they chose not to publish it. Krecz and Siposs also involved some of their colleagues for two reasons: on the one hand to show them that their statements are legitimate and on the other hand to have company in case of political retaliation. Even the editors of significant newspapers, like Magyar Hírlap, received the documents from Krecz.³²

The first article – its title was the “Saver I.” – of Figyelő revealed only the initials of Marta Tocsik, her full name was not published, as the system of the corruption was more important than her personality. Krecz and Siposs tried to interview “M. T.”, but she ignored their request citing her illness³³. The article's main statement was that an external advisor could earn 600 million forints in one year from the Hungarian state and is conferred with full powers to negotiate with local governments by the NPAM since January 1996, however the staff of NPAM was supposed to do this job. Another key fact was also revealed, that the NPAM violated its internal rules when Marta Tocsik was chosen to manage the negotiations, and political aspects were considered during the selection; however, the NPAM's managers pretended that a professional company had been ordered to do the work that was delegated to Marta Tocsik with an article published on the 13th August 1996 in the official journal of NPAM (Heti Privinfo). The authors referred to the documents justifying the scandal, however they did not mention their sources or any details of them. Moreover, they shortly interviewed Tamás Lovas, the director of Vektor (and the brother of Péter Lovas), and an affected mayor. Tamás Lovas said that more than a hundred local governments were involved into the negotiations, but he denied discussing the claimed amounts, the commissions and the circumstances of money transfers, however he declared that there is no legal relationship between Vektor and Marta Tocsik.

³¹ <http://cink.hu/tenyleg-a-felesege-szivarogtatta-ki-a-papirokat-exkl-474750779>

³² <http://cink.hu/mi-is-volt-az-a-tocsik-ugy-es-hogyan-leplezodott-le-474749417>

³³ http://fn.hir24.hu/gazdasag/1996/09/18/rendk_v_li_kiad/

A week later Figyelő revealed some more details in its second article (Saver II.) about the scandal.³⁴ It claimed that Marta Tocsik could have earned roughly 800 million forints instead of the previously mentioned 600 million forints, though her full name was dissembled again. The article cited several other newspapers (Magyar Hírlap³⁵, Népszabadság³⁶, Világgazdaság³⁷) that published the NPAM's statements about the circumstances of choosing and hiring the external advisor after the Figyelő's first article. Figyelő also noted that these official statements did not match with the information included in their documents regarding the scandal.

The portrait of Marta Tocsik was hidden for a long time; the first interview with a photo of her was published on the front page of a newspaper called Népszava³⁸ (close to left-wing parties) only several weeks after the outbreak of the scandal.³⁹ Meanwhile journalists had tracked down her address, had taken photos and videos of the house where she lived, and presented Tocsik's home as a luxury fortress. They had even tried to gather information from her neighbours. A tabloid named Mai Nap had published a sketch of her face.

When the third article⁴⁰ (Saver III.) about the Tocsik-case of Figyelő, on the 2nd October 1996 was published, the full name of Marta Tocsik was already known. Based on the exclusive information of Figyelő, the article revealed that in 1989-90, several proceedings were conducted against Marta Tocsik on account of document forgery and embezzlement, but in the end she was not punished. The journalists were able to conduct an interview with her, and she said that she was not personally working for NPAM, but her financial and legal agency did the work with subcontractors. The article also revealed a contradiction regarding the number of affected municipalities between the statements of Tamás Suchmann and the information of Figyelő.

On the 9th October 1996 Figyelő published only a paragraph⁴¹ (Saver IV.) about the political and legal proceedings started after the scandal had been unleashed, concluding that the first act of the Tocsik-case was finished. From then on the press started to report about these procedures. Based on its background information Figyelő formulated judgements about them (Saver V.)⁴² on the 30th October 1996. It also revealed some more information about circumstances of the beginning of the cooperation between the NPAM, the Vektor and Marta Tocsik, recalling the suspicion that Imre Szokai pushed her to be the external advisor.

³⁴ http://fn.hir24.hu/gazdasag/1996/09/25/indokolatlan_kiad_pv/

³⁵ Literal translation of the title of the newspaper: Hungarian Newspaper

³⁶ Literal translation of the title of the newspaper: People's Freedom

³⁷ Literal translation of the title of the newspaper: World Economy

³⁸ Literal translation of the title of the newspaper: People's Word

³⁹ <http://beszelo.c3.hu/cikkek/a-tocsik-botrany>

⁴⁰ http://fn.hir24.hu/gazdasag/1996/10/02/indokolatlan_kiad_pv/

⁴¹ http://fn.hir24.hu/gazdasag/1996/10/09/megtakar_t_iv/

⁴² http://fn.hir24.hu/gazdasag/1996/10/30/pv_rt_botr/

The role of the press changed over the course of the Tocsik-case proceedings. As the journalists began to gather more and more information and data about the case, they became active rather than passive participants. They began to find out the details of the case and personal information about Marta Tocsik.

The Hungarian public service television also broadcasted a report about the Tocsik case soon after Figyelő had published the first article in a news show, called Objektív. The director of Vektor was also interviewed in the show, and the transactions between Marta Tocsik and the Arány and Utilitas companies were uncovered in the Objektív on the 15th October 1996. The presenter and news editor was András Bánó, who had several affairs with the governments and his superiors because of the independent tone of his previous television programmes.⁴³ In the end of 1996 the president of the public service television put an end to Objektív. Bánó suggested, that because of their commentary about the Tocsik case, Objektív fell out of favour with the socialist-liberal government, ultimately leading its annulment. This was also confirmed by one of our interviewees. However the government did not really care about Figyelő after the report of Objektív had been broadcasted.⁴⁴ Figyelő published one more report⁴⁵ about the proceedings of the Tocsik-case in its series of articles (Saver VI.) at the end of January. As the investigation had started, several contracts, money transfer receipts and other documents came into the possession of the authorities, and the press could be informed from official sources. The involvement of the Alliance of Free Democrats and the Hungarian Socialist Party was also known by this time. Later the media reported on the progress of the lawsuits of the Tocsik-case.

During the interviews with journalists and media experts it turned out that some journalists – and their children – were threatened in connection with the Tocsik-case. Also some informers who were in high administrative positions who had promised to help the journalists, finally refused to support them due to the riskiness of Tocsik-case. In addition, Marta Tocsik personally tried to persuade journalists not to write about the scandal. But even if some news outlets initially supported her, they finally published articles about the Tocsik-case too.

Conclusions

The Tocsik-case was the first Hungarian corruption scandal after the 1989-90 transition that had serious political effects. It also set precedent in Hungary through the work of the editors and journalists of Figyelő, who did not expect that their first article about the case would have such an impact. However, the details of the eruption of the scandal are becoming more and more forgotten.

⁴³ See: <http://bit.ly/1XLYjsO>

⁴⁴ <http://cink.hu/tenyleg-a-felesege-szivarogtatta-ki-a-papirokat-exkl-474750779>

⁴⁵ http://fn.hir24.hu/gazdasag/1997/01/22/pv_rt_szokai_gy/

The interviewed journalists and media specialists could hardly recall the specifics of the media's role in the Tocsik-case once nearly 20 years had passed.

The journalists and experts who were interviewed agreed that the Tocsik-case attracted a lot of interest because of the following reasons:

- 1) The concept of performance fee was easy to understand for many people, even if some other aspects of the case was much more complicated.
- 2) The Bokros package⁴⁶, a series of austerity measures was announced in 1995.
- 3) As the amount of money involved in the scandal was not as large as in other corruption cases, it was easy to understand – millions are recognisable but billions are not for the general public,
- 4) the Alliance of Free Democrats was not part of major scandals before the Tocsik-case,
- 5) it was one of the first cases of corruption revealed in the media after the transition in 1989-90 and such cases were new for the public.

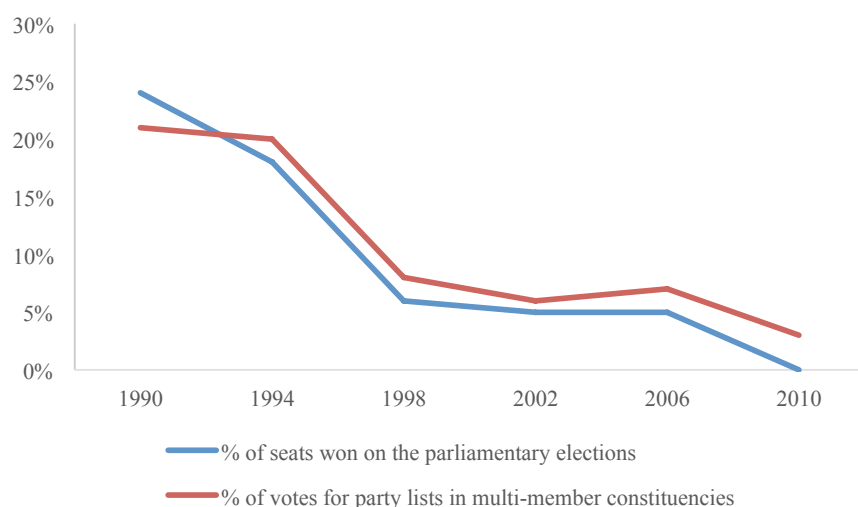
In addition, the interviewees highlighted that in the 1990's the weekly papers and television channels were in an oligopolistic situation and the publicity was not polarized between the political sides like at that time⁴⁷. Furthermore, they emphasized that it was easy to get lost in the details of the Tocsik-case. As a result, the role of Imre Szokai and György Budai was not well understood by the public.

After the Tocsik-case had erupted, a new explanation emerged for why did two previously conflicting party formed a coalition, even if one of them, the Hungarian Socialist Party could form a government individually: money. The popularity of the Alliance of Free Democrats started to decrease after 1996 (see Figure 2.).

⁴⁶ https://en.wikipedia.org/wiki/Bokros_package

⁴⁷ The influences of politics on the media in Hungary will be discussed in the second chapter.

Figure 2: The results of Alliance of Free Democrats on parliamentary elections in Hungary, 1990-2010 (%)



	1990	1994	1998	2002	2006	2010
% of seats won on the parliamentary elections	24%	18%	6%	5%	5%	0%
% of votes for party lists in multi-member constituencies	21%	20%	8%	6%	7%	3%

Source: National Election Office (www.valasztas.hu)⁴⁸

Notes: In 2010 Alliance of Free Democrats established the party list in the multi-seat constituency with the Hungarian Democratic Forum.

A public opinion research⁴⁹ in November 1996 pointed out that about the 90% of the voters of Alliance of Free Democrats⁵⁰ deplored the government because of the Tocsik case. This ratio was the same regarding the voters of the parties in opposition but was only 64% among the supporters of the Hungarian Socialist Party. It is also noteworthy that 98% of the Hungarian adult population have heard about the Tocsik-case by the end of October 1996.

After continuously suffering heavy losses of voters since 1998, the Alliance of Free Democrats was dissolved in 2013. In the 2010 parliamentary election, Alliance of Free Democrats won only 0.25 percent of the vote and became an extra-parliamentary party for the first time since 1990.⁵¹

The socialist party too had some victims because of the Tocsik-case (see Figure 3). As it was mentioned earlier, Tamás Suchman, the minister responsible for matters of privatization, was dismissed from his position by PM Gyula Horn. Imre Szokai and his team were sacrificed by PM

⁴⁸ <http://valtor.valasztas.hu/valtort/jsp/t0.jsp>

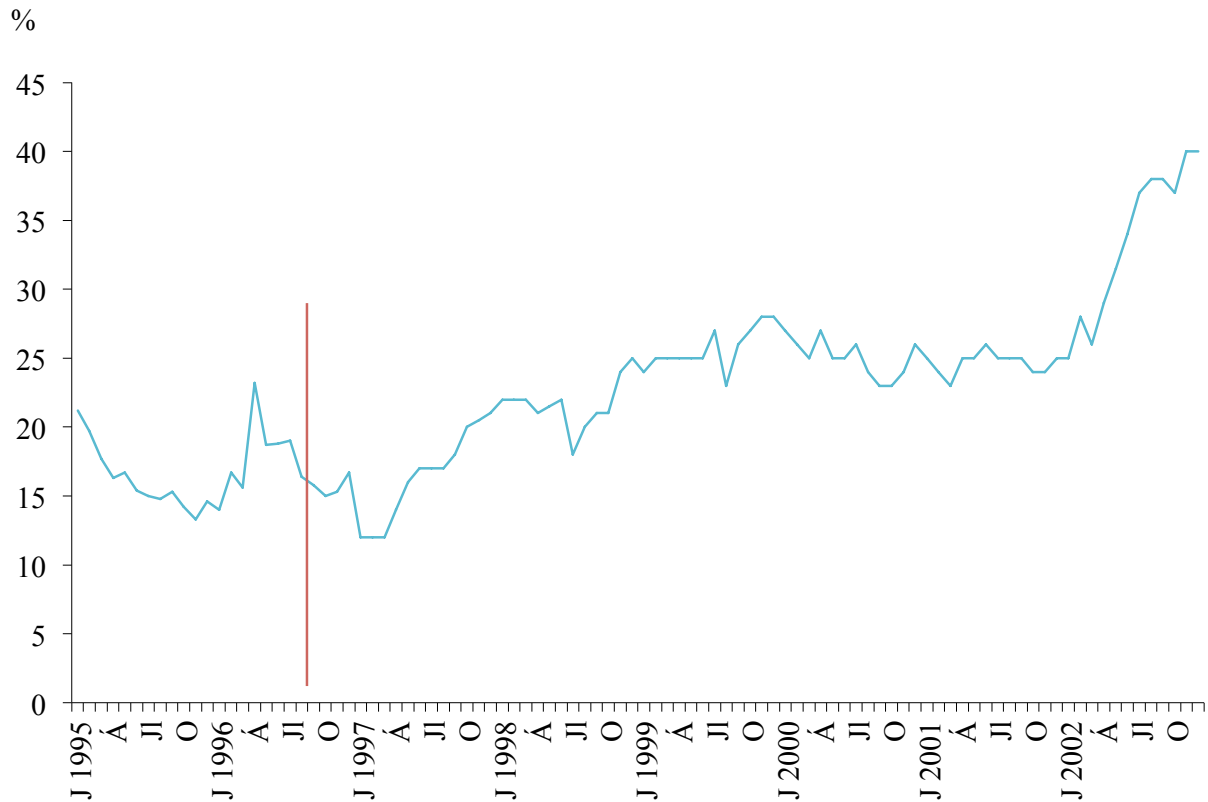
⁴⁹ <https://web.archive.org/web/19980116040649/http://www.median.hu/korrupci.html>

⁵⁰ As it was mentioned earlier, György Budai, an entrepreneur associated with the Alliance of Free Democrats was involved in the money transfers.

⁵¹ https://en.wikipedia.org/wiki/Alliance_of_Free_Democrats

Gyula Horn, as well. Also the popularity of the Hungarian Socialist Party declined soon after the outbreak of the Tocsik-case reaching its minimum level⁵² considering the period between 1995 and 2002.

Figure 3: Supporters for Hungarian Socialist Party among eligible voters, based on the data of Szonda-Ipsos, 1995-2002 (%)



Source: http://www.wargo.hu/tij/publications/melkoz_02.pdf

Note: the outbreak of the Tocsik-case is marked by the red line on the chart.

The editorial staff of Figyelő received the Hungarian Joseph Pulitzer Memorial Prize in 1997.

⁵² The first article of Figyelő was published on the 18th September 1996. Based on the opinion polls' results the popularity of the Hungarian Socialist Party decreased from 22% to 12% in January 1997.

2. Investigation with serious consequences: the role of media in the István Kocsis case

Relevance

The case of István Kocsis may have influenced not only the eponymous career but also the results of the elections held in 2010 as the campaign and rhetoric of FIDESZ was partly grounded on the corruption scandals of its political opponents. It can be assumed based on the interviews that the leak of the information about the corruption was scheduled on this purpose too. The source of the leaked information remained unidentified, but presumably it is originated from the Intelligence or some groups with conflicting interests. The scandal of István Kocsis is also a good example to demonstrate the relationship between the media and the advertisers in Hungary. The journalists had positive, both active (enforcer or initiator) and passive (reporter or facilitator) roles in presenting the scandal too, like in the case of the Tocsik-scandal. But in addition the negative behaviour can be also traced in the passivity of the journalists as a consequence of the influence of MVM on the advertising market.

Background

István Kocsis led MVM⁵³, an entirely state owned company between 2004 and 2008. This group incorporates among others the Paks Nuclear Power Plant Ltd. Kocsis was dismissed in mid 2008, at the behest of Ferenc Gyurcsány, the former socialist prime minister. The real reason of this is still unclear but it happened allegedly because of Kocsis's more and more extensive relationship to the right-wing party (Fidesz).

On 14th January 2008 MVM granted a 4,3 million EUR loan to its affiliate, Niker d.o.o., 'to finance the high-standard recreation of the employees of the MVM Group'.⁵⁴ It turned out later that this happened without the approval of the Board. At this time the CEO of MVM was István Kocsis. NIKER paid 3,5 million EUR to Jadran Investments Limited as a lease for Hotel Bili Kamen in Vodice, Croatia. Jadran Investment was a company registered in the UK having offshore status. Some months later, on 17th July 2008 the contract was terminated after the replacement of István Kocsis. Jadran should have paid the amount of the rent back according to the contract, but this never happened. NIKER registered a mortgage on the hotel; the repayment deadline expired on 19th January 2009 but Jadran did not pay. However, not everything was clear about the mortgage either: according to certain evaluations the hotel was worth less than 3.5 million EUR. Besides, NIKER wanted to ensure that no further mortgages would be registered on the hotel and it would not be


⁵³ MVM Hungarian Electricity Private Limited Company (MVM Zrt.), <http://mvm.hu/?lang=en>

⁵⁴ http://index.hu/gazdasag/magyar/2009/06/29/az_mvm_a_vezer_felesegetol_berelt_szallodat/

sold before the case was closed, but Croatian authorities rejected the request. The report of MVM's inner investigation calculated a total loss of 3.8 million EUR.

Tamás Bodoky, a journalist writing for Index.hu, discovered that according to the British Companies House's database, the real owner of Jadran Investments is 'Mrs. Istvan Kovacs' (see Figure 4.). The company was founded on 28th March 2007; and it had neither income nor expenditures in the 2007-2008 fiscal year, which ended on 31st March 2008. The only shareholder was a firm registered on the British Virgin Islands, which is a tax haven. One of the Companies House's documents states that the 'ultimate controlling party' is 'Mrs. Istvan Kovacs'.

Figure 4: The document proving the involvement of Mrs. Istvan Kocsis

CALLED UP SHARE CAPITAL			
Authorised Number	Class	Nominal value	£
5,000	Ordinary	£1	<u>5,000</u>
Allotted and issued Number	Class	Nominal value	£
5,000	Ordinary	£1	<u>5,000</u>
5,000 Ordinary shares of £1 each were allotted at par during the period			
ULTIMATE CONTROLLING PARTY			
The controlling party is Mrs Istvan Kocsis			

Source: <http://bit.ly/1THLZAF>

István Kocsis claimed that neither he nor his wife had anything to do with Jadran Investment and he planned legal actions because of malicious usage of his name.

The lawsuit against István Kocsis and five other persons began in 2011. Kocsis was acquitted but his wife and his main consultant were sentenced to suspended jail sentence in the first instance in 2013. According to the justification, the investments of Kocsis were actually included in the medium-term objectives of MVM. Additionally, the indictment was insufficient and erroneous. According to the indictment, 12 billion HUF was returned to MVM from the 15 billion financial loss caused by Kocsis and his companions⁵⁵ but articles do not specify how.

⁵⁵See: <http://bit.ly/1O0PrJj>

Outbreak of the case in the media

An inner investigation of the supervisory board of Ernst and Young drew attention to suspicious transactions between 2004 and 2008 at MVM Hungarian Electricity Ltd. Many of the Hungarian editorial offices received the documents containing the results of this investigation in their mailboxes. Tamás Bodoky, the journalist of a Hungarian news portal, Index.hu was the first who revealed the results of the enquiry by writing a series of articles based on the document and his own investigation. The other news outlets did not deal with the documents they received. Based on our interviews we can assume that the reason for this phenomenon is in connection with the momentous role of MVM and Paks Nuclear Power Plant on the advertising market⁵⁶; the decision about whether the case should be published or not, was in the hand of the managers and owners of the news outlets it was not the responsibility of the journalists.

Furthermore, the politically engaged news outlets also left this topic out of their focus, presumably because both political sides were affected in the case – in the meantime the right-wing Fidesz-related media continuously confronted the socialist-liberal government with other corruption cases (for example the Hagyó-case⁵⁷). These two reasons caused a negative, passive attitude towards the scandal. As Bodoky did not have competition in reporting this topic, he could elaborate the case thoroughly, without time pressure.

Tamás Bodoky's role in the case should be considered both passive and active positive (reporter/facilitator and enforcer/initiator). His work was initially based on a report describing the investigation of Ernst and Young that his editorial office received unintentionally. However, he later interviewed István Kocsis and gathered some further information about the cases, because the documents he received contained insufficient evidence. His work also contributed to the subsequent lawsuit.

The first article of Tamás Bodoky was published on the 10th March 2009 on Index.hu⁵⁸ with the title “MVM-billions for offshore companies” – István Kocsis was the CEO of the Budapest Transport Company (BKV ZRt.) at this time. The article referred to the documents of the inner investigations about the financial transactions of the period when István Kocsis led the MVM, initiated by its new management. However it revealed only another issue of the MVM's solicitous transactions, the Hotel Bili Kamen case was not even mentioned until the 18th March 2009, when Tamás Bodoky's second article⁵⁹ (“The lost hotel”) was published. The editors of Index.hu also asked the new

⁵⁶ The impact of the potential advertisers on the media is discussed in the second chapter.

⁵⁷ https://en.wikipedia.org/wiki/Miklós_Hagyó

⁵⁸ http://index.hu/gazdasag/magyar/2009/03/10/mvm-milliardok_offshore_cegeknek/

⁵⁹ http://index.hu/gazdasag/magyar/2009/03/18/az_elveszett_szalloda/

management of MVM about the recent developments regarding the corruption cases responding that they know about the transactions and are trying to minimize the losses of the company.

Two weeks later Tamás Bodoky and Gergely Dudás, another journalist of Index.hu interviewed István Kocsis⁶⁰. He said that he does not expect to be prosecuted by the MVM as there were changes in the management of the nuclear power plant in Paks⁶¹ and that was the aim of leaking out the documents about the investigations. He also said that the offshore companies had to be involved with the Hotel Bili Kamen case because of the sellers of the hotel who did not want to pay taxes in Croatia.

Gergely Dudás also interviewed Imre Mártha⁶², the new CEO of MVM at the end of March 2009. He regretted what happened during the era of his predecessor. However, he also said that the articles dealing with the corruption cases of István Kocsis show a negative image about the MVM on the one hand, but on the other they proved that the new management did not refute or blanch over the incidents.

Meanwhile the rival printed and online newspapers did not really care about the corruption cases of MVM. The two traditional Hungarian newspapers, Magyar Nemzet⁶³⁶⁴ and Népszabadság⁶⁵ published only two short articles regarding the cases in March 2009. In contrast, on Index.hu, five articles dealt with them in that month and Tamás Bodoky did not stop publishing information about the cases in the following months. Figyelő also published some coverage of the case following Index.hu.

The discussion of the cases was revived again in June 2009 when several news outlets received a document package from the sender “Dr. Kocsis István” again⁶⁶. The documents contained the results of the inner investigations of MVM conducted by Squire Sanders Legal Counsel Worldwide / Erős Ügyvédi Iroda, a reputable law firm. The Hotel Bili Kamen case was revealed again too. However, the news outlets other than Index.hu were not really engaged in the case.

András Szász, a consultant of István Kocsis who was involved in some of the offshore companies affected in the cases also presented some documents for Index.hu about the doubtful businesses of MVM. These documents indicated that the aim of these activities was to prepare some businesses in the Balkan that could make MVM a main actor of the region. Tamás Bodoky posed the question in the title of his article: “Is the MVM case a giant bubble or a missed possibility?” The following day

⁶⁰ see : <http://bit.ly/1TRs9YO>

⁶¹ http://nol.hu/gazdasag/suli_janos_a_paksi_atomeromu_zrt_uj_vezerigazgatoja-325752

⁶² http://index.hu/gazdasag/magyar/2009/03/20/martha_interju/

⁶³ Meaning Hungarian Nation in English, a daily Hungarian centre-right newspaper owned by Lajos Simicska, who was in close partnership with Viktor Orbán at that time.

⁶⁴ http://mno.hu/migr_1834/adriai_szallo_fantomcegtol-338327

⁶⁵ <http://nol.hu/gazdasag/lap-20090313-20090313-67-324443>

⁶⁶ See: <http://bit.ly/1Y0tH2z>

MVM issued a notice that stated that the dubious transactions were not commercially justified and the MVM's strategy does not involve the need for offshore businesses⁶⁷.

In June 2009 Tamás Bodoky discovered that according to the British Companies House's public database, the real owner of Jadran Investments is 'Mrs. Istvan Kovacs'⁶⁸. István Kovács was also asked by the journalists of Index.hu about the role of his wife in the suspicious transactions but he rejected that his family had anything to do with the company. He also said that he is planning legal actions against Jadran Investments because of the inadequate data.

The media representation of the case in the following period

"Politics Can Be Different" (LMP), a green-liberal political party in parliamentary opposition submitted a data request to make the results of the investigation of Ernst and Young and Squire Sanders Legal Counsel Worldwide / Erős Ügyvédi Iroda and any other documents in connection with the dubious businesses of MVM public in the summer of 2009. Nevertheless, MVM had denied this request, so LMP initiated legal proceedings that would become inexplicably long. In 2010 and 2011 Tamás Bodoky who left Index.hu in the meantime wrote several articles⁶⁹ about the lawsuit between LMP and MVM published in *Élet és Irodalom*⁷⁰ and *Átlátszó.hu*⁷¹.

In 2011 several major news outlets reported about the lawsuit⁷² and published portrait⁷³ articles about István Kocsis. These portraits presented István Kocsis as a protected and privileged person before the outbreak of the scandals around MVM. The journalists also evoked that notwithstanding István Kocsis was a director of the NPAM during the Tocsik-scandal and while the complete directorate was fired after the outbreak of that case, Kocsis was just demoted to vice-director.

Conclusions

After the publication of Tamás Bodoky's articles, the National Bureau of Investigation began to investigate as well. In 2012 April there were already 11 distinct cases identified⁷⁴. One of the most quoted cases was the Croatian hotel renting case.

The lawsuit is still in progress against István Kocsis (the acquittal at first instance was annulled at second instance), and several news outlets have published reports about it.; the topic is not

⁶⁷ See: <http://bit.ly/1qZfKV6>

⁶⁸ See: <http://bit.ly/1O6EENW>

⁶⁹ See: <http://bit.ly/1sOYUtw>

⁷⁰ Meaning Life and Literature in English, a weekly Hungarian magazine about literature and politics.

⁷¹ Átlátszó means "Transparent" in Hungarian. Átlátszó is an NGO and an online news outlet for investigative journalism founded by Tamás Bodoky in 2011, after he had left Index.

⁷² http://hvg.hu/gazdasag/20130802_Gyanusitotta_valt_Mrs_K and <http://bit.ly/1O0PrJj>

⁷³ http://nol.hu/gazdasag/20110817-egy_sokaig_vedett_szemely-1171101

http://index.hu/belfold/2011/09/08/kocsis_istvan_mindig_mindent_tulel/

⁷⁴ http://hvg.hu/gazdasag/20130802_Gyanusitotta_valt_Mrs_K

forbidden anymore. In addition the Hungarian Telegraphic Office⁷⁵, the news agency of the Hungarian public media also publishes reports about the news regarding the lawsuit. These are often quoted by the news outlets⁷⁶.

Based on the progress of the lawsuit and the opinion of our interviewees the question whether István Kocsis is politically doomed or not is still open. Népszabadság made conjectures⁷⁷ on István Kocsis's activity in connection with Russian and Hungarian contracts about the expansion of Paks nuclear power plant and regarding the government's energy market strategy based on its journalist's sources. However, MVM stated that István Kocsis does not have any relation with itself or its companies. All in all, István Kocsis was mentioned as one of the most mysterious person between the Hungarian businessmen – presumably he wanted to build up a regional group of firms following the example of Sándor Csányi with the OTP Bank Group⁷⁸ or Zsolt Hernádi with the MOL Group⁷⁹.

3. The István Papp case and lack of media involvement

Relevance

István Papp was the leader of a quite unknown authority and also without major political affiliations himself was not a well-known person. The case did not seem to be interesting for the public. As a result, the journalists had passive, both negative (lazy) and positive (reporter or facilitator) roles in presenting the scandal.

*Background*⁸⁰

In 2006, the Hungarian Parliament tightened rules in the Labour Code in order to counter undeclared work. Hence, companies, which break the law could not only be issued a fine on, but they could also be disqualified from public procurement tenders and public funding. This sanction could be often much more damaging than even a large fine – especially for companies in construction and agriculture.

The Hungarian Labour Inspectorate (HLI)⁸¹ was authorized to carry out investigations and to decide which consequences should apply to the lawbreakers. The HLI usually phrased its decisions deceptively; they did not mention the disqualification from public procurement, only the fines. As a result, a large number of companies faced the consequences only when their application for a tender

⁷⁵ Magyar Távirati Iroda (MTI)

⁷⁶ For example: <http://bit.ly/1sqLJPz>; <http://bit.ly/1VzePaP> and <http://bit.ly/22A7pFl>

⁷⁷ <http://nol.hu/gazdasag/kocsis-istvan-ujra-aktiv-1604871>

⁷⁸ <https://www.otpbank.hu/portal/en/AboutUs/OTPGroup>

⁷⁹ <http://mol.hu/en/about-mol/who-we-are>

⁸⁰ Sources: <http://bit.ly/1TZOKkc> and <http://bit.ly/1TLx3Bg> and <http://bit.ly/1PeB9Fj>

⁸¹ Országos Munkavédelmi és Munkaügyi Főfelügyelőség (OMMF)

was rejected. The fact of disqualification was registered on a website maintained by the Inspectorate, but only with codes without the legend. According to Budapest Metropolitan Court⁸², some of the high-ranking officials of HLI instructed their employees to retract or to alter some of the online data to enable certain companies to apply for public procurement tenders and public funds. The president, István Papp was also involved.

In 2008, an investigation was launched in response to an anonymous letter. The authorities obtained a “green notebook” from one of the defendant’s relatives. After this they used clandestine methods to gather evidence, e.g. phone tapping and analysing the paper waste of the HLI. Later a large part of this evidence was not allowed to be used during the lawsuit because of procedural irregularities. When István Papp and his colleagues became aware of the investigation, many documents were destroyed on their instruction.

On the 23th of January 2012, a criminal suit was launched against István Papp, the former president of the HLI, and some of his colleagues (Zoltán Cseke – he was the head of legal and audit department –, László G., Mónika D., Borbála P., Gabriella M-né K. and two further high-ranking officials). The charge was abuse of authority and forgery. Papp was found guilty on fourteen counts of forgery committed by a public official and three counts of abuse of authority. Zoltán Cseke was convicted on thirteen counts of forgery committed by a public official and one count of abuse of authority. They were sentenced for nine and seven months of imprisonment in the first instance respectively. Another accused colleague was sentenced for half year and four accuses were acquitted. Papp and Cseke had already fulfilled their sentence by then during preliminary detention. During the judicial proceedings, it was not proven that the public officials received money from the companies involved in the scandal. If the payments had been proven, the minimal punishment would have been three years of incarceration.

The representation of the case in the media

The media began to deal with the case after the investigations were launched, in April 2008. The first articles were published by Magyar Nemzet⁸³ based on the reports of Hír TV⁸⁴ about the beginning of the investigations, but it was not discovered that István Papp was involved in the corruption at that time. The reporter of Hír TV asked István Papp about the investigations. He confirmed that an inquiry was in progress by the National Bureau of Investigation⁸⁵ but he added that he does not exactly know its subject. He also said that it is impossible to disregard the

⁸² Fővárosi Törvényszék

⁸³ <http://mno.hu/belfold/fontos-cegek-es-elnezo-munkaugyi-felugyelok-az-nni-nyomoz-383004>

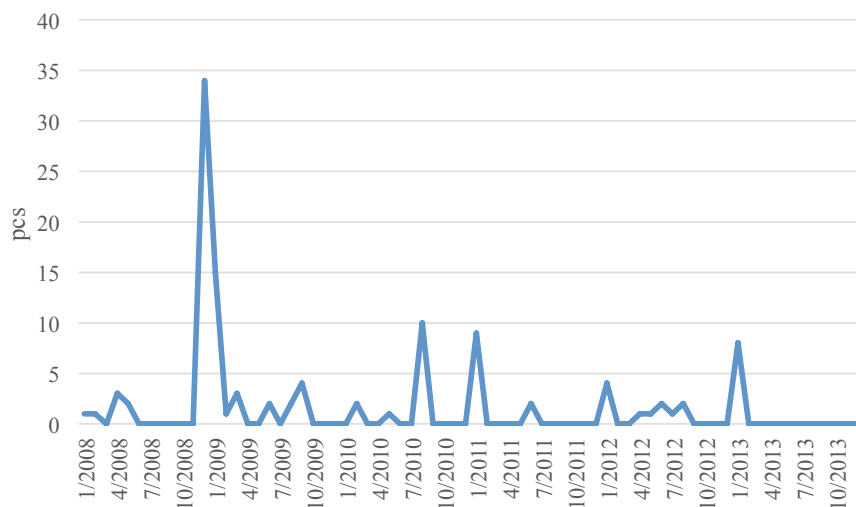
⁸⁴ Meaning News TV in English, a centre-right television channel with the same ownership as Magyar Nemzet.

⁸⁵ In Hungarian: Nemzeti Nyomozó Iroda (NNI)

sentences imposed by the inspectors. One day later the journalist of Magyar Nemzet also asked István Papp about the circumstances of the investigation, but he said that he heard about the investigation from the broadcast of Hír TV.

In December 2008 when István Papp and Zoltán Cseke had been arrested several news outlets published articles about the case based on the report of the Hungarian Telegraphic Office (see Figure 5).

Figure 5: The number of reports and articles dealing with the István Papp case



Note: the analysis is based on the online search engines of the following news outlets: HVG, Heti Válasz, Magyar Nemzet, Népszabadság, Index, Origo, RTL Klub, ATV, Átlátszó, Pesti Srácok, Népszava, Hír TV. Only those years are presented in which reports or articles were published about the István Papp case.

In addition, Magyar Nemzet tried to draw attention to a suspicious issue related to HLI and a firm in the concern of the current socialist Prime Minister Ferenc Gyurcsány in its articles⁸⁶. The special attention from the centre-right media manifested in an article⁸⁷ published in Demokrata⁸⁸ too. However, the attention of the journalists waned quickly, and only nine articles were published about the investigations between 2009 and 2011 in the online media⁸⁹.

With the beginning of the lawsuit in 2012 the number of articles in connection with the case suddenly increased, mainly by quoting the report of the Hungarian Telegraphic Office again⁹⁰.

⁸⁶ http://mno.hu/migr_1834/lakat_alatt_a_fofelugyelo-357191

⁸⁷ <http://www.demokrata.hu/cikk/elvtarsi-bukta-0>

⁸⁸ Meaning Democrat in English, a centre-right weekly magazine.

⁸⁹ <http://k-monitor.hu/adatbazis/cimkek/papp-istvan-ommf>

⁹⁰ http://index.hu/belfold/2012/01/23/megkezdodott_a_volt_ommf-elnok_pere/

However, Hír TV sent an on-site correspondent to the court⁹¹. Since then some reports were published about the progress of the lawsuit.

Conclusions

The behaviour of the journalists can be regarded as inactive or lazy because they mostly quoted the reports of the Hungarian Telegraphic Office. However, some further reports were also published and broadcasted, mainly by the centre-right media presumably because of political reasons. But articles only presented the results of the investigation and the trial without revealing any new information about the corruption.

Hardly anyone of the interviewed journalists and media experts could immediately recall the story of István Papp when they were asked about it; moreover, some of them did not know about it at all. Additionally, the interviewees who could recall the details of the case said that the people who were affected in the corruption were unknown to the public and also their organization does not cause much interest. These factors can lead to the passive behaviour of the media, even if the method or the extent of corruption is scandalous, because an extremely shocking story is needed, if the media must make a person or an organization famous and interesting. An infringement itself, if not committed by a politician, is not interesting enough for the Hungarian public and therefore the journalists did not put too much effort to deal with such cases.

Finally, based on the interviews, the opportunity to abuse PM Ferenc Gyurcsány on the grounds of this case should be highlighted. There were some attempts to do this in the centre-right media, but these were not memorable either. István Papp was not well-known before his scandal and also he did not become notorious after his case became public.

After the scandal not only István Papp and some of colleagues were fired but the HLI was integrated into the Government Offices in 2011.

⁹¹ <http://hirtv.hu/ahirtvhirei/vadlottak-padjan-az-ommf-fejesei-video-1045461>

4. The media as follower: the Eclipse case

Relevance

The analysis of the following case is of great significance for several reasons. Despite the fact that this corruption case was of great importance, journalists behaved very passively as a constellation of the following patterns:

1. they only observed the happenings;
2. not only does the case itself represents an instance of corruption, but the investigation of the case itself (investigators covering up and faking information, and acting in a biased way) is corrupt as well;
3. all the time the media focused on the political ties related to the case, and neglected to cover the violation of the rules of competition and legal procedure during the investigation, ignoring the rule of law in general;
4. finally, during the investigation of the case steps taken to threaten the actors (both those concerned and journalists) were indicative of organized crime.

Furthermore, the detection of corruption was relatively quick – it took only a few months, and the investigation and the trial six years later have not been closed yet. Despite all this, the media do not cover the details of the trial.

This case from late 2009 is in itself a very peculiar one. All of the followings can be detected in this case: rent seeking, monopoly set up by the state, crony capitalism, secret public procurement, overpricing (about 50 times higher prices) accompanying corruption, the role of the Intelligence; political favouritism and the lack of integrity during investigation, the slowness of the Hungarian judiciary, which is a sign of legal uncertainty, organised crime, the intimidation of actors in the case, the disappearance of one actor (a broker or straw man). The court trial has not been finished yet, i. e. there has been no *res judicata* (claim preclusion) ever since the first arrests were made in March 2010.

Background⁹²

In Hungary, the vehicle's origin identification is a procedure whereby the properties and documentation of a particular vehicle may be checked against those in the public records. The companies responsible for this service didn't emerge from the market, but were rather established

⁹² For the description of timeline of Eclipse case we used our former background study “Organized Crime and Political Corruption”, OCC Country Report – Hungary, edited by Szidónia Nagy – Zoltán Szántó – István János Tóth, (ANTICORRP program, WP9).

by state intervention in 1999⁹³. The Hungarian state claimed that it would be an effective weapon against car theft, but it's has not been proven that the procedure, and the industry behind it, ever had any significant effect on automobile theft rates in Hungary. The Hungarian regulation made it compulsory for car owners to pay for this procedure upon every change in a car's ownership. In 2004, the state set regulated prices for the procedure. The overall software development and integration cost 345 million forints in 1999, of which the software itself accounted for 80 million. There were only six companies in Hungary in this market, the leaders of the companies all were connected socially. The regulation also set the stipulations which allowed them to specialize and organize themselves as a cartel. The Hungarian Competition Authority (GVH) inquired into this regulation and asked for the justifying documents from the Ministry in 2002, but all the regarding documents had disappeared from the Ministry of Internal Affairs⁹⁴.

The "Eclipse Informatikai Rendszerház" Zrt ("Eclipse Informatic Systems private company limited by shares, ltd.) was founded on April 14th 2004 by Endre Deák and László Hagymási. The company's main activity was the inspection of vehicles' origins. The regulation changed ten days before and set the activity at regulated price. Endre Deák was joint owner in another firm (Eclipse Asset Management Kft.) with the former leader of the Hungarian Special Service for National Security (Nemzetbiztonsági Hivatal [NBH] in Hungarian), Ferenc Hevesi Tóth⁹⁵. One of Hevesi Tóth's own companies was registered to the same office, where Eclipse Informatikai Rendszerház ltd. was.

The newly founded Eclipse Informatikai Rendszerház ltd. ("Eclipse") immediately received a contract from the government, to produce the software for this inspection of origin, despite the fact that the procurement tender had been successively put out three times. Eclipse's first offer was 5,89 billion forints (31 million \$), the third was 3,68 billion forints (19.9 million \$).

The exact date of the procurement is unknown, as the open procurement was classified, on the basis that "the suppliers and operators may get information about qualified IT security data during the implementation of the information technology" according to the Hungarian Parliament's National Security Committee. The National Security Committee classified all further procurements on the topic on March 23th 2005⁹⁶, after the second unsuccessful tender.

⁹³ See the analysis of the Hungarian Competition Authority: <http://bit.ly/1TLa21o>

⁹⁴ See: http://figyelo.hu/cikkek/160398_titkosan_dragabb and <http://bit.ly/1PeWU7V>

⁹⁵ Ferenc Hevesi Tóth was the leader of the bureau which provided technical equipment to the Hungarian Secret Service for an unknown period in the 90's. He was charged with serious economical crimes worth tens of millions of forints by the Hungarian Military Prosecution in 2000. He was acquitted in 2003, however, on the basis of a lack of hazard to the public and lack of crime, see: http://index.hu/belfold/2012/03/27/megkezdodott_eclipse-ugy_buntetopere/

⁹⁶ See the analysis of the Hungarian Competition Authority: <http://bit.ly/1XaVe2o>

The software development was finally completed by Eclipse⁹⁷ for 4,96 billion forints (cca. 24.8 million \$), since the state later revised Eclipse's contract with a further tasks costing 1,28 billion forints (6.8 million \$) -- although this revision was for a "completely useless process", according to GVH's later findings. Software capable of completing the same task cost only cca. 80 million forints (cca. 400,700 \$) in 1999 by estimation of Figyelő⁹⁸. It means a 65 (!) times overpricing compared to the market price. The system was improved for another 1,28 billion forints in April 2007, and Eclipse also won classified procurements for software products for checking vehicle's road worthiness for another 5-6 billion forints in 2006⁹⁹ and again in 2007, based on GVH's findings. There is no record about how transfers went in 2008-2009 between the state and Eclipse, but according to a later investigation¹⁰⁰, they won at least another 6,82 billion forints (33.7 million \$) in classified procurements from unknown bureaus of the Ministry of Internal Affairs. The project manager for the procurements at Eclipse was Hajnalka Pintér, the daughter of the formal Interior Minister, Sándor Pintér¹⁰¹. Eclipse also loaned its office from a company formerly owned by Sándor Pintér (Civil Biztonsági Szolgálat Zrt. , on 77th Angol utca, Budapest, zip code: 1149). The whole origin-checking-system was reorganized in the summer of 2009 under a new name. The Administrative and Electronic Public Utilities Bureau was then responsible for the inspections of vehicles' origins¹⁰². The first article was about the strange nature of the industry on August 7th 2009¹⁰³, and the author of this article immediately reported that he was subsequently placed under surveillance by unknown actors¹⁰⁴.

⁹⁷ Eclipse is a software company, whose homepage cynically has a blank whitepage, with a short a black lettered label in the middle, saying: "Welcome to the real world..." This homepage is still online, see: <http://eclipseinfo.hu/>

⁹⁸ See: <http://bit.ly/1PeWU7V>.

⁹⁹ The inspection of a vehicle's origin at every change of the car's ownership, was a slowly dying business at the time. It costs around 7200 forints per car for the owner for a five minute inspection, and more than 10 billion for the state on average per year for the whole system. But stolen cars were just not brought to the checking-places (6-700 in the whole country), they were sent abroad or sold as parts. The police developed a lot cheaper and way more effective methods to spot out stolen cars. But the regulation connected the expensive compulsory origin-checks with the also compulsory road worthiness tests. Every car needs road worthiness tests periodically, so it boosted up the origin inspection business as well. The state also made compulsory the origin inspections to those vehicles, that had not changed owner in the previous 8 years in May 2007. In the first month, 15 thousand vehicles had been inspected, and only 20 was stolen. In all cases, those vehicle's were stolen so long ago, that those crimes' limitation period were long overdue. See <http://bit.ly/1XaVe2o>. After a year, 110 stolen cars were found with this method from 133 thousand and checked. See Figyelő: http://figyelo.hu/cikkek/160398_titkosan_dragabb.

¹⁰⁰ See <http://bit.ly/1PeWU7V>.

¹⁰¹ Sándor Pintér was Chief of National Police between 1991-1996, one of the leading figures of Fidesz party, Interior Minister between 1998-2002, also from 2010 till now (May 30 2016).

¹⁰² In September 2009, one of Eclipse's employee, the former football player, Imre Katzenbach disappeared, after taking 500 million forints (cca. 2,5 million USD) cash from the company's account. See: <http://bit.ly/1Y0w7yj>. He was one of the persons responsible for money laundering. He left his car, his papers, and his keys at home, and was never seen again, see <http://bit.ly/1sYnfh5>. His disappearance had become public only six months later.

¹⁰³ See Figyelő: http://figyelo.hu/cikkek/160398_titkosan_dragabb

¹⁰⁴ See: http://antagon.blog.hu/2009/08/07/egy_figyelo_cikk_margojara

This Bureau suddenly terminated all contracts with former service providers in the area on December 22th 2009, though their contracts were signed until the end of 2010¹⁰⁵. Nine days later, on December 31th 2009 Eclipse won a classified procurement for 4,95 billion forints (cca. 24.5 million \$) as a negotiated procedure without the prior publication of a contract notice. They have become the main contractor for the whole origin inspection industry in the country for 5 years, and have had to develop a new system for the new needs of the Ministry. The other companies in the industry sent a petition to the prime minister to rescind this move¹⁰⁶.

The new system went live 4 days later, from January 4th 2010. As the other companies in the industry immediately realized, the brand new software was completely identical to that used in 2007 and they filed a report to the Attorney General for fraudulent misuse of funds, infringement of business secrets, and malfeasance on January 22th 2010.

The Attorney General ordered an investigation on February 11th 2010 into possible money laundering and tax fraud. Seven leaders of Eclipse were arrested on March 10th 2010. The police confiscated 9 top category sport cars¹⁰⁷, one of them belonging to an unknown foreigner, 30 million forints cash, and 52 million on Eclipse's bank account. The only named suspect was Endre Deák. The Attorney General's office admitted that they received 32 reports from different actors against Eclipse in the previous months¹⁰⁸. Hajnalka Pintér (the daughter of the minister of the interior of Fidesz government from 2010) was excluded from the investigation from the beginning, she was never asked even as a witness.

The state didn't modify any existing regulations, so Eclipse's software remained in use. Eclipse was forced by the government to make a statement that there were no criminal procedures against any of the workers involved in operating the system. An unknown Eclipse leader made this statement from detention¹⁰⁹. After this, the whole investigation had been classified at an unknown date.

The director of one of Eclipse's public main clients, György Eiselt¹¹⁰, was questioned by the prosecution on July 12th 2011. The leader of the other public client, István Ignác¹¹¹, was never

¹⁰⁵ 2010 was a parliamentary election year in Hungary. These elections are always held in the spring.

¹⁰⁶ See Figyelő: http://figyelo.hu/cikkek/146142_szilveszteri_mulatsag

¹⁰⁷ The brand of cars was Aston Martin, Ferrari, Lamborghini and Porsche. One of them was this white Lamborghini: <http://index.hu/belfold/2010/03/12/esclipse/>

¹⁰⁸ See Nepszabadsag : <http://bit.ly/25y7DSx>

¹⁰⁹ See Figyelő: http://figyelo.hu/cikkek/140413_az_esclipse_szoftveret_kell_hasznalni

¹¹⁰ György Eiselt was the director of one of the two bureaus at the Interior Ministry, who bought overvalued services from Eclipse for years. He was the former Head of Secretariat for Sándor Pintér and later Deputy Secretary of State under Pintér. Eiselt got a German license plated new Mercedes from Eclipse in 2009, the car confiscated during the investigation. Eiselt resigned as the Deputy Secretary of State in June 2011, but he remained Head of Department in the Interior Ministry, led by Sándor Pintér again (Index [2011a]).

¹¹¹ István Ignác was the director of one of the other bureau at the Interior Ministry, who bought overvalued services from Eclipse for years. He was the Chief of Police in Pest and later in Szabolcs-Szatmár-Bereg counties during 1998-2002, when Pintér was Interior Minister.

questioned and never became a suspect¹¹². During the investigation, the leading prosecutor and several detectives were forced to retire. Some of the detectives claimed that crucial evidence had been heavily manipulated¹¹³.

In December 2011 Public prosecution's accusation against Eclipse leaders was tax fraud worth 1,3 billion forints, money laundering, and malfeasance. At least another 15 billion forints in cash disappeared from Eclipse¹¹⁴.

On January 9th 2011 a building contractor's car was blown up, though nobody was hurt. On January 22nd 2011, one of Eclipse's former programmer's car was blown up with exactly the same method and the same type of Yugoslavian hand grenade; again, nobody was hurt¹¹⁵. For a short but not precisely known period, two former Heads of the Special Service for National Security, and former Deputy Secretary of State György Szilvássy was also arrested¹¹⁶.

According to the court's decision all of the suspects were acquitted on the basis of lack of proof, on January 8th 2013¹¹⁷. The prosecution appealed, a motion which was approved by the Court of Appeal. The case now sits at the Municipal Court of Budapest again¹¹⁸.

The representation of the case in the media

As can be seen the baseline of Eclipse is relatively simple: the state excluded actors from a not too big market by setting up regulations for its limitation. The state made public procurement confidential, and this public procurement basically determines market shares, and this resulted in creating a special software by a private company with good political and Intelligence contacts. With this step the state generated a monopolistic position and rent for this firm. And consequences did appear: the bribery of one high level state official and the approximate 65 (!!) times higher price of the product at the tender as compared to its estimated market price.

Besides highlighting the passivity of the media there are three further characteristics to draw attention to. First, the media followed the events of the trial in a very superficial way, even though during the trial a lot of details came up that could have clarified the case and the investigation, and could further clarify the interpretation of the case. This phenomenon can be observed in general as well. The Hungarian media hardly ever deal with the afterlife of a corruption case (mostly only on the level of news coverage), or with the information gained at the trials, or with interpreting standpoints. As if the information gained from witnesses, suspects, plaintiffs, lawyers, and

¹¹² See Nepszabadsag: <http://bit.ly/1O1pMAr>

¹¹³ See Nepszabadsag: <http://bit.ly/1spheBJ>

¹¹⁴ See index.hu: http://index.hu/belfold/2012/01/03/vadat_emelte_az_eclipse-ugyben/

¹¹⁵ See index.hu: <http://bit.ly/1Vsh1kl>

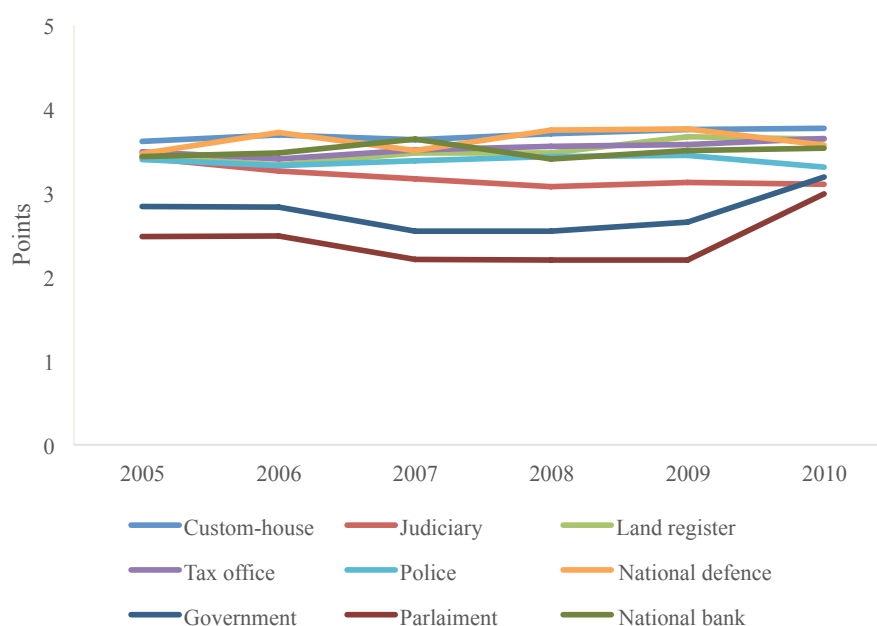
¹¹⁶ See index.hu: http://index.hu/belfold/2013/01/08/eclipse_itelethez/

¹¹⁷ See <http://bit.ly/22vuhpp>, <http://bit.ly/280mtQu>, <http://bit.ly/28XvdSk> and <http://bit.ly/1P0u1al>

¹¹⁸ See: <http://bit.ly/21VvcPN>

prosecutors during the trial did not have any significance for introducing and interpreting details of the case. The behaviour of the media could be related to the fact that although in Hungary the prestige of the judiciary is getting better, it can still be regarded as kind of mediocre. Hungarian citizens and Hungarian organisations have only moderately strong trust in the Hungarian judiciary¹¹⁹ (see Figure 6.).

Figure 6: Satisfaction of SME¹²⁰s with the performance of certain Hungarian public institutions and offices, 2005-2010, points



Source: Institute for Economic and Enterprise Research (www.gvi.hu)

Notes: the respondents (heads of SMEs) could evaluate the performance of the public institutions and offices on a five-grade scale. The survey was conducted in October each year.

Secondly, concerning the news and the coverage, the news media basically focus on the real or imagined involvement of politicians. Meanwhile – apart from a few exceptions – they almost totally neglect the three fundamental aspects of the case that question the foundations of the market economy and those of the rule of law: the first step of the case that created the unjustified possibility for rent seeking (i); the corruption case and the extreme overpricing that were the results of the afore mentioned (ii); the peculiar mistakes of the investigation that suggest the likelihood of the investigation authority being biased and corrupt (iii).

¹¹⁹ http://communicatio.hu/jelkep/2012/1_4/bakonyi_eszter.htm

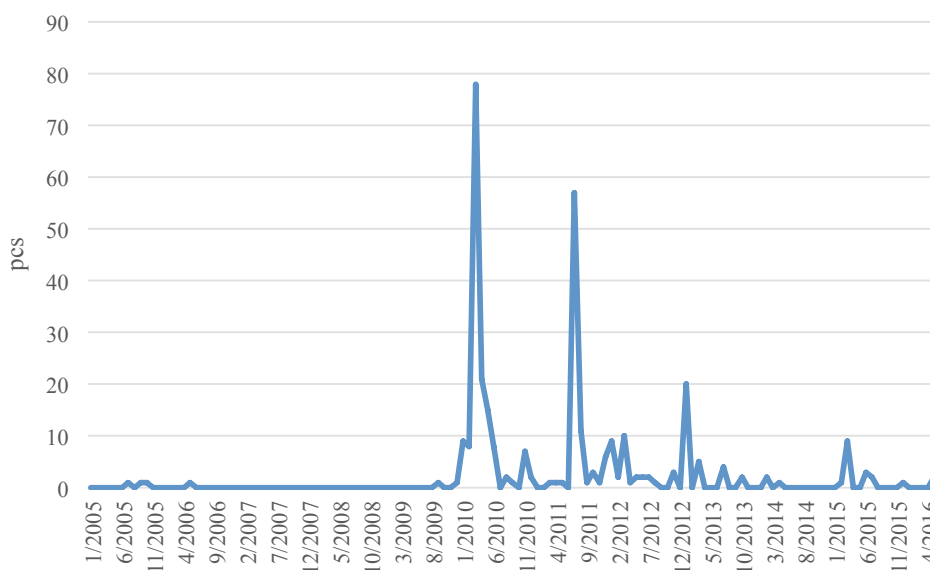
http://gvi.hu/files/researches/357/kkv_korkep_104_tanulmany_101129.pdf

¹²⁰ Small and medium enterprises

Thirdly, the important characteristics of this case is that the presence of the Intelligence can be assumed based on the interviews with the investigative journalists¹²¹. The suspects of the case had very good relations with the Special Service for National Security; the organisation had been previously “checked” by the NBH. According to the would-be Interior Minister that was the reason why his own daughter took up a position there, because she wanted to work for an “unblemished company”, and the NBH supervision served as a guarantee.

The passivity of the media (see Figure 7.) could be explained with the fact that indirectly both political sides were involved in the case: MSZP government functionaries, indirectly the minister responsible for the Intelligence, György Szilvási, and the would-be Interior Minister, Sándor Pintér, whose daughter was a project manager at the company when the Eclipse case emerged. Since the Hungarian media are politically too polarized, it can be stated that neither the media connected to the left nor the media connected to the right had any interest in an in depth analysis of the case.¹²²

Figure 7: The number of reports and articles dealing with the Eclipse case



Note: the analysis is based on the online search engines of the following news outlets: HVG, Heti Válasz, Magyar Nemzet, Népszabadság, Index, Origo, RTL Klub, ATV, Átlátszó, Pesti Srácok, Népszava, Hír TV. Only those years are presented in which reports or articles were published about the Eclipse case.

¹²¹ Some general conclusions about role of Intelligence in the uncovering of corruption cases are discussed in chapter 2.3.

¹²² See Népszabadság: http://nol.hu/belfold/20110715-gyanusított_gyanusitok-1136821. and Index: <http://index.hu/belfold/2011/07/16/eclipse/>

Conclusions

This case clearly demonstrates when the media remains passive and just follows the events (i. e., not engaging in any deeper investigative efforts). In the media representation of this case neither the original government decision (market restriction, and creating a special privilege for a private company); nor its outcome, the enormous level of overpricing, nor the bribery case, nor the political influence of criminal investigation were highlighted.

There were no investigative or more deeply analytical articles covering this case – most of the articles used only public information and reports on the court's judgment. Investigative journalists did not team up in this case, i. e. the journalists worked alone.

Exacerbating the relative passivity of the journalistic community were Eclipse's good relations with the Intelligence community, and there were certain threatening actions during the case. Both political sides were affected in the case indirectly, so neither the right nor the left-wing media had any interest in dealing with this case in depth.

Main characteristics of investigative journalism in Hungary¹²³

1. Market structure and the influence of advertisements

In Hungary after the transition in 1989-90, the newspapers published from the former era were privatised; new significant dailies were not founded¹²⁴. In addition, as a result of the privatisation, the newspapers were tied to a select few companies; for example, the majority of the county newspapers were acquired by the Axel Springer¹²⁵ with the support of the Hungarian Socialist Party. By 2003, three publishing houses gained nearly the half of the advertising revenues on the Hungarian print newspaper market (see Table 1.). The leading position of Axel Springer remained constant between 2003 and 2012.

Table 1: The share of advertising revenues between publishing houses on the Hungarian print newspaper market, 2003-2012, %

Publishing office	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
AXEL SPRINGER-MAGYARORSZÁG	20	19	20	21	22	23	24	20	20	19
NÉPSZABADSÁG RT.	14	14	13	8	8	8	7	6	6	6
RINGIER KIADÓ KFT.	12	15	12	12	12	12	13	15	14	15
PANNON LAPOK TÁRSASÁGA	11	11	10	11	10	11	10	10	9	9
MTG METRO GRATIS KFT.	10	10	11	11	9	9	10	12	14	17
INFORM MÉDIA KFT. / RUSSMEDIA KFT.	10	11	11	13	14	15	13	12	12	10
LAPCOM KFT.	8	9	10	10	11	12	12	12	12	11
NEMZET LAP-ÉS KÖNYVKIADÓI KFT.	3	3	4	4	4	3	4	4	4	5
Other	12	8	8	10	9	7	8	9	8	8

Source: Kantar Media (<http://www.kantarmedia.com/hu/>), we would like to thank Zsuzsanna Mihalszki's kind of assistance in providing us these information.

Notes: Nemzet Lap- és Könyvkiadó is related to Lajos Simicska, whose role on the Hungarian media market will be described later in this chapter.

¹²³ In this chapter we strongly rely on the interviews we did with journalists and media experts (for details of the interviews, see Appendix 2.). Sources of information and institutions are prevalently anonymized. We indicate them by numbers: journalist1, journalist2, etc.

¹²⁴ Like Gazeta Wyborcza in Poland.

¹²⁵ In Hungary before 1990 each of 20 counties had their own newspapers.

The left-wing political tone of the county newspapers acquired by Axel Springer and Népszava and Népszabadság remained. New, principal news outlets would arrive later with the emergence of the Hungarian online media.

The news outlets are heavily influenced by their advertisers, since the proportion of the advertising revenue is a considerably large portion of their overall incomes. In addition, the media also relies greatly on governmental advertising spending. The public advertising purchases can have some effects on the function and the behaviour of a news outlet that may threaten the freedom of the press since the government has the means to influence media content. The background study by the Corruption Research Center Budapest¹²⁶ analysed the print media expenditure of government institutions and state-owned companies in Hungary between 2003 and 2012, pointing out that

“... political changes deeply influenced the advertising market. The spending of state advertisements in Hungary is highly concentrated on a small group of government institutions and firms. The changes in the advertisement incomes of left and right wing leaning printed media follows closely the changes of governments. The advertising incomes of the leftist printed media had dramatically been decreasing from 2008, so that this sum had been reduced to less than one third of 2003 by 2012. The changes in the advertising incomes of the right wing media is similarly radical, but in the opposite direction. The state advertising incomes of the right wing media was more than two times higher in 2012 than in 2010.”

This analysis also highlights the concentrated structure of the government advertising expenditures. On the one hand one or two organizations accounted for half of all payments while the 10 largest clients make up 3/4 of all spending. On the other hand, regarding the print media, a major part (25-40%) of governmental advertising spending can be linked to newspapers with an undoubtedly defined political profile. The governments rewarded the press which was favourable to them by compelling governmental organizations and state-owned companies to purchase advertising space in these media products (see Table 2.).

¹²⁶ http://www.crcb.eu/wp-content/uploads/2014/04/media_ah_2012_report1_140417.pdf

Table 2: Level of political influence based on the state advertising revenue of civic print media

Year	Amount spent on advertising appearing in political papers (millions Ft)	Amount spent on state advertising in political papers of the opposition (millions Ft)	Proportion of advertisements in opposition papers compared to all political papers, %
2003	970	184	18.9
2004	1,045	155	14.8
2005	1,501	307	20.5
2006	1,309	260	19.9
2007	1,453	485	33.4
2008	1,445	469	32.5
2009	1,131	379	33.5
Jan-Apr 2010	298	101	33.9
May-Dec 2010	507	234	46.2
2011	1,025	130	12.7
2012	1,280	118	9.2

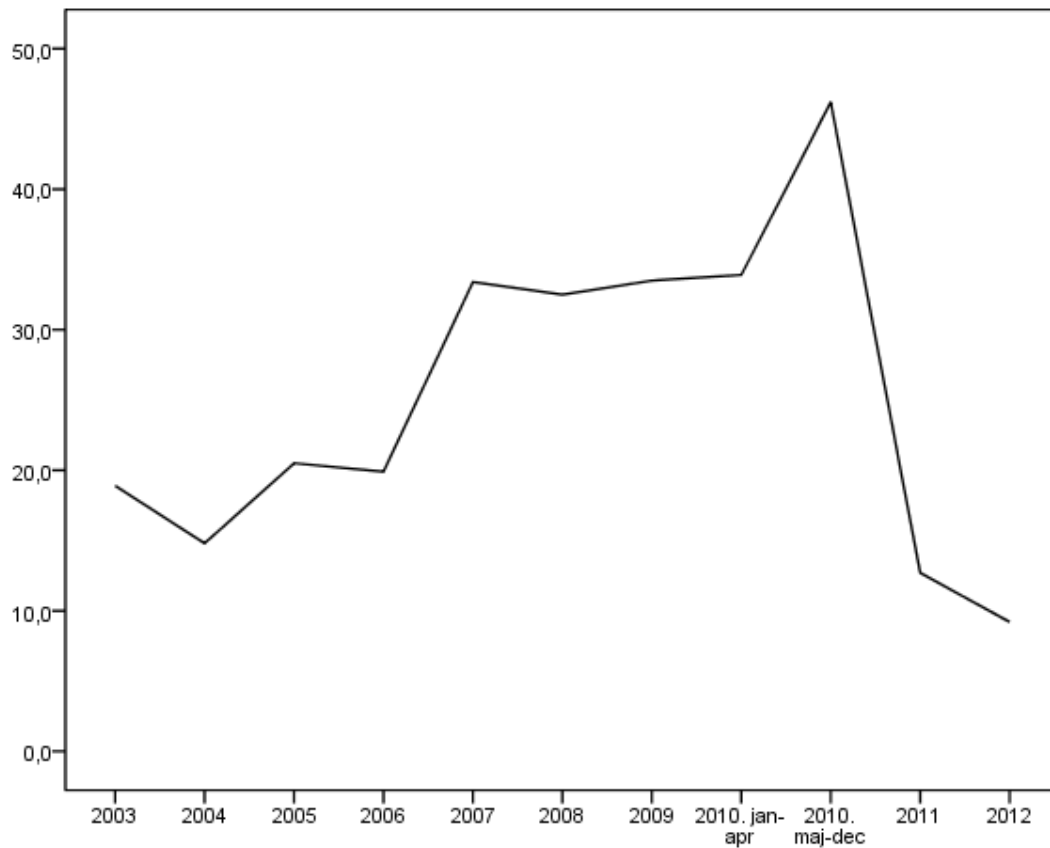
Source: calculations by the CRCB (www.crcb.eu) based on data from Kantar Media (www.kantarmedia.com)

Note: *In 2010 there was a change in government, thus it's not possible to determine which papers are pro- government and which are opposition.

“Opposition” is understood to be that during the MSZP-SZDSZ and MSZP governments they were right-wing political papers, while under the FIDESZ-KDNP government it was left-wing papers.

The proportion of advertisements purchased in opposition papers compared to all political papers between 2003 and 2006 was around 20%, while between 2007 and 2009 it increased to 30%. A very high value could be observed in the second half of 2010 – probably the advertisement purchases of the former MSZP and the new FIDESZ-KDNP governments influenced this short period parallel. The proportion fell strongly back in 2011 and the lowest value obtained was in 2012 as presumably the FIDESZ-KDNP government stopped the orders of its predecessor (see Figure 8.).

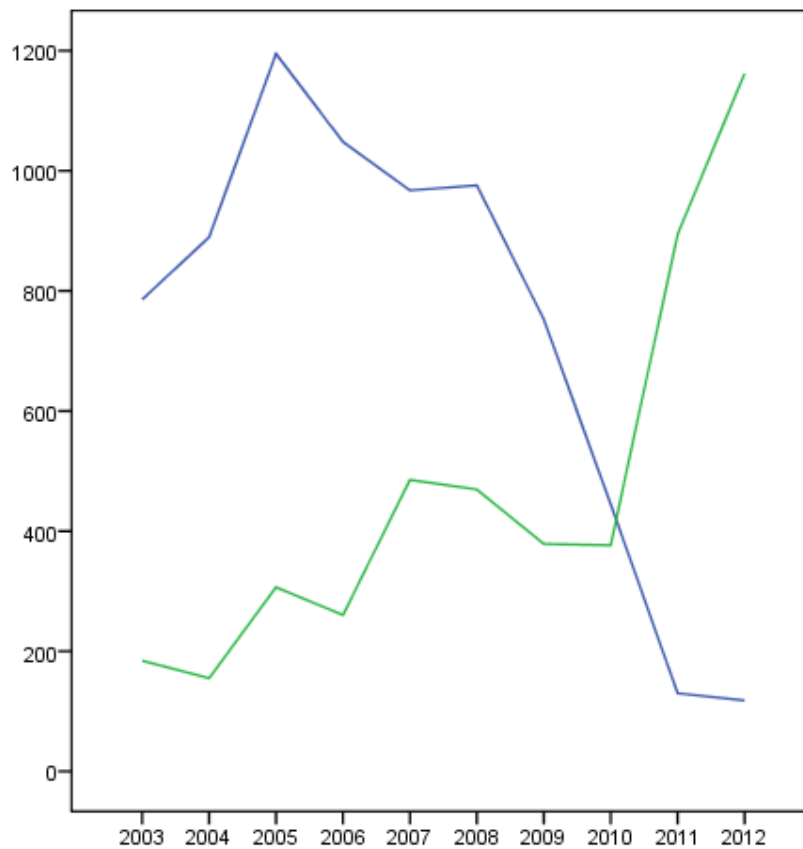
Figure 8: Rate of State Advertising in “Non-Government” Print Media, 2003-2012 (%)



Source: calculations by the CRCB (www.crcb.eu) based on data from Kantar Media (www.kantarmedia.com)

The study also pointed out that the examined left-wing oriented newspapers had a much larger amount of state advertising revenues between 2003 and 2008 than the right-wing oriented ones. But as it had analysed more left-wing oriented newspapers than right-wing ones, it could not draw any conclusions based on their data. However, in 2009, a massive decline was started in the advertising revenue for left-wing oriented papers; in 2010 and 2011 this decline merely intensified, while the increase in advertising revenue for right-wing oriented newspapers only jumped in 2011 (see Figure 9.).

Figure 9: State Advertising Revenue in Left and Right Wing Oriented Print Media (millions Ft), 2003-2012

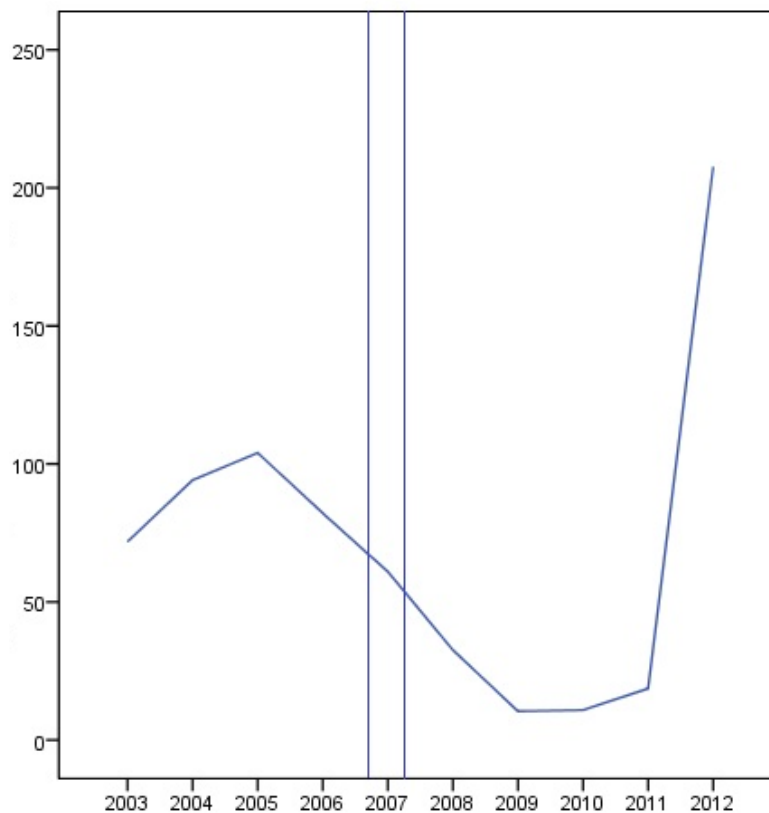


Source: calculations by the CRCB (www.crcb.eu) based on data from Kantar Media (www.kantarmedia.com)
 Notes: the green line represents the right wing oriented print media and the blue line represents the left wing oriented print media.
 In 2010 there were general elections held in Hungary when a left-wing government was swept away by the right-wing FIDESZ-KDNP coalition.

Additionally, there are some examples when a medium radically changes its political orientation. The Magyar Hírlap was in this special situation, as its editorial staff was almost entirely replaced in 2006¹²⁷, thereby enabling us to illustrate the politically influenced nature of state advertising orders. The vertical lines on Figure 10. indicate the time when the owners and editors changed. It is clearly visible that government advertising orders began to decline during the change in ownership and that advertising revenue for Magyar Hírlap from government and state enterprises only began to increase after the change in government in 2010.

¹²⁷ http://magyarnarancs.hu/belpol/atalakuloban_a_magyar_hirlap_pres_alatt-66377

Figure 10: State Advertising Revenue of Magyar Hírlap (millions Ft), 2003-2012



Source: calculations by the CRCB (www.crcb.eu) based on data from Kantar Media (www.kantarmedia.com)
Notes: the ownership structure and editorial changes are marked with the vertical lines.

The paper concluded that

“... the increased advertising revenue from public funds of daily newspapers and weekly magazines close to the governing parties is not only of concern for the survival of diverse political journalism. The media's role is to explore, and thus discourage corruption. The ability to fulfill this role has been carefully limited thanks to political influence on the media. In a market in which there is a high concentration on the buyers' side, in our case the government, or the purchase of advertising space by a couple of state or private companies has a large weight on total advertising revenues, and advertising revenue represents a high proportion of total revenue, media players necessarily become dependent on big customers. This dependence can impede the free functioning of the media.”

The relationship between the advertisers and the media can seriously affect the work of the investigative journalists. The concentrated ownership structure of the media has some influence here as well. Some of the interviewed journalists drew our attention to the fact that as a publishing house typically has several news outlets, even if only one of its subsidiary publications publishes an article violating the interests of advertisers or potential advertisers, then the advertising revenues of the other news outlets owned by the same publisher may also be affected:

“All of the newsroom would support investigative journalism. But, e.g. PUBLISHING COMPANY1 is a prosperous company, they would have the necessary money for investigative activities, but they say they would rather support these activities somewhere else; they do not want to get involved in investigation, because advertisers would disappear from NEWSPAPER5 and NEWSPAPER6 papers (the two leading/most read tabloid newspapers in Hungary). Thus the publisher would suffer in an indirect way. Every newsroom would like to investigate, because there is demand for it, but the owners simply do not want that”.

The case of István Kocsis is a characteristic example illustrating the influence that a public advertiser has on the media, but we heard several additional examples from the interviewed journalists and media experts. For instance, following the change of government in 2002, when a high-ranking politician involved to a certain case of corruption, asked the journalists of an emerging online portal not to write about it, the editorial office was simultaneously threatened by a significant public company with the termination of their advertising contract if they refused to cease their coverage of that scandal¹²⁸. The editor-in-chief of that medium chose to cease coverage of case, however, the actors of the scandal discontinued their corruption activity.

The interviewees also gave us several examples when advertisers or supporters of journalism were affected by the politics. For instance, Vodafone, PwC and Gedeon Richter Plc.¹²⁹ supported the Prize for Quality Journalism¹³⁰ between 1997-2013, but when an article dealing with a company with strong political influences was rewarded, the prize was terminated:

“But the same happened to the Prize for Quality Journalism: JOURNALIST5 wrote a series of articles about COMPANY4 (a Hungarian construction company), and as far as I know the then CEO of COMPANY4 called everybody from PwC to Vodafone on the phone instructing them to stop sponsoring the award. It happened around 2012-2013. JOURNALIST5 sued COMPANY4 because of the article written about them. The award is given to recipients by a foundation with Vodafone, Richter Gedeon (pharmaceutical company) and PwC as sponsors, and with several prominent journalists in the board of curators (Balázs Weyer, Dorottya Vizi, Endre B. Bojár, Antónia Mészáros). Not long after the publication of those articles, the award was cancelled abruptly; they simply stopped giving the award to journalists. These outstanding companies squeezed a monthly 220,000 forints, annually 2.4 million forints (774 euros/per month) out of their pockets.”

Another interviewee almost word by word said the same:

“(…) in the end COMPANY4 started to nag the sponsors of the Prize for Quality Journalism, so that is why the award ceased to exist. They wore out jury members and sponsors; they visited them in person, and there was one sponsor who had business relations with COMPANY4 – it was purely an ignoble pressure put on them.”

Additionally, when some companies entered into strategic agreements with the government, their sponsorship or decisions affecting the media related to them suddenly changed, for example in the

¹²⁸ There is the Lazar’s case with Origo.hu newportal. Janos Lazar had been the Secretary of State of the Prime Minister’s Office between 2012-2014, and then State Minister of the new Fidesz government. About the case see: <http://bit.ly/1PnCt8Z> and <http://bit.ly/1TLCKz2>.

¹²⁹ A leading Hungarian pharmaceutical company.

¹³⁰ Minőségi Újságírást-díj (<http://www.minosegiujsgiras.hu>)

case of mobile operators. Perhaps one of the most illustrative examples of this phenomenon was the removal of Gergő Sáling, the editor-in-chief of Origo a leading Hungarian news portal in 2014. He was presumably removed from his position because of the pressure of the government on the owner of Origo, Hungarian Telekom (a subsidiary of Deutsche Telekom) as a consequence of articles¹³¹ dealing with some suspiciously high hotel bills of János Lázár.

As it was mentioned earlier, it is common that several media outlets are concentrated at one publishing house, even television channels, radio broadcasts, online and print newspapers¹³². The editors and the journalists working in such conditions have to consider not only the advertising revenues but several other potential sources of conflicts of interests. For example, if an article publishes a scandal in connection with a cable television service provider in an online news outlet of a given publisher, then if it has television channels, they may become banned on network of the affected cable television service provider.

In addition, there are certain business people who have interests in several influential media outlets (see Table 3.). For example, one of the most influential media business people is Lajos Simicska with extensive interests in television, radio and print media, and additionally via the websites of these media outlets, in the online scene too. He went to the same high school as Viktor Orbán. Simicska and Orbán then attended the Faculty of Law and Political Sciences of the Eötvös Loránd University in Budapest, where they were roommates in the dormitory of a special residence hall for law students, called the Bibó István College¹³³. In 1993, Lajos Simicska became the financial director of FIDESZ, and between 1998 and 1999 he served as the president of the Tax and Financial Control Administration¹³⁴. After he resigned from that position, he built a large business empire including companies with diverse activities (mainly construction, advertising and media). The relationship between Lajos Simicska and Viktor Orbán had gone wrong between 2014 and 2015, probably partly because of a new tax on advertising revenue adopted in the summer of 2014. The conflict became public when Lajos Simicska used a rather offensive four-letter word¹³⁵ in connection with Viktor Orbán in the interviews he gave after the editors-in-chief of Hír TV, Lánchíd Rádió, and Magyar Nemzet suddenly resigned for “reasons of conscience” on the 6th of February in 2015¹³⁶.

Another important Hungarian businessman with notable media interests is Zoltán Spéder, to whom several important online portals are linked to through the Central European Media & Publishing

¹³¹See: <http://bit.ly/TRWMQy>

¹³² For example Mediaworks publishes 54 different media outlets (<http://mediaworks.hu/en/products>).

¹³³See: <http://bit.ly/28Tldc5>

¹³⁴ Adó- és Pénzügyi Ellenőrzési Hivatal (APEH)

¹³⁵ See: <http://bit.ly/25zrUUu> and <http://valasz.hu/publi/balszezon-109485>

¹³⁶ <http://mno.hu/belfold/kozlemeny-1271611>. See the article about this breakup in the Economist: <http://econ.st/1y5dvvW>.

Corporation. He became the vice-president of OTP Bank, the most significant Hungarian bank, at the age of 31 and recently he works on the integration of saving cooperatives. Spéder has several interests in Hungarian banks and serious media interests. He has the support of several leaders of FIDESZ for his projects, but the possession of index.hu, a portal that often criticizes the Orbán-government, makes his situation special¹³⁷.

Table 3. The media portfolio (properties) of some significant Hungarian entrepreneurs, 2015

	Television	Radio	Print	Online
Lajos Simicska	Hír TV	Class FM	Heti Válasz	
		Lánchíd Rádió	Magyar Nemzet	
		Music FM	Metropol	
Zoltán Spéder		Inforádió	IngatlanInfó	Dívány
				Femina
				Index
				Napi
				Női Friss
				Pénzcentrum
				Port
				Portfolio
				Retikül
				Totalcar
				Travelo
	Velvet			
Gábor Széles	Echo TV		Magyar Hírlap	

Sources: <http://bit.ly/28T160v> ; <http://bit.ly/28XuC2W>; <http://cemp.hu/>

Notes: The online portals of the televisions, radios and print media outlets are not listed.

The media outlets with significant relevance in public or political life are highlighted with bold.

Gábor Széles¹³⁸ who privatised the Videoton¹³⁹ in 1991 and became the president of Ikarus¹⁴⁰ in 1996, should be highlighted. In 2005 he founded Echo TV¹⁴¹ and in 2006 he acquired the company that publishes Magyar Hírlap. Both of Gábor Széles's media outlets have rightist leanings, even

¹³⁷ <http://nol.hu/gazdasag/speder-nem-hallgat-tovabb-1603277>

¹³⁸ <http://www.szélesgabor.hu/index.php?mod=menu&mid=2>

¹³⁹ A Hungarian company that developed, manufactured and sold Videoton branded consumer electronics (televisions and radios), IT and defence electronics products before the transition in 1989-90. It was the largest Hungarian industrial group in local private ownership in 2013.

¹⁴⁰ A Hungarian company that used to have a leading role in the bus industry by producing about two third of the articulated buses of the world in the 1970s and the 1980s.

¹⁴¹ The overrepresentation of the news in connection with the government and the FIDESZ in the news programmes of the Echo TV can be detected based on the data of the National Media and Infocommunications Authority (<http://bit.ly/28TeTlb>)

though Magyar Hírlap used to be have liberal tendencies. He participated in the organisation and in the financial support of Peace March¹⁴², a demonstration supporting Viktor Orbán and his government¹⁴³.

In the light of the traffic statistics for the Hungarian websites, the situation of Zoltán Spéder and his company, CEMP, can be considered yet more exceptional. In 2014, nine of his abovementioned online portals¹⁴⁴ were included in the top 100 list of the most viewed webpages¹⁴⁵. Additionally, CEMP operates several further webpages represented on this list, for instance blog and forum engines, email service, photo or video sharing sites and online games and shops.

Some journalists claim that in a prudent media market if an investigative journalist finds an interesting topic that is being banned by a particular news outlet, then the journalist should find another medium which publishes his or her articles, but that is not generally possible in Hungary. However, we heard several counterexamples during the interviews. For instance, when a journalist of a significant online portal had begun to deal with a case of a company that later became one of their key advertisers, he continued publishing the articles in a weekly newspaper based on an agreement between the two editors in chief.

Since 2010 there are some new initiatives on the Hungarian media market which may also affect the climate of investigative journalism. Several editors and journalists, fed up with the influence of the advertisers and the political relations of the owners of their former workplaces, and founded new online portals, including Átlátszó, !!444!!! and Direkt36. As it was described earlier, Átlátszó was founded by Tamás Bodoky in 2011, after he had left Index. !!444!!! was started in 2013 by Péter Uj, the former editor-in-chief of index.hu and by several journalists who went to !!444!!! from Index. Péter Uj wrote the following few words in an essay¹⁴⁶, discussing the scandal of the Hungarian National Bank and a news portal, about the motivation of the foundation of !!444!!!:

“...The reason for founding 444 was clear: dozens of journalists of Index deserted after its owner reacted to the changing content consumption habits of the political power with innovative management methods.”

Direkt36 was established by Gergő Sáling, András Pethő and Balázs Weyer in 2015 after all of them had left Origo.

All of these three portals has some financial connection to the Open Society Foundations¹⁴⁷, and on this basis, they are often condemned by the right-wing oriented media. The financial backgrounds of Átlátszó and Direkt36 are also based on crowdfunding as these news outlets are also supported

¹⁴² Békemenet in Hungarian.

¹⁴³ <https://atlatszo.hu/2012/08/01/kis-oligarchatarozo-szeles-gabor/>

¹⁴⁴ Divány, Femina, Index, Napi, Pénzcentrum, Port, Portfolio, Totalcar, Velvet

¹⁴⁵ <http://ite.hu/legnezettebb-hazai-weboldalak-rangsora/>

¹⁴⁶ <http://444.hu/2016/04/26/a-kozpenzjellegu-kozpenz-lopasjellegu-ellopasa-es-mas-trefas-esetek>

¹⁴⁷ A foundation established by George Soros (<https://www.opensocietyfoundations.org>).

by their readership via donations – they receive ‘one-percent’ donations as well¹⁴⁸. On Direkt36 there are no banners or advertisements at all. Nearly all of the interviewed journalists emphasized the advantages of the financial model of these investigative portals:

“There is no advertising or political influence behind Direkt36 and Átlátszó, their budget comes from tenders and crowdfunding. They enjoy full independence; they do not need to weigh the issues. For instance, if they publish an article about COMPANY6, then would the COMPANY7, that is in connection with COMPANY6, withdraw their advertising next month or not. They would even informally praise the article, they would say how good the article was, but they would go to another news site where there are no such articles.

The advertising market far outweighs investigative activities. A prudent media market could well ward it off; if the story is published by several media, then the journalist could change employers. The problem arises when the advertisers get more and more dependent upon the government, whether it is about the pharmaceutical or the car industry, because they have strategic agreements with the government¹⁴⁹. Advertisers are not independent, either. COMPANY2 (an international telecommunication company) immediately put an end to its journalism transparency programme, when they signed the strategic agreement with the government. There was a series of articles at NEWSPAPER3, JOURNALIST4 might have written some articles here, that were supported by COMPANY2 on NEWSPAPER3 online (COMPANY2 gave money to NEWSPAPER3 thus sponsoring the content of the column)”.

2. The conditions and methods of investigative journalism

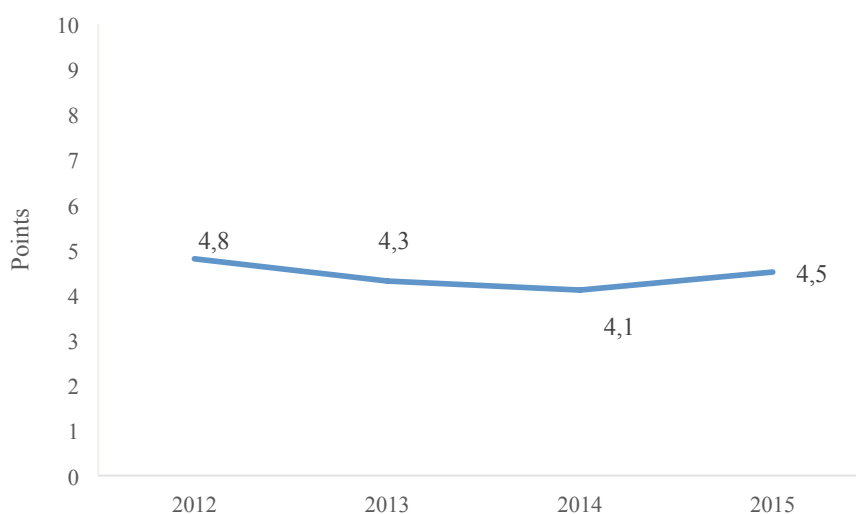
As it was discussed in the previous section, strong political influences can be traced on the Hungarian media. A survey conducted in every year since 2012 among journalists by Mérték Media Monitor pointed out¹⁵⁰ that they have a negative opinion about the situation of the Hungarian press freedom (see Figure 11.). This attitude seems to be unchanging in the past four years.

¹⁴⁸ The Hungarian Personal Income Tax System has included the possibility for the individuals to designate the one-percent of their tax to approved non-profit organizations since 1996.

¹⁴⁹ About the negative effects of Strategic Partnership Agreements of the Hungarian Government see the Report of TI Hungary: http://transparency.hu/uploads/docs/lobbi2014_web_eng.pdf

¹⁵⁰ See: <http://mertek.eu/sites/default/files/reports/07ujsgirovizsgalat-160404-00-single.pdf>

Figure 11: The situation of press freedom, evaluated by journalists in Hungary, 2012-2015, points



Source: Mérték Médiaelemző Műhely (www.mertek.eu)

Notes: the journalists could evaluate the situation of press freedom on a ten-grade scale.

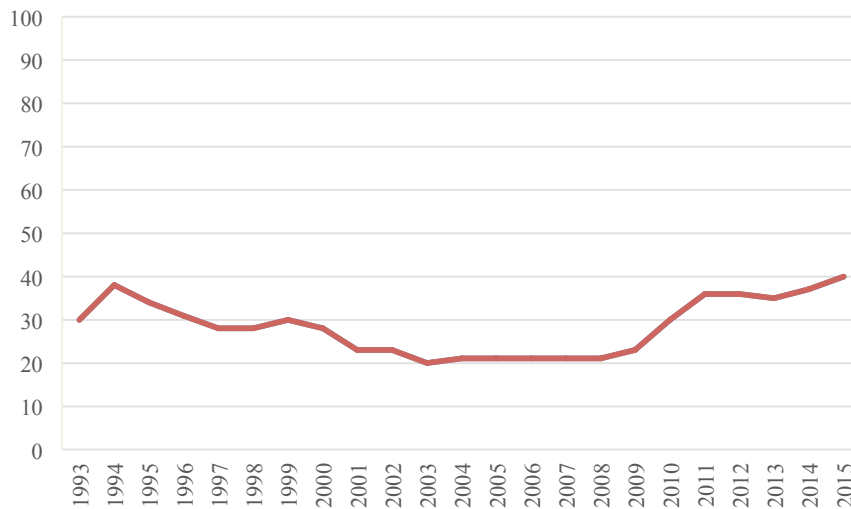
The press freedom index¹⁵¹ of the Freedom House indicates that the Hungarian press is partly free since 2011 after a free period lasting for 14 years (see Figure 12.). The Freedom House concluded in its country report¹⁵² for Hungary in 2015 that there is a five-year decline in press freedom. The report highlighted that “*press freedom deteriorated slightly as the government imposed a new advertising tax¹⁵³ and continued to pressure media owners*”.

¹⁵¹See: <http://bit.ly/293EsOy>

¹⁵²See: <https://freedomhouse.org/report/freedom-press/2015/hungary>

¹⁵³ The law on advertising tax came to force on the 18th July 2014 introducing a new tax rate rising progressively by tax brackets. After several amendments of the law on advertising tax until November 2014, there was only one media company that became the subject of the highest tax bracket, RTL Hungary. As a response, RTL Hungary submitted a complaint to the European Commission in claiming that the ad tax is discriminative and distorts the competition. Additionally, the proportion of the political reports in the news programme of RTL Klub started to rise and became critical to the government. For more details about the advertising tax, see: <http://bit.ly/1q8oGXQ>.

Figure 12: The Press Freedom Score of Hungary, 1993-2015, points



Source: Freedom House (www.freedomhouse.org)

Notes: 0 is the freest and 100 is the least free.

The World Press Freedom Index of Reporters Without Borders also indicates a sudden worsening of the situation of the Hungarian media between 2010 and 2012¹⁵⁴. During these two years Hungary's ranking declined from the 23rd to the 56th place (see Table 4.). Since then Hungary could not move forward on the list; its position is the 67th out of 180 in 2016.

Table 4: The ranking of Hungary on the World Press Freedom Index, 2002-2016

Year	Ranking
2002	24/134
2003	21/158
2004	28/157
2005	12/160
2006	10/160
2007	17/163
2008	23/167
2009	25/169
2010	23/172
2012	56/177
2013	56/177
2014	64/179
2015	65/179
2016	67/180

Source: Reporters Without Borders (www.rsf.org)

¹⁵⁴ <https://rsf.org/en/taxonomy/term/113>

Returning to the conclusions of Mérték Média Monitor, it should be highlighted that the vast majority of journalists feel that the media is under political pressure; they claim that "politics controls the media more" is rather correct than vice versa, "media controls the politics more" in describing the situation in Hungary. The allocation of state advertising remained the principal tool of political pressure, and the importance of this phenomenon increased in the recent years. The indirect pressure of politicians and advertisers through the chief editors or the managers of the news outlets on the journalists has also increased.

An important conclusion of the interviews is that there are basically no investigative teams working at Hungarian news outlets:

Investigative journalism is a part of a lot of media, but of course, not everywhere. For example, NEWSPAPER1 does not have any, although it is the third biggest news site in Hungary published by PUBLISHING COMPANY2, the biggest publisher in Hungary. Investigative journalism might not fit into its corporate culture. At NEWSPAPER7 there is no investigative journalism, though they refer to themselves as the most independent medium of all. Corporate culture has an important role in this, because if the culture is not supportive, or the corporation has no tradition concerning investigative journalism then it will not work. Journalists who would have wanted to start investigations left NEWSPAPER8 (one of the most popular economic weekly in Hungary).

The only counterexamples are the aforementioned Átlátszó and Direkt36, the two online portals established in the last five years and are specially dedicated for investigative journalism:

"But there is Direkt36 or Átlátszó; they seriously deal with this. There are several media that attack different political sides. But Magyar Idők¹⁵⁵, for example, will not disclose cases linked to the right wing. In some cases, the owner's sphere of interest is also a determining factor; NEWSPAPER3 will not publish cases about company COMPANY2¹⁵⁶."

Also there was an investigative group of two or three journalists at "Élet és Irodalom" in the late 1990s and the early 2000s but it has been dissolved.

During the interviews, several reasons of this phenomenon were outlined. Firstly, the news outlets would not have sufficient human resources to produce enough content if their journalists would elaborate investigative articles instead of working in the newsroom:

"The work of the investigative journalism is financed in the following way: if there is a story, the journalist asks for – let's say – a month freedom, i.e. for a month they should leave him alone. But there is no budget earmarked for investigative journalism, what really counts is the human resources. If a trip abroad to check company data or a trip to the countryside to check out an estate is needed, it is paid for by the newspaper, but these are only some ten thousand-forint items (petrol/gas, etc.)"

¹⁵⁵ Literal translation of the title of the newspaper: Hungarian Times. A daily paper launched in 2015 and can be linked to the current government.

¹⁵⁶ NEWSPAPER3 and COMPANY2 are owned by the same person.

So usually if a journalist has a story, he or she has to work on it in parallel with the news editing and cannot spend all of his or her time on it. Partly due to these conditions the journalists usually work on the cases individually. Performing the investigations as a team is quite uncommon, but if the extent of a given case makes it necessary, the journalists join together, like Zoltán Siposs and Tibor Krecz did when they wrote about the Tocsik scandal. If a journalist is faced with a case that cannot be elaborated without the help of lawyers or IT experts, usually they can access for such external help.

Secondly the preferences of the readership also set some limits on the scope of investigative work. The readers usually prefer short articles that are easy to understand, and what is more, they often just read only the leads of the articles. For this reason, some editorial offices do not appreciate the investigative journalism. The readership also has some influence on the topics as journalists mostly deal with stories that they consider to be interesting for the public. The interviewed journalists highlighted the inverse relationship between the extent and complexity of corruption and the interest of the public:

“The amount of money does not matter at all. People do not care whether it is 10, 20, 30, or 100 billion forints (or 300-600 million euros) at stake. Though triviality, the pettiness is interesting; the version 1.0 fraud, it is considered to be too much. If corruption is covert, or conducted via multiple corporations, or there is an offshore case, it can hardly trigger any emotions, people simply do not understand it. They understand a petty a fraud of 250,000 forints (about 800 euros), but they are helpless in the case of a fraud of several billion forints. People got tired, apathetic; corruption is not a sexy topic. Though family ties could hype it.”

“It happens quite often that a colleague finds a really interesting and well-documented corruption case (e.g. COMPANY1), but among those concerned there are no prominent or well-known figures. This article was published in the end as an acknowledgement of the journalists’ efforts, but no one thinks that readers would take it all in, especially if the case is too complex. For the public well-known names are extremely important. NEWSPAPER2, as an economic weekly, positions itself with its sophisticated content. The case of the MNB foundations is an intricate one, while whether a politician asked for an invoice in a restaurant or did not is more tangible, it is a simple case. Orbán’s choo-choo train¹⁵⁷ is smoothly digested, but where and when offshore companies are involved, e.g. the privatisation of MKB, the case is no longer easily comprehensible because of its complexity. But NEWSPAPER2 deals with complicated cases, they do consider the societal impacts of these cases (how big the amount is, e.g.).”

“At NEWSPAPER4 investigative activity/reporting is fully backed, and it means that I have the freedom to decide what I want to deal with. Our owner is not a major figure in the Hungarian economic field, he has only a stake in a business. He always checks the front page, but in the past 4-5 years there has never been any consideration about the contents. There are newsrooms/media where the investigative journalism has no prestige at all; it is believed to be a superfluous content; they think that the reader solely reads the leads. The stimulus threshold has got too high; nobody is able to get absorbed in the details.”

¹⁵⁷ Viktor Orbán supported the construction of the train that runs between the two villages of his childhood and the stadium of the football team, the team is also supported by Orban. The investment was financed by EU funds. See: <http://bit.ly/1WGkDR1> and <http://bit.ly/28XuoJc>.

In conclusion, the fundamental characteristics of a case that would trigger attention are the following:

- at least one well-known person is involved,
- the affected amount of money is easily comprehensible,
- the method of corruption is not too complicated (for example performance fee is understandable but offshore businesses are not),
- it affects the everyday life of people,
- has political affiliations.

The case of István Papp is a good example for a scandal that did not generate much interest, and as a consequence, the journalists did not elaborate it thoroughly.

Additionally, the potential consequences of the investigative work can restrain journalists from engaging themselves to the investigative journalism. Éva Vajda, a prominent investigative journalist in Hungary said in one of her interviews¹⁵⁸ that:

“...often there is no consequence of the cases revealed by journalists, that frustrates them, however, arresting the "hero" of an article on the day after it was published is not a condition for a good investigative work. Therefore, that investigative journalism is often not effective from such aspects, is not due to the journalist or the quality of their articles, but because of the environment surrounding them; the way how other subsystems of society – the Parliament, the investigating authorities, public agencies, the whole judiciary system – do their jobs. Although, there are positive examples [...]. So there is a hope that in parallel with the strengthening of civil society, the effects of investigative articles will also increase and they will entail consequences.”

Journalists usually develop their own methods by themselves. They have quite diverse educational background. Most of them come from the field of humanities, economic, political or social sciences but there are many other, more extreme examples¹⁵⁹. There is no institutionalized background for the education of investigative journalism in Hungary, only some conferences and workshops are organized on ad-hoc basis.

The interviewees mostly agreed that they have to remain independent from their sources, mainly from politicians and high-ranking officials, although there are some dubious stories about corrupted journalists:

“JOURNALIST1 has no connections; he may have met three politicians, but he has never met anyone from the police or the Intelligence. Though there are journalists who regularly meet their informants. He feels very upset when a journalist refers to János Lázár (the Minister heading the Prime Minister’s Office, from Fidesz) as “Jani”, or speaks about Antal Rogan (the

¹⁵⁸ <http://k-monitor.hu/eszkozta/szakertok/oknyomozo-ujsagiras>

¹⁵⁹ For example, Krisztina Ferenczi, a memorable Hungarian investigative journalist, who died in 2015, started her journalistic career at about the age of 40. Previously she used to be an actress.

leader of Fidesz parliamentary group) as “Toni”, because it presupposes a nexus between the journalist and his informant that is not acceptable/permisible.”

“I cannot tolerate if a journalist and a politician hug each other when they meet, even if they are relatives, because a journalist should not behave like this in a public place. There are stories about certain Hungarian journalists who take part in the election campaign using a pseudonym or anonymously. In the Municipal Assembly there is a payroll for journalists in certain media who get money for publishing given articles.”

“Everybody knows somebody whose grandmother’s sister has already seen the payroll of the press of the Municipal Assembly.”

“It may well be only an urban legend; nobody has ever seen any documentations about this.”

The recent developments of investigative journalism, like data-driven journalism are emerging much slower in Hungary than in the USA or Western-Europe. The journalists have to investigate what kind of data is available in connection with their story and then they have to get, clean and analyse it themselves. Attila Bátorfy, a Hungarian expert of data-journalism¹⁶⁰ wrote an overview¹⁶¹ about the situation of this new trend in Hungary, and he emphasized that:

“(…) the Guardian, The New York Times, the Washington Post; the Süddeutsche Zeitung, the Bloomberg, the Spanish El Confidencial, Argentina’s La Nación or Swiss public radio (SRF) have a separate division working as a data-journalism and visualization team, but we know about Slovenian, Romanian, Slovak, Polish, Bulgarian and Estonian editorial offices with data-journalists too – not just to talk about the Western European media market. Besides them, there are freelancers who are involved in various small or even monumental projects. They are working in the biggest newspapers, often for months on occasional basis. This type of work is also completely unfamiliar on the Hungarian media market.”

The quality and the reliability of the Hungarian data sources were also mentioned as a problem facing data-driven journalism in Hungary during our interviews. The journalists and media experts highlighted that as more and more articles aim to reveal corruption based on official public data, the accessibility and the trustworthiness of these data sources are being reduced. Also only a small proportion of the Hungarian readership is able to understand infographics and other interpretations of data.

3. The influences of organized crime and intelligence agencies on the uncovering of corruption cases

The cases presented in the first chapter of this study have a recurring peculiarity as the information leaked by the intelligence agencies or interest groups had key role in their release. Based on the

¹⁶⁰ He is one of the founders of Databánya, a Facebook-page dealing with resources of data-driven journalism (<https://www.facebook.com/databanya/>).

¹⁶¹ <http://bit.ly/1XkK5MF>

interviews we can conclude that the press is a tool for different groups with conflicting interests that may leak information about the others' suspicious affairs:

“At NEWSPAPER3 the editors decided on what should be covered, they followed their own rules and ideas, they did not have any set methods at hand. Journalists basically were tipped-off about an issue when a certain interest group gained too much at the expense of another interest group in a given case.”

“The Schmitt Pál story¹⁶² unfolded as someone just popped into the newsroom, but in this case with the material/documentations in his hand.

(...)

From time to time certain Secret Service documents tend to appear unexpectedly in the newsroom as if these papers were blown in through the open windows by the wind. Then the journalist starts working on them in the most thoroughgoing way. For instance, NEWSPAPER 6 portal, where information is leaked by the Ministry of Interior, information mostly about politicians in opposition. We should deal with the information under close scrutiny. We should see through them; we should try to find out what the intention might be behind the information. Journalists started to move from anonym sources toward data, but this is still very tricky or dangerous.”

“There are more and more unknown informants, therefore it is checked when files and packages are mailed to the medium. It is also getting more and more widespread that somebody creates an email address and starts writing about a case in an extremely detailed way with ostensible accuracy. I never use them. There is a guy, it is not exactly known who he is, but he regularly provides extremely detailed materials about PI party. He must have a lot of time, because he browses through different information systems in a fairly precise and efficient way. There is some temptation to use these pieces of information, but I never do this, although these appear in other media sources (NEWSPAPER 1 or NEWSPAPER 2 publish them).”

For instance, in 2005, Aranka Mayer leaked a document package during her divorce to Élet és Irodalom about some real estate corruption in the Tokaj-Hegyalja wine region¹⁶³ of her ex-husband in which Viktor Orbán and his wife was involved too. In such cases, the sources of information often remain unknown as they send documents and information packages to the editorial offices or journalists anonymously. A prominent investigative journalist came to the following conclusion during our interview with him:

“...As the network of the Kádár regime survived the transition, it constantly manipulates the newer systems [of organized crime]. The treasurer of a political party had invited some journalists once and he showed that he has information about all concurrent party's financial background. The Eclipse-scandal was also leaked because someone had too much income in this network. When the Tocsik-scandal had been revealed, clues were found to several bigger corruption cases, but the members of the network did not want to leak sufficient information about them. The Quaestor-case¹⁶⁴ proved that this network is still unshakable.”

¹⁶² Pál Schmitt, President of Hungary, August 6 2010 – April 2 2012. In 2012 he was accused of plagiarism that caused a great scandal. HVG, a weekly magazine, disclosed information about his doctoral dissertation that almost wholly is the work of other authors' texts translated word by word into Hungarian. After this he shortly announced his resignation. See:

https://hu.wikipedia.org/wiki/Schmitt_P%C3%A1l

¹⁶³ https://en.wikipedia.org/wiki/Tokaj_wine_region

¹⁶⁴ The Quaestor brokerage firm was filed for bankruptcy in the spring of 2015. See <http://bit.ly/1O6MHKF> and <http://bit.ly/1TLVe2C>

The interviewees told us that investigative journalists sometimes discover information about corruption before the police or other authorities do:

“It happens that a journalist discovers information instead of other authorities, e.g. JOURNALIST1 working on the CASE1 was always well ahead of the police. He wrote the article and the police was forced to take steps. JOURNALIST 2 had a story like this, as well. It also happens that the journalist’s work generates official report of the case and police investigation is started. But it is another issue how the prosecutor’s office and the court handle the case, where it gets stuck years later.”

Partly these conditions imply that investigative journalists are sometimes threatened in Hungary. In the 1990s, there were more serious methods of threatening, robberies (for instance, as it was mentioned in the first chapter, in the case of Tocsik-scandal, the editorial office of Figyelő was cracked), grenade blasts¹⁶⁵, etc. One of our interviewees said that *“a person with children was not recommended to become investigative journalist in that decade”*.

Since then the most frequent methods of threatening are following and verbal threats. However, very rarely more serious things happen, for instance, threats based on video footages of the journalist’s personal life.

“I have heard and known about this. But I cannot tell you anything else, because I promised someone not to speak about it to anyone.”

“But that much I can tell you. I know about a guy who was working on a corruption case and his apartment was installed with surveillance cameras somehow. Later they showed the journalist the recording, he was blackmailed and he was even observed/followed by them.”

“I have never encountered physical threats, only verbal ones. The white-collar guys who are concerned in the case would rather threaten you with litigation. That was the greatest pressure, the strongest threat of all. It is rather frequent that the article hurts some business interest. Then they raise the question: ‘How are going to pay 100 million forints in punitive damages?’ But presumably nothing will happen. In connection with one of the cases I met three bulky musclemen with golden chains in their necks who leaning over me looked at what I was writing, or put their hands on my hand or on my shoulder while I was writing. You can interpret it as a friendly gesture, or as some kind of a dominance, but you could also think that these are just their own specific personality meta-communicational features. But the threat of litigation is the typical one.”

“In connection with CASE5 I heard about threats going beyond legal procedures. The journalist working on the case was called by one of the people concerned in the case. An entrepreneur (a real big player entrepreneur), the owner of two night clubs (the two biggest outdoor hangouts in Budapest at that time) was considered to be ‘a real hard and infamous mafia guy’. He was taking personal care of POLITICIAN14 (one of the leaders of the socialist party) who was the leader of the investment company in this case. BUSINESSMAN13 invited the journalist to a meeting where he ÷ in a very lengthy, realistic way ÷ described how pigs are to be slaughtered. Of course, nothing was mentioned about the investment, pig slaughter, alone was in the focus. The journalist got the message, there was no need for any further hints, and he gave up working on the case immediately.”

¹⁶⁵ For example the car of Krisztina Ferenczi was exploded next to the mine of the father of Viktor Orbán in Gánt, when she was investigating the circumstances of how did the Orbán family become wealthy (<http://www.168ora.hu/itthon/ferenczi-krisztina-konyv-orban-csalad-124473.html>)

Additionally, even if the journalists have proof of their statements, actions for libel are brought against them. We faced with this fear in many interviews:

“The owner has never instructed me with whom I should conduct interviews, or what I should write about. I suppose editors, among themselves, do discuss what topics could be hot, and it is OK, since an editor could well be much more farsighted than a journalist. But it never happened that I had a topic and they would tell me that it was too sensitive and I had better not deal with it. Once an article of mine remained in the drawer at NEWSPAPER1, because we were unable to support something with data and documentations. Half a year later the case was revealed and editors were kind of upset. They thought we could have written the article, but while writing the article a legal notice by a lawyer was sent to the office stating should we write about the case we will be prosecuted. The informants (sources) did not allow us to use their names, we did not have any documentations, so we gave up on it. Though the case was known by everyone in the business.”

These lawsuits can be very long and exhaustive and therefore can prevent journalists to deal with a given case. the investigation documents from the investigative authorities. Also the journalists may be afraid that the court sides with the plaintiffs as the judges only receive

Lessons from the analysis

The media and the journalists play key role in revealing the corruption scandals in Hungary, even though strong political influences can be traced on the Hungarian press and several international and domestic organizations drew attention to the worsening situation of the press freedom. This is largely because of the weakness of the state institutions that may be evidenced by the length of the lawsuits followed the cases discussed in the first chapter. If Hungarian journalists would not carry out their important mission of investigating such cases, presumably the number of the legal actions launched because of corruption would be far less. As fresh initiatives regarding the institutionalization and professionalization of investigative journalism appeared in the Hungarian media in the last few years, further reinforcement of this role can be expected.

The influence on the outbreak of scandals of the organized crime and intelligence services is generally known, but not explored in depth so far¹⁶⁶. Besides their role in leaking information to the media about certain cases, they also have appropriate tools to prevent the journalists from elaborating some scandals. However, mostly accusations of libel are mentioned as threats and in addition, more serious threats are quite rare.

The influence on the Hungarian media of some business groups and advertisers is also notable. A large part of the Hungarian media is owned by a few entrepreneurs with strong political affiliations, and that may affect the work of these editorial offices. Also, the news outlets often depend on their public and private advertisers. These relations are not conducive to free and unbiased journalism.

¹⁶⁶One Hungarian political analyst, János Székely highlights the lack of lustration after the transition in 1989-90 as one of major political problem in his recent book about the political history in Hungary after 1990 (János Székely: *Báránnyakság – Hogyan lett ilyen Magyarország?* Kalligram. Budapest. 2015. [Sheep blindness. How Hungary got that way?]. He presents several examples when corruption was obviously revealed by members of secret services on purpose of compromising their opponents, for instance the case of UD Zrt. (pp. 230), Ivánné Kivágó and György Hunvald (pp. 216). There was only one deep analysis about sensitive state security documents of Kádár's regime written by a working group lead by a prominent Hungarian historian, Janos Kenedi in 2008 (<http://mek.oszk.hu/08400/08450/08450.pdf>).

Appendix

A1. List of abbreviations

Table A1.1. List of abbreviations used in the study

Abbreviation	Name in English	Name in Hungarian
BKV	Budapest Transport Company	Budapesti Közlekedési Vállalat Zrt.
CEMP	Central European Media & Publishing	
CRCB	Corruption Research Center Budapest	Korrupciókutató Központ Budapest
GVH	Hungarian Competition Authority	Gazdasági Versenyhivatal
HLI	Hungarian Labour Inspectorate	Országos Munkavédelmi és Munkaügyi Főfelügyelőség
HSP	Hungarian Socialist Party	Magyar Szocialista Párt
LMP	Politics Can Be Different	Lehet Más a Politika
MOL	Hungarian Oil & Gas Company Plc	Magyar Olaj- és Gázipari Részvénytársaság
MVM	Hungarian Electricity Private Limited Company	Magyar Villamos Művek Zrt.
NBH	Hungarian Special Service for National Security	Nemzetbiztonsági Hivatal
NPAM	National Privatization and Asset Management Corporation	Állami Privatizációs és Vagyonkezelő Rt.
OTP	National Savings Bank	Országos Takarékpénztár

A2. The details of the interviews

The Hungarian research team interviewed eight leading investigative journalists and one media expert. Six of the interviewed journalists won the Göbolyös Soma Prize¹⁶⁷, an award dedicated to young investigative journalists in Hungary. This prize was awarded eighteen times since its foundation in 2002 (see Table A2.1.): therefore about the one-third of the prize winners were interviewed. Four of the interviewees won the Prize for Quality Journalism (the background of this award was discussed in the section about market structure and the influence of advertisements), some of them were awarded for several times. Also an interviewed journalist received the Hungarian Joseph Pulitzer Memorial Prize¹⁶⁸.

Table A2.1. List winners of Göbolyös Soma prize, 2002-2015

Year	Journalist	Topic / Case revealed
2002	Gábor Blénessy	The corruption of an organization dealing an agricultural innovation
2002	Attila Rajnai	Oil bleaching
2003	Zoltán Haszán	Public spending for the organization of public holidays and for building Hungary's image
2004	Attila Mong	Brokerage scandal
2005	Zoltán Bogád	A doubtful IT procurement
2006	István Szabó M.	The cases of the Hungarian Railways Company
2007	Éva Vajda	The internal affairs of Hungarian Telekom
2008	András Bódis	The corruption case of János Kóka, the former Hungarian minister of economy
2009	Gergely Brückner	The corruption case of Siemens
2009	András Pethő	Series of public orders won by a company for billions without tendering
2010	Péter Magyarai	The Russian influence on the gas market of Hungary
2011	András Szabó	The sale of the building of the Hungarian commercial office in Moscow
2011	Anita Vorák	Corruption at a Hungarian public television channel
2012	Zoltán Dénes	A loan of 13 billion HUF that was never repaid
2012	András Pethő	The rise of a construction company belonging to Lajos Simicska
2014	Leonárd Máriás	Relation between the winners on the tobacco-shop tenders and a tobacco-wholesaler
2014	Babett Oroszi	The public spending of film support
2015	Bálint Szalai	Frauds in connection with Hungarian citizenship

Source: https://hu.wikipedia.org/wiki/Göbolyös_Soma-d%C3%ADj#D.C3.ADjazottak

¹⁶⁷ <http://www.gsoma.hu>

¹⁶⁸ An award founded by Pál Fábry, a Hungarian businessman living in New Orleans, in 1989, with the aim of honouring the outstanding achievements of Hungarian journalists after the transition of 1989-90 (www.pulitzer.hu).

A3. Index of people who were mentioned in the study

Table A3.1. Index of people who were mentioned in the study

Name		Brief introduction
András	Bánó	Presenter and news editor of Objektív, a news show, during the outbreak of the Tocsik case.
András	Szász	A consultant of István Kocsis who was involved in some of the offshore companies affected in the Kocsis case.
András	Pethő	Founder of Direkt36; previously he worked for Origo.
Aranka	Mayer	She leaked a document package about some real estate corruption linked to the family of Viktor Orbán.
Attila	Bátorfy	A Hungarian expert of data journalism.
Balázs	Weyer	Founder of Direkt36; previously he worked for Origo.
Endre	Deák	One of the founders of Eclipse Informatikai Rendszerház ZRt.
Éva	Vajda	A prominent investigative journalist in Hungary.
Ferenc	Gyurcsány	Prime Minister of Hungary between 2004 and 2009.
Ferenc	Hevesi Tóth	A former leader of the Hungarian Special Service for National Security; joint owner in Eclipse Asset Managment Ltd. with Endre Deák.
Gábor	Széles	An important Hungarian businessman with notable media interests.
Gergely	Dudás	A journalist who worked on the Kocsis case at Index.
Gergő	Sáling	Founder of Direkt36; previously he was the editor-in-chief of Origo.
György	Budai	An entrepreneur who was associated with the Alliance of Free Democrats during the activity of Márta Tocsik.
György	Eiselt	The director of one of the two bureaus at the Interior Ministry, who bought overvalued services from Eclipse.
György	Szilvász	Deputy Secretary of State during the second Gyurcsány government.
Gyula	Horn	Prime Minister of Hungary between 1994 and 1998.
Hajnalka	Pintér	Project manager at Eclipse; daughter of Sándor Pintér.
Imre	Szokai	President of NPAM during the activity of Márta Tocsik.
Imre	Mártha	The successor of István Kocsis as a CEO at MVM.
Imre	Katzenbach	An employee of Eclipse who took 500 million forints from the account of the company.
István	Nikolics	Leader of the Hungarian intelligence agencies during the outbreak of the Tocsik case.
István	Kocsis	He led the MVM between 2004 and 2008; during the Tocsik scandal he was a director of NPAM.
István	Papp	The former president of the HLI.
István	Ignácz	The director of one of the two bureaus at the Interior Ministry, who bought overvalued services from Eclipse.
Iván	Pető	Member of the Alliance of Free Democrats.
János	Lázár	The Secretary of State of the Prime Minister's Office between 2012-2014, and then State Minister of the new Fidesz government.
Krisztina	Ferencci	A prominent investigative journalist in Hungary.
Lajos	Simicska	He built a large business empire including companies with diverse activities (mainly construction, advertising and media); he was a roommate of Viktor Orbán in the dormitory.
László	Boldvai	Treasurer of the HSP during the activity of Márta Tocsik.
László	Hagymási	One of the founders of Eclipse Informatikai Rendszerház ZRt.
Márta	Tocsik	A lawyer, who was involved in the formalization of contracts of NPAM; she was a scapegoat in a complex and iconic case of political corruption.
Péter	Lovas	Manager of Vektor Ltd., a company specialized in counselling services for local governments, during the activity of Márta Tocsik.
Péter	Liszcai	Counsellor of NPAM during the activity of Márta Tocsik.

Table A3.1. Index of people who were mentioned in the study (continued)

Name		Brief introduction
Péter	Uj	Founder of !!444!!! news portal; previously he was the editor-in-chief of index.hu news portal
Sándor	Csányi	Chairman and chief executive officer of OTP Bank Group; he is the wealthiest person in Hungary, and Hungary's first billionaire according to the Forbes.
Sándor	Pintér	Minister of the Interior during the Orbán governments.
Tamás	Deutsch	Member of FIDESZ; he drew attention to the Tocsik case in the Hungarian Parliament.
Tamás	Suchmann	The minister responsible for matters of privatization during the activity of Márta Tocsik.
Tamás	Lovas	Director of Vektor Ltd.
Tamás	Bodoky	The journalist who revealed the Kocsis case on Index.hu; founder of Átlátszó.hu
Tibor	Krecz	One of the journalists who revealed the Tocsik case in Figyelő.
Zoltán	Siposs	One of the journalists who revealed the Tocsik case in Figyelő.
Zoltán	Cseke	Head of legal and audit department of the HLI.
Zoltán	Spéder	An important Hungarian businessman with notable media interests.
Zsolt	Hernádi	Chairman and chief executive officer of MOL Group. See: https://mol.hu/en/

A4. Interview guideline

1. Introduction

- a. When did you become a journalist?
- b. Where and in what positions did you work in the media?
- c. Which cases did you reveal?
- d. Which professional awards have you received?

2. Choice of topics

- a. To what extent is the responsibility of the editors and journalists? And of the owners and the management?
- b. Have you experienced that a topic was refused or forced by the editors, the management or the ownership?
- c. How important are political topics?
- d. Which characteristics make a case interesting? And which characteristics make them boring?

3. Conditions, financing

- a. Is investigative work considered to be important in the editorial offices? To what extent? How do they support it?
- b. Are there investigative teams in the editorial offices you have experience with?
- c. How are the investigative articles carried out?
- d. How can you describe the financial conditions of investigative journalism?

4. Contacts

- a. What kind of relations are there between the journalists and the possible actors of corruption?
 - i. Politicians?
 - ii. Police?
 - iii. Prosecutor's Office?
 - iv. Entrepreneurs?
- b. Who makes contact, the actors or the journalists?
- c. How important are these contacts?
- d. Are there international relations?

5. The characteristics of investigative work

- a. What are the characteristics of investigative journalism compared to general journalism?
- b. Is it individual or team work?

- c. What are the stage of processing a case?
 - i. How much time is required for the different stages?
 - d. How often does it happen that investigative journalists discover corruption instead of the police or other authorities?
 - e. How often does it happen that investigative journalists become corrupted?
 - f. What are the main difficulties during investigative work?
 - g. What is the role of data, the data-driven journalism?
 - h. Have you ever had some kind of failure during investigative work? What happened?
6. Threats
- a. Have you heard about any threats against investigative journalists?
 - b. What are the typical ways of threatening?
 - c. Do the threats become realized?
 - d. What do the journalists do when they become threatened?
7. Consequences of investigative journalism
- a. How do the editorial offices reward the investigative journalism?
 - b. How do professional journalistic organizations reward the investigative jobs?
 - c. What political consequences caused by investigative journalism?
8. Specific cases
- a. What do you know and think about the media coverage of the following cases?
 - i. Papp István case
 - ii. Eclipse case
 - iii. Kocsis case
 - iv. Hagyó case
 - v. Zuschlag case
 - vi. Hunvald case
 - vii. Tocsik case



This project is co-funded by the
Seventh Framework Programme for
Research and Technological
Development of the European Union



ANTICORRP is a large-scale research project funded by the European Commission's Seventh Framework Programme. The full name of the project is "Anti-corruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption". The project started in March 2012 and will last for five years. The research is conducted by 20 research groups in fifteen countries.

The fundamental purpose of ANTICORRP is to investigate and explain the factors that promote or hinder the development of effective anti-corruption policies and impartial government institutions. A central issue is how policy responses can be tailored to deal effectively with various forms of corruption. Through this approach ANTICORRP seeks to advance the knowledge on how corruption can be curbed in Europe and elsewhere. Special emphasis is laid on the agency of different state and non-state actors to contribute to building good governance.

Project acronym: ANTICORRP

Project full title: Anti-corruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption

Project duration: March 2012 – February 2017

EU funding: Approx. 8 million Euros

Theme: FP7-SSH.2011.5.1-1

Grant agreement number: 290529

Project website: <http://anticorrrp.eu/>