



U.S. SECURITIES AND EXCHANGE COMMISSION

# Telecom Executives Agree to Pay Penalties for FCPA Violations

**FOR IMMEDIATE RELEASE**

**2017-81**

*Washington D.C., April 24, 2017—*

The Securities and Exchange Commission today announced that two former executives at Hungarian-based telecommunications company Magyar Telekom have agreed to pay financial penalties and accept officer-and-director bars to settle a previously-filed SEC case alleging they violated the Foreign Corrupt Practices Act (FCPA).

Magyar Telekom paid a \$95 million penalty in December 2011 to settle parallel civil and criminal charges that the company bribed officials in Macedonia and Montenegro to win business and shut out competition in the telecommunications industry. The SEC's complaint also charged the company's former CEO Elek Straub and former chief strategy officer Andras Balogh with orchestrating the use of sham contracts to funnel millions of dollars in corrupt payments. The two executives were set to stand trial this month. Straub has agreed to pay a \$250,000 penalty and Balogh has agreed to pay a \$150,000 penalty. Both executives agreed to a five-year bar from serving as an officer or director of any SEC-registered public company. The settlements are subject to court approval.

"The executives in this case were charged with spearheading secret agreements with a prime minister and others to block out telecom competitors," said Stephanie Avakian, Acting Director of the SEC's Division of Enforcement. "We persevered in order to hold these overseas executives culpable for corrupting a company that traded in the U.S. market."

A third Magyar Telekom executive charged in the SEC's complaint, former director of business development and acquisitions Tamas Morvai, agreed to a settlement that was approved by the court in February requiring him to pay a \$60,000 penalty for falsifying the company's books and records in connection with the bribery scheme.

The SEC's litigation was led by Robert I. Dodge, Thomas A. Bednar, and John D. Worland Jr. The case was investigated by Adam J. Eisner and supervised by Charles E. Cain, Deputy Chief of the Enforcement Division's FCPA Unit. The SEC appreciates the assistance of the Fraud Section of the Department of Justice's Criminal Division and the Federal Bureau of Investigation.