

**FOR EXTERNAL USE**

**Allegation A:**

**Service fees charged by Arton are unusually high.**

**Factual position**

Arton's fees are entirely in line with industry standard and the fees charged as part of the Hungary programme are relative to those charged in other European jurisdictions for similar programmes.

The fees charged include all commission to agents and consultants, taxes and expenses relating to the application process (e.g. government application tax, legal, translation and legalisation fees).

Arton's fees fully reflect the overhead costs involved in the complex application process which includes robust due diligence and legal procedures.

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**Allegation B:**

**Financial beneficiaries cannot be identified and the finances of the ‘designated companies’ cannot be checked.**

**Factual Position**

Arton Capital are the only member of the residency bond programme to operate using a Hungarian-registered company. Arton are registered publically in Hungary and have a transparent shareholding. Arton were under no obligation to use a locally-registered company however it did so of its own volition and is the only company in the programme to do so.

Arton Capital Hungary was registered as a local company as per their company policy. In each jurisdiction, Arton register locally and sign agreements with a local tax effect. As such, the company records, accounts and ownership structure is fully accessible and transparent. Arton comply fully with their tax commitments.

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**Allegation C:**

**Mr Kristóf Kosik is employed by Arton Capital and has special privileges in relation to the Hungarian Government.**

**Factual position**

Mr. Kosik's law firm are immigration law specialists and are retained by Arton only to provide services relating to the residency bond programme. Clients sign a power of attorney which allows Mr. Kosik's law firm to represent them in front of the Immigration department. The only legal work which Mr. Kosik undertakes for Arton relates to the processing of applications. Arton do not have any relationship with Mr. Kosik outside this professional retainer and do not communicate with the firm except for matters concerning the programme.

Arton are not aware of any criticism of Mr. Kosik in relation to the programme. Arpad Habony has no connection to Arton Capital.

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### Allegation D:

**Arton obtained the Vietnam and S&Z competencies through unlawfulness and the process was not transparent.**

### Factual Position

#### Vietnam- HSSDF

HSSDF had their licence revoked in respect of the Vietnam competence. This is at the sole discretion of the Economics Committee of the Hungarian Parliament (the “**Committee**”) and their grounds for the revocation have not been shared. The Committee continuously monitor the work of the licenced agents to ensure they are complying with all relevant rules and regulations. When a licence is revoked, the countries are reallocated through the Committee without influence from any third party.

Remaining licence holders are informed of a revocation and given the opportunity to apply for the licence. Arton were given advance warning that the licence for Vietnam was being revoked.

Following the official procedure, Arton submitted a letter to the Committee signed by the director of Arton Capital to request that the licence be granted to them. As ever, Arton followed the correct practice in applying for the competency. Except for the initial application letter, licence holders have no control over where the competency will be allocated.

The revocation of the licence and the transfer to Arton was announced on the same day however the process had been ongoing for approximately two weeks prior to the announcement.

#### S&Z

S&Z lost their entitlement to 18 countries as a result of a ‘professional fault’. As with the Vietnam competencies, Arton applied using the correct official procedure, by submitting a letter to the Committee requesting the S&Z’s competencies be granted to Arton. Again the process took approximately two weeks.

Arton was granted the licence as a result of their speciality in the Middle East and North African (“**MENA**”) region. Arton have built up the market share of the MENA region competencies in the Hungary programme, starting with two country licences and built up to a team of 20 employees and 3 offices.

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**Allegation E:**

**The Vienna office is just an address at Meinh Bank.**

**Factual Position**

The Vienna entity, Arton Group Capital, is the holding company of Arton Capital Hungary (and all other Arton group companies).

Arton Group Capital is not an active company, it does not produce any service or employ anyone.

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**Allegation F:**

**Arton's Hungary office is a run-down flat with a rusted postbox**

**Factual Position**

Arton Capital Kft was first registered in 2013 and at this time did not have a physical office. Therefore for registration purposes, one of the shareholder's home addresses was used, Mrs. Radostina Balogh. Arton then established a physical Budapest office and amended the registration details accordingly.

Arton's first office was situated on Szekely Mihaly str. They subsequently moved to a larger office in Hajos Utca where they remain. The office is 300m<sup>2</sup> in size and is fully signed as belonging to Arton. A Notary Public has certified photographs of the current office.

Arton's Budapest office employs 8 – 10 people. Arton complained to the Austrian publisher about the article that the Report refers to at the time of its publication.

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**Allegation G:**

**Arton Capital uses a UAE company structure to avoid revealing company information and/or avoid tax.**

**Factual Position**

Arton's company structures are perfectly normal, above board and reflect the markets in which the company operates. Arton's UAE office is its main sales and administration office which reflects the size of the client base in the MENA region. Arton is licenced and regulated with a fully staffed and tax compliant office in Budapest. Arton Capital Hungary is audited by external auditors and has always been shown to be fully tax compliant.

Arton Capital is a global company with 14 subsidiary offices and has more than 400 signed partners and agents around the world. Arton is licenced and regulated according to all necessary laws and regulations in every country it operates.

Arton Capital has banking facilities in every jurisdiction in which it operates, the UAE is no exception. It is actually a mandatory requirement of the local UAE government that a local bank account is used when conducting business in the UAE. The client contracts with the Hungarian office who process the application. All Hungarian related contracts are executed and signed by the Managing Director of Arton Capital Hungary.

The UAE happens to be a business friendly jurisdiction, with stringent licencing rules. The UAE is further home to a huge globally-mobile expatriate population, many of whom have interest in second citizenship investment programmes. This is particularly important because Arton Capital Hungary has been awarded competence by the Hungarian government to act as its agent in the following MENA countries: Afghanistan, Algeria, Bahrain, Egypt, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Lebanon, Libya, Malta, Morocco, Nigeria, Oman, Pakistan, Qatar, Saudi-Arabia, Syria, Tunisia, UAE and Yemen.

Arton have had a UAE office for the past 10 years and part of the reason they have been allocated the MENA competencies is due to their large presence in the Middle East.