

Hungary CPAC Funding Probe Could Implicate US Entities

By **Mark Kokanovich, Dennis Burke and Kelly Lenahan-Pfahlert** (April 23, 2026)

The April 12 election in Hungary is exposing liabilities that people and entities might face in the U.S. for receiving funds from Hungary's government or participating in the transfer of such funds.

Hungary's prime minister-elect, Péter Magyar, has publicly alleged that the prior government under Viktor Orbán used Hungarian taxpayer funds to support the Conservative Political Action Conference and affiliated conservative institutions.[1]

Magyar has stated that these expenditures were not authorized under Hungarian law and will be the subject of a formal anti-corruption inquiry by Hungary's asset recovery authorities.[2]

U.S. CPAC officials have denied receiving Hungarian state funds, while emphasizing the organization's ongoing relationship with Hungary and its interest in future events there.[3]

A report from Politico indicates that CPAC Hungary was organized by the Center for Fundamental Rights,[4] an Orbán-aligned think tank funded indirectly by the Hungarian government through the Batthyány Lajos Foundation, which reportedly provided grants of up to €3 million for the 2024 CPAC Budapest event.[5]

Although the facts are still developing, the allegations raise an interesting set of cross-border legal questions.

Few situations involve a foreign government allegedly financing activities connected to a U.S. political organization, and even fewer present overlapping exposure under the Foreign Agents Registration Act, federal campaign finance law, anti-money laundering regimes, and tax-exempt organization rules. The potential intersection with U.S. political actors, combined with the alleged movement of funds across borders, creates multiple pathways through which U.S. authorities may seek information or initiate parallel inquiries.

Magyar's Allegations and the Hungarian Investigation

Magyar has stated that the prior government used state budget resources to support CPAC-related activities and other politically aligned institutions, and that such expenditures will be reviewed by Hungary's anti-corruption bodies.[6] CPAC denies receiving state funds and maintains that it is supported by private donors.

Magyar also identified the Mathias Corvinus Collegium, or MCC, as a recipient of alleged state financing.[7]

MCC's extensive international programming, including events featuring U.S. participants, creates a second potential channel through which Hungarian public funds may have



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intersected with U.S. political actors. If any portion of MCC's funding originated from state sources and supported activities with a U.S. nexus, MCC could present a parallel vector of exposure under FARA, campaign finance law or AML frameworks.

Why U.S. Authorities May Take Interest

Even if the alleged conduct occurred overseas, U.S. authorities may examine whether foreign state resources intersected with U.S. political processes or actors.

CPAC is a U.S.-based political conference that regularly features American elected officials and political committees. Its programming often includes messaging that touches on U.S. domestic policy, foreign policy and electoral issues. If foreign state funds were used to support CPAC-related activities, whether in the U.S. or abroad, U.S. regulators may seek to understand the nature and extent of that support.

MCC has likewise cultivated relationships with U.S. institutions and political figures. Participants in its events have included U.S. academics, policymakers and elected officials. For example, during Vice President JD Vance's recent trip to Hungary to campaign for Orbán, he spoke at MCC, underscoring the degree to which MCC's activities intersect with U.S. political actors.[8]

These connections may prompt U.S. regulators, including the U.S. Department of Justice's National Security Division, the Federal Election Commission and the Financial Crimes Enforcement Network, to assess whether foreign state funds supported political activities involving U.S. persons, whether intermediaries acted as conduits, and whether any required disclosures were incomplete or inaccurate.

While the mere presence of U.S. officials at foreign events does not create legal exposure, the involvement of a sitting U.S. vice president in programming hosted by a state-funded institution may heighten U.S. regulatory interest from agencies such as the DOJ's FARA Unit, the FEC and congressional oversight committees in the source and application of MCC's funding.

These connections may prompt U.S. authorities to examine whether:

- Foreign state funds supported political activities involving U.S. persons;
- Intermediaries or affiliated organizations acted as conduits for foreign financing;
- Any U.S. persons knowingly or unknowingly received foreign-sourced support; or
- Required disclosures under U.S. law were incomplete or inaccurate.

The cross-border political and financial dimensions create multiple potential touchpoints for U.S. enforcement interest, even if the underlying conduct occurred overseas.

Potential U.S. Investigative and Enforcement Pathways

FARA

The central question under FARA is whether any U.S. person acted as an agent of a foreign principal within the meaning of Title 22 of the U.S. Code, Section 611., which FARA defines to include

any person who acts in any other capacity at the order, request, or under the direction or control, of a foreign principal or of a person any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign principal.[9]

This two-step framework extends FARA's reach beyond direct governmental control. When an intermediary entity is financed or subsidized in whole or in major part by a foreign government, any U.S. person who acts at that intermediary's direction while engaging in covered activities may be required to register, even without a direct relationship with the foreign government itself.

This framework is directly implicated by the present allegations. If entities such as the Center for Fundamental Rights or MCC received Hungarian state funding sufficient to constitute financing in whole or in major part, those entities could be treated as conduits of a foreign principal under FARA.

Any U.S. person who then acted at such an entity's direction while engaging in political activities, public relations or political consulting within the U.S. may have been required to register. The FARA Unit within the DOJ has increasingly focused on indirect funding structures of this kind, including foreign-funded nonprofits and foundations that support U.S.-facing programming.

If Hungarian state funds supported CPAC-related programming within the U.S., including compensating speakers or subsidizing event infrastructure, the DOJ may examine whether persons involved in those activities acted at the direction of a foreign-funded principal or intermediary and were therefore required to register. The same analysis applies to MCC's international outreach, which could draw scrutiny if state-sourced funding supported activities directed at U.S. audiences, or were intended to influence U.S. public opinion or policy.

Campaign Finance and Foreign Contribution Prohibitions

Title 52 of the U.S. Code, Section 30121(a)(1)(A), prohibits foreign nationals, including foreign governments, from making contributions or expenditures, or providing anything of value, in connection with any federal, state or local election.[10] The statute separately bars contributions to political party committees[11] and expenditures for electioneering communications.[12]

U.S. persons are likewise prohibited from soliciting, accepting or receiving such contributions.[13] These prohibitions extend to indirect contributions and in-kind support. They do not require that foreign funds be directed at a specific candidate, but they do require a sufficient nexus to an election or to a political party committee.

Whether foreign state support for CPAC-related activities satisfies this election nexus is a fact-intensive question. CPAC is operated by the American Conservative Union, which maintains an affiliated political action committee registered with the FEC, and its programming routinely features U.S. candidates and elected officials.

If foreign state funds subsidized domestic CPAC events at which U.S. candidates appeared and were promoted to a U.S. electorate, regulators may assess whether that support constituted a prohibited foreign contribution or a thing of value provided in connection with a federal election. The FEC interprets "thing of value" broadly to include event costs, travel, venue support and production expenses.

Money Laundering and Bank Secrecy Act Considerations

If misappropriated state funds moved through U.S. correspondent banks or U.S.-linked nonprofits, U.S. jurisdiction may attach. U.S. financial institutions that processed such transactions may have had obligations to file suspicious activity reports, particularly if politically exposed persons were involved. Status as a politically exposed person may apply to foreign government officials, state-aligned foundation executives or politically connected intermediaries.

FinCEN may also review whether institutions applied appropriate due diligence and maintained adequate AML controls. This may include examining whether:

- Transaction monitoring systems flagged unusual transfers;
- Enhanced due diligence was applied to accounts associated with foreign political actors; and
- Any suspicious activity reports were filed in connection with transactions involving Hungarian state entities or state-aligned foundations.

AML exposure may also arise if shell entities, foundations or nonprofits with U.S. ties were used to route foreign public funds. Even if the underlying misconduct occurred abroad, U.S. jurisdiction can attach when illicit funds pass through the U.S. financial system.

FCPA

The Foreign Corrupt Practices Act's anti-bribery provisions are unlikely to apply because the allegations involve a foreign government's internal use of its own funds, rather than payments to foreign officials. However, the accounting provisions could be implicated if any U.S. issuers routed or recorded foreign-sourced funds inaccurately, or maintained books and records that obscured the source of funds.

If U.S.-listed companies were involved in event production, consulting or financial transfers, they may face questions about whether their internal controls were sufficient to detect or prevent the misrecording of foreign sourced payments.

Tax-Exempt Organization Compliance

If U.S. tax-exempt organizations received foreign state funds, the IRS may examine whether the funds were properly reported and whether any politically oriented programming violated restrictions applicable to 501(c)(3) or 501(c)(4) entities.

501(c)(3) organizations face an absolute prohibition on political campaign activity, and the key inquiry is whether they expended any resources on such activity — an expenditure that could jeopardize tax-exempt status. 501(c)(4) organizations may engage in limited political activity, but remain subject to foreign contribution prohibitions in connection with elections under Section 30121, as well as FARA.

Both categories must ensure that foreign funding sources are accurately disclosed on Form 990 and that any foreign-funded programming is consistent with their exempt purpose.

Foreign Influence Transparency and National Security Reviews

U.S. agencies may also assess whether foreign state resources were used to cultivate political influence in the U.S., or whether any undisclosed foreign contacts or financial relationships exist. Such inquiries may involve the DOJ's National Security Division, the FBI or congressional committees.

The involvement of U.S. political figures in foreign-funded programming may heighten interest in the source and application of funds, particularly where foreign governments have sought to influence U.S. political discourse.

Practical Considerations

Organizations with exposure to CPAC-related networks or foreign political institution activity should consider the following steps in light of these developing allegations:

- Review foreign funding streams for any CPAC-related events, programming or partnerships, and ensure that the sources of such support are transparent and well-documented.
- Assess FARA exposure, particularly where foreign government entities have provided financial or in-kind support for activities that could be characterized as advocacy directed at U.S. audiences.
- Strengthen due diligence on foreign partners, including scrutiny of funding sources, governance structures, and any connections to foreign state entities or state-aligned foundations.
- Monitor U.S. regulatory developments as the Hungarian anti-corruption investigation proceeds, because findings by Hungarian authorities may prompt parallel inquiries by the DOJ, the FEC or congressional oversight bodies.
- Prepare for potential information requests from U.S. or foreign authorities, including document preservation and identification of relevant personnel who may have knowledge of foreign funding relationships.
- Consider voluntary disclosure. Organizations that conduct an internal review and identify potential FARA or campaign finance exposure should promptly consider whether voluntary disclosure to the DOJ or the FEC is appropriate. The DOJ's FARA Unit has historically treated voluntary compliance — including retroactive registration — as a mitigating factor, and the FEC's enforcement process includes a self-reporting mechanism that can result in reduced civil penalties.
- Confirm tax-exempt compliance, including the accuracy of Form 990 disclosures and whether foreign-funded programming implicates restrictions on political activity.
- Review AML controls, particularly for organizations that process international transfers or maintain relationships with foreign foundations or political institutions.

What Comes Next

The trajectory of the Hungarian investigation will likely shape the degree of U.S. regulatory

interest. If Hungarian authorities determine that public funds were routed to CPAC in the U.S., MCC or affiliated intermediaries, U.S. agencies may initiate parallel inquiries focused on disclosure failures, foreign-sourced political contributions or the movement of state funds through U.S. financial institutions.

The DOJ's recent emphasis on foreign influence cases, combined with the FEC's broad interpretation of foreign contribution prohibitions, suggests that even indirect or in-kind support could draw scrutiny. Congressional oversight bodies may also seek information if the matter intersects with U.S. political activity or travel by U.S. officials.

Conclusion

The allegations that Hungarian public funds were used to support CPAC and related institutions have triggered a domestic anti-corruption investigation in Hungary. While the facts are still developing, the cross-border political and financial dimensions create multiple potential touchpoints for U.S. regulatory and enforcement interest.

As the Hungarian investigation proceeds, the key question for U.S. regulators will be whether any foreign state resources intersected with U.S. political processes in a manner that implicates FARA, campaign finance law or AML obligations. Organizations with potential exposure should proactively assess their compliance posture and prepare for possible inquiries.

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[9] 22 U.S.C. § 611(c)(1).

[10] 52 U.S.C. § 30121(a)(1)(A).

[11] § 30121(a)(1)(B).

[12] § 30121(a)(1)(C).

[13] § 30121(a)(2).