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The damaged reservoir of an alumina plant is seen from the air Monday near the village of Kolontar, Hungary. The residents of Kolontar were evacuated Saturday and the neighboring town of Devecser is also in the likely path of a possible new sludge deluge.

Red sludge in Hungary

Officer of company is arrested

BUDAPEST, Hungary — The managing director of the company whose reservoir unleashed a lethal torrent of red sludge on three villages last week has been arrested, the Hungarian prime minister said Monday, castigating the company for corporate greed before Parliament.

"There's probable cause to suspect that there were persons who had been aware of the dangerous weakening of the storage pond walls," Prime Minister Viktor Orban said, "but they thought, because of their private interests, that it was not worth mending them and hoped the disaster wouldn't happen."

But the arrest also revealed the complex intersections of business and politics within the state companies that were privatized in a rush in the 1990s.

The arrested official, Zoltan Bakonyi, is the son of Arpad Bakonyi, a businessman who played a central role in the privatization of the country's aluminum industry and is

200 million

Gallons of caustic red mud that poured out of a reservoir in Hungary after part of its containing wall collapsed

the largest shareholder of the company now under scrutiny, the formerly state-owned MAL. The elder Bakonyi is also a close business associate of a former prime minister, Ferenc Gyurcsany, who is Orban's political archrival.

The younger Bakonyi will be charged with criminal negligence leading to a public catastrophe, a government spokeswoman said. If convicted, he could face a sentence of up to 10 years.

In a statement to the Hungarian news agency MTI, the younger Bakonyi denied breaking any rules and said the most recent inspections had shown no anomalies. "We observed every regulation to the letter,"

he said.

A week ago, nearly 200 million gallons of caustic red mud — a byproduct of the conversion of bauxite to alumina, for aluminum — poured out of a reservoir after part of its containing wall collapsed. The cascade killed eight people and injured hundreds. Hundreds more have been forced from their homes, and tens of millions of dollars in private property have been destroyed.

On Monday, as part of its response, the government took control of MAL, the Hungarian Aluminum Production and Trade Company. Orban told Parliament that a state commissioner would be appointed to manage the company and its assets. As custodian of the company, he said the government would make sure it paid for damage. He said the government would also focus on saving jobs and identifying further risky industrial sites.

— New York Times News Service