

## SEC v. Telefonaktiebolaget LM Ericsson, (S.D.N.Y. Dec. 06, 2019)

### Nature of the Business.

Telefonaktiebolaget LM Ericsson (Ericsson) is a global telecommunications company with its headquarters in Sweden. Ericsson maintains common stock publicly traded on the NASDAQ and registered with the SEC pursuant to Section 12(b) of the Exchange Act.

Ericsson has majority-owned and wholly-owned subsidiaries globally to assist in its operation. Ericsson Egypt Ltd. is Ericsson's majority-owned subsidiary operating in North East Africa. Ericsson AB is a wholly-owned subsidiary, acting as one of Ericsson's largest operating companies.

### Influence to be Obtained.

According to the SEC, Ericsson's subsidiaries were involved in schemes to bribe officials in at least five countries that caused Ericsson to violate all three statutory provisions of the FCPA.

From 2011 to 2017, the SEC alleges that Ericsson subsidiaries orchestrated a bribery scheme by funneling payments through third parties to government officials in China, Djibouti, and Saudi Arabia, resulting in the acquisition of business valued at approximately \$427 million. The SEC believes that Ericsson subsidiaries were able to transmute luxury travel and high-priced entertainment offerings into golden business relationships with state-owned telecommunication entities. The SEC further alleges that Ericsson followed similar practices by establishing slush funds and fabricating transactions and invoices in Vietnam, Indonesia, and Kuwait.

### Enforcement.

On December 6, 2019, Ericsson settled with the SEC and must disgorge \$458,380,000 and pay \$81,540,000 in pre-judgment interest. Furthermore, in the related DOJ case Ericsson Egypt Ltd. pleaded guilty to one count of conspiracy to violate the FCPA's antibribery provisions. Additionally, the DOJ issued a Deferred Prosecution Agreement (signed November 26, 2019 by a representative of Ericsson), explaining that Ericsson had accepted for the responsibility for the above actions. Ericsson was ordered to pay a criminal penalty of \$520,650,432. Ericsson was also required to report to the DOJ's Fraud Section its remediation and compliance efforts in accordance with a compliance program for a three-year period.

### Key Facts

**Citation.** *SEC v. Telefonaktiebolaget LM Ericsson*, No. 19-cv-11214 (S.D.N.Y. Dec. 6, 2019).

**Date Filed.** December 6, 2019.

**Country.** China, Djibouti, Saudi Arabia, Vietnam, Indonesia, and Kuwait.

**Date of Conduct.** 2011 – 2017.

**Amount of the Value.** Not stated.

**Amount of Business Related to the Payment.** Approximately \$427 Million.

**Intermediary.** Agents; Subsidiaries.

**Foreign official.** Unnamed government officials from China, Djibouti, Indonesia, Kuwait, and Vietnam.

**FCPA Statutory Provision.** Anti-Bribery; Books and Records; Internal Controls.

**Other Statutory Provision.** None.

**Disposition.** Settlement.

**Defendant Jurisdictional Basis.** Issuer.

**Defendant's Citizenship.** Sweden.

**Total Sanction.** \$539,920,000.

**Compliance Monitor/Reporting Requirements.** Three-year Reporting Requirement.

**Related Enforcement Actions.** *United States v. Telefonaktiebolaget LM Ericsson*.

**Total Combined Sanction.** \$1,060,570,432.