

Press Release

SEC Charges Multinational Telecommunications Company With FCPA Violations

FOR IMMEDIATE RELEASE

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Washington D.C., Dec. 6, 2019 — The Securities and Exchange Commission today announced that Sweden-based Telefonaktiebolaget LM Ericsson was charged with engaging in a large-scale bribery scheme involving the use of sham consultants to secretly funnel money to government officials in multiple countries. The bribes netted Ericsson hundreds of millions in profits. To resolve these alleged violations of the Foreign Corrupt Practice Act (FCPA) and charges from a parallel criminal investigation, Ericsson has agreed to pay more than \$1 billion to the SEC and the U.S. Department of Justice and to install an independent compliance monitor.

The SEC's complaint alleges that from 2011 through 2017, Ericsson subsidiaries obtained business valued at approximately \$427 million by using third parties to bribe officials in Saudi Arabia, China, and Djibouti. As alleged, Ericsson also had third parties pay for lavish trips and entertainment for government officials or their family members. In exchange for the bribes, Ericsson received lucrative contracts from state-owned telecommunications entities in these countries. The complaint alleges that Ericsson's subsidiaries further violated the FCPA in Vietnam, Indonesia and Kuwait, by maintaining slush funds, using code names, and creating sham transactions and invoices.

"As we allege in our complaint, Ericsson engaged in an egregious bribery scheme for years, spanning multiple continents, by surreptitiously using slush funds and funneling money through sham intermediaries," said Steve Peikin, Co-Director of the SEC Enforcement Division. "The remedial measures required by our settlement, including the appointment of an independent compliance monitor, reflect the Commission's commitment to preventing these serious violations of our laws."

Michele Wein Layne, Director of the SEC's Los Angeles Regional Office, added, "Today's settled action seeks to hold Ericsson accountable for the profit it obtained as a result of these unlawful bribes and ensure that robust remedial compliance measures are put into place."

The SEC's complaint alleges that Ericsson violated the anti-bribery, books and records, and internal controls provisions of the federal securities laws. Ericsson agreed to pay more than \$539 million in disgorgement and prejudgment interest to settle the SEC's charges. To resolve parallel criminal charges by the DOJ, Ericsson agreed to pay a \$520 million criminal penalty and enter into a deferred-prosecution agreement. An Ericsson subsidiary, Ericsson Egypt, pleaded guilty to conspiracy to violate the anti-bribery provisions of the FCPA. Ericsson must retain an independent compliance monitor for at least three years.

The SEC's investigation was conducted by Wendy E. Pearson and Carol Kim of the Los Angeles Regional Office under the supervision of Finola H. Manvelian. The SEC appreciates the assistance of the DOJ's Fraud Section, the U.S. Attorney's Office for the Southern District of New York and the Internal Revenue Service.

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Related Materials

- [SEC Complaint](#)