

[Securities Regulation Daily Wrap Up, FRAUD AND MANIPULATION— Swedish telecom Telia to pay nearly \\$1B to settle bribery charges, \(Sept. 21, 2017\)](#)

Securities Regulation Daily Wrap Up

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Swedish telecommunications giant Telia Company AB has agreed to pay more than \$965 million to settle charges that the company and a subsidiary violated the Foreign Corrupt Practices Act by paying bribes to win business in Uzbekistan. The settlement marks one of the largest criminal corporate bribery and corruption resolutions in U.S. history and follows parallel enforcement efforts by the SEC, the Department of Justice, and Dutch and Swedish law enforcement agencies ([In the Matter of Telia Company AB](#), Release No. 34-81669, September 21, 2017).

According to the SEC, Telia paid at least \$330 million to a government official in Uzbekistan in order to obtain and retain business that generated more than \$2.5 billion in revenues for Telia. These bribe payments were made from 2007 to at least 2010 to enable Telia to acquire a U.S.-based telecommunications company with operations in Uzbekistan, where a state-owned monopoly controls the telecommunications infrastructure. The bribes were funneled through payments for sham lobbying and consulting services to a front company controlled by the Uzbek official.

The SEC alleged that Telia's then-senior managers understood the terms of the deal and knew that they were agreeing to provide the government official with an ownership stake in the acquired company in return for the official contributing regulated assets that, under Uzbek law, should have only been able to come from the government. Although not named in the SEC order, a [news release](#) from the Dutch Openbaar Ministerie (Public Prosecution Service) states that the payments were made to the eldest daughter of the former president of Uzbekistan.

"Corporate bribery is not just unfair and illegal, it has terribly corrosive effects on business, government, and society," said Stephanie Avakian, Co-Director of the SEC's Enforcement Division in a [news release](#). "As this global settlement demonstrates, the SEC continues to work closely with our counterparts at home and abroad to expose and pursue such corruption."

DOJ settlement terms. Separately, the DOJ [announced](#) that Telia entered into a [deferred prosecution agreement](#) in connection with a criminal information filed in the Southern District of New York charging the company with conspiracy to violate the FCPA's anti-bribery provisions. Under the agreement with the DOJ, Telia agreed to pay a total criminal penalty of approximately \$274 million to the U.S., including \$40 million in criminal forfeiture that Telia agreed to pay on behalf of Coscom LLC, its Uzbek subsidiary. Coscom itself [pleaded guilty](#) to one count of conspiracy to violate the FCPA.

The DOJ noted that Telia, whose securities traded publicly in the U.S., made the bribe payments by wiring around the world through accounts held in New York. "If your securities trade on our exchanges and you use our banks to move ill-gotten money, then you have to abide by our country's laws," said Acting U.S. Attorney Joon H. Kim. "Telia and Coscom refused to do so, and they have been held accountable in Manhattan federal court today."

SEC settlement terms. Under the terms of its settlement with the SEC, Telia agreed to pay approximately \$457 million in disgorgement of profits and prejudgment interest, with the SEC agreeing to credit any disgorged profits that Telia pays to the Swedish Prosecution Authority, up to half of the total. Telia also agreed to pay a \$274 million fine to the Dutch Public Prosecution Service. The DOJ agreed to credit the criminal penalty paid to the

Dutch Public Prosecution Service as part of its agreement with the company, while the SEC agreed to credit the \$40 million in forfeiture paid to the DOJ as part of its agreement with the company. The combined total amount of criminal and regulatory penalties paid by Telia and Coscom to the U.S., Dutch, and Swedish authorities will be \$965,773,949.

Limited mitigation credit. The DOJ noted that the U.S. criminal penalty reflects a 25 percent reduction off the bottom of the fine range in the federal sentencing guidelines. The companies did not receive more significant mitigation credit, however, because they did not voluntarily self-disclose their misconduct to the Department.

The release is [No. 34-81669](#).

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