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Telia Company AB and Its Uzbek Subsidiary Enter Into a Global Foreign Bribery Resolution of More Than \$965 Million for Corrupt Payments in Uzbekistan

Companies Agree to Coordinated Resolution between the Department of Justice, U.S. Securities and Exchange Commission (SEC) and the Kingdom of the Netherlands Representing the Second Major Resolution Involving Corruption by Telecom Companies in Uzbekistan

Stockholm-based Telia Company AB, an international telecommunications company that was formerly an issuer of publicly traded securities in the U.S., and its Uzbek subsidiary, Coscom LLC, entered into a global foreign bribery resolution and agreed to pay a combined total penalty of more than \$965 million to resolve charges arising out of a scheme to pay bribes in Uzbekistan.

Acting Assistant Attorney General Kenneth A. Blanco of the Justice Department's Criminal Division, Acting U.S. Attorney Joon H. Kim of the Southern District of New York, Chief Don Fort of Internal Revenue Service-Criminal Investigation (IRS-CI) and Special Agent in Charge Patrick J. Lechleitner of U.S. Immigration and Customs Enforcement's Homeland Security Investigations (ICE-HSI) Washington, D.C., Field Office made the announcement.

"This resolution underscores the Department's continued and unwavering commitment to robust FCPA and white-collar criminal enforcement. It also demonstrates the Department's cooperative posture with its foreign counterparts to stamp out international corruption and to reach fair, appropriate and coordinated resolutions," said Acting Assistant Attorney General Blanco. "Foreign and domestic companies that pay bribes put honest companies at a disadvantage and distort the free and fair market and the rule of law. Today's resolution reflects the significant efforts of law enforcement, the Criminal Division and the U.S. Attorney's Office for the Southern District of New York to bring such companies to justice, and to maintain a competitive and level playing field for companies to do business, create jobs and thrive."

"Today, we announce one of the largest criminal corporate bribery and corruption resolutions ever, with penalties totaling just under a billion dollars," said Acting U.S. Attorney Kim. "Swedish telecom company Telia and its Uzbek subsidiary Coscom have admitted to paying, over many years, more than

\$331 million in bribes to an Uzbek government official. Telia, whose securities traded publicly in New York, corruptly built a lucrative telecommunications business in Uzbekistan, using bribe payments wired around the world through accounts here in New York City. 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. Telia and Coscom refused to do so, and they have been held accountable in Manhattan federal court today."

"Today marks the second resolution of proceedings against corporate entities who have engaged in a global bribery scheme of government officials," said Chief Fort. "It also further demonstrates the dedication we have to identifying illegal financial transactions being used for bribery in the international community. It is important that the global economy remain on a fair playing field and IRS-CI will remain committed in our efforts to dismantle these kinds of corrupt financial schemes." "Today's resolution marks a win against a foreign corruption scheme where millions of dollars in bribery funds were paid to Uzbekistan officials and laundered through the U.S. financial system." said Special Agent in Charge Lechleitner. "HSI, working hand in hand with our partners at IRS Criminal Investigation, leveled the playing field for publicly traded companies by exposing these corrupt practices and helped the U.S. government collect nearly \$275 million in criminal penalties"

Telia entered into a deferred prosecution agreement in connection with a criminal information filed today in the Southern District of New York charging the company with conspiracy to violate the anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA). The case is assigned to U.S. District Judge George B. Daniels. In addition, Coscom pleaded guilty and was sentenced by Judge Daniels on a one-count criminal information charging the company with conspiracy to violate the anti-bribery provisions of the FCPA. Pursuant to its agreement with the Department, Telia agreed to pay a total criminal penalty of \$274,603,972 to the U.S., including a \$500,000 criminal fine and \$40 million in criminal forfeiture that Telia agreed to pay on behalf of Coscom. Telia also agreed to implement rigorous internal controls and cooperate fully with the Department's ongoing investigation, including its investigation of individuals.

The U.S. Securities and Exchange Commission (SEC) and the Public Prosecution Service of the Netherlands (Openbaar Ministerie, or OM) announced separate settlements with Telia in connection with related proceedings. Under the terms of its resolution with the SEC, Telia agreed to a total of \$457,169,977 in disgorgement of profits and prejudgment interest, and the SEC agreed to credit any disgorged profits that Telia pays to the Swedish Prosecution Authority (SPA) or OM, up to half of the total. Telia agreed to pay the OM a criminal penalty of \$274,000,000 for a total criminal penalty of \$548,603,972, and a total resolution amount of more than \$1 billion. The Department of Justice agreed to credit the criminal penalty paid to the OM as part of its agreement with the company. The SEC agreed to credit the \$40 million in forfeiture paid to the Department as part of its agreement with the company. Thus, 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.

According to the companies' admissions, Telia and Coscom, through various managers and employees within Telia, Coscom and affiliated entities, paid approximately \$331 million in bribes to an Uzbek government official, who was a close relative of a high-ranking government official and had influence over the Uzbek governmental body that regulated the telecom industry. The companies structured and concealed the bribes through various payments including to a shell company that certain Telia and Coscom management knew was beneficially owned by the foreign official. The bribes were paid on multiple occasions between approximately 2007 and 2010, so that Telia could enter the Uzbek market and Coscom could gain valuable telecom assets and continue operating in Uzbekistan. Certain Telia and Coscom management also contemplated structuring an additional bribe payment in late 2012, after Swedish media began reporting about Telia's corrupt payments in Uzbekistan, Swedish authorities began a criminal investigation and Telia opened an internal investigation.

A number of significant factors contributed to the Department's criminal resolution with the companies. Among these, the companies received significant credit for their extensive remedial measures and cooperation with the Department's investigation. Specifically, the criminal penalty reflects a 25 percent reduction off the bottom of the U.S. Sentencing Guidelines fine range. However, the companies did not receive more significant mitigation credit, either in the penalty or the form of resolution, because the companies did not voluntarily self-disclose their misconduct to the Department.

The resolution, reached in coordination with the SEC and authorities in the Netherlands, marks the second such resolution by a major international telecommunications provider for bribery in Uzbekistan. On Feb. 18, 2016, Amsterdam-based VimpelCom Limited and its Uzbek subsidiary, Unitel LLC, also entered into resolutions with the Department of Justice and admitted to a conspiracy to make more than \$114 million in bribery payments to the same Uzbek government official between 2006 and 2012. The investigation has thus far yielded a combined total of over \$1.76 billion in global fines and disgorgement, including over \$500 million in criminal penalties to the Department of Justice. In related actions, the Department has also filed civil complaints seeking the forfeiture of more than \$850 million held in bank accounts in Switzerland, Belgium, Luxembourg and Ireland, which constitute bribe payments made by VimpelCom, Telia and a third telecommunications company, or funds involved in the laundering of those corrupt payments, to the Uzbek official.

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Law enforcement colleagues within the OM and the SPA provided significant cooperation and assistance in this matter. Law enforcement colleagues in Austria, Belgium, Cyprus, France, Ireland, Latvia, Luxembourg, Norway, Switzerland, the Isle of Man and the United Kingdom have also provided valuable assistance. The Criminal Division's Office of International Affairs provided significant assistance, as well. The SEC referred the matter to the Department and also provided extensive cooperation and assistance.

The IRS-CI and ICE-HSI are investigating the cases as part of the IRS Global Illicit Financial Team in Washington, D.C. Senior Litigation Counsel Nicola J. Mrazek and Trial Attorney Ephraim Wernick of the Criminal Division's Fraud Section, and Assistant U.S. Attorney Edward Imperatore of the Southern District of New York are prosecuting the criminal case, with substantial assistance from the Criminal Division's Money Laundering and Asset Recovery Section (MLARS). MLARS Trial Attorney Michael Khoo is prosecuting the forfeiture case with substantial assistance from the Fraud Section and former MLARS Trial Attorney Marie M. Dalton, now an Assistant U.S. Attorney in the Western District of Washington.

The Criminal Division's Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

Individuals with information about possible proceeds of foreign corruption located in or laundered through the U.S. should contact federal law enforcement or send an email to kleptocracy@usdoj.gov (link sends e-mail).