

Ex-Ericsson executives tell of massive bribery: report

23 November 2016

Former executives with Swedish telecoms equipment giant Ericsson say the firm shelled out tens of millions of dollars in bribes between 1998 and 2001, the Swedish media reported Wednesday.

A former executive named Liss-Olof Nenzell has handed the US Securities and Exchange Commission (SEC) documents relating to the alleged kickbacks, Dagens Nyheter daily and Swedish public radio SR said.

"Enormous sums were sent via Zurich from the company headquarters in Sweden to secret recipients around the world," Dagens Nyheter said, referring to what it called Nenzell's central role in the scheme.

The newspaper said the biggest bribes included 1.4 billion kronor (140 million euros, \$150 million), sent to bank accounts in Malaysia, and 763 million kronor sent to Poland, via the British offshore banking haven of Jersey.

SR, meanwhile, said money was sent to politicians and senior civil servants to Costa Rica, including the then president, Miguel Angel Rodriguez, "at a time when Ericsson was vying for a major state contract in telecoms."

Denying any wrongdoing, Ericsson said the radio documentary reported on a period when the company used commercial agents to a greater extent 15-20 years ago.

"Ericsson has, just like many other companies that are active in the international market, used commercial agents," the spokeswoman told AFP.

"This work approach can be attractive as it can be more cost effective than building a large local sales organisation," she said, adding that the group only has "a few agency agreements left" in countries where it's a requirement.

SR said it had testimony from "several former top executives," who speaking on condition of anonymity "recounted how they were guilty of active corruption in securing contracts in a large number of countries."

Since 2010, Swedish media has reported on allegations of systematic bribery in Ericsson, whose shares on Wednesday morning fell by 2.5 percent after the news broke out.

Quoted by Dagens Nyheter, it said Wednesday it never found "any evidence that bribes were allegedly paid."

In June, Ericsson said it was being investigated, including in the US, over what the Swedish press said was a case of alleged corruption in China, and in Greece.

Annus horribilis

Ericsson typically ranks first or second as the world's biggest vendor of telecoms equipment and services, if sales of mobile phone handset are excluded.

But the latest accusations add to what is already a nightmare year for the giant, struggling especially with a slowdown in investment in mobile telephony.

In April, Ericsson announced it would expand a nine-billion-kronor cost-cutting drive—a programme that, according to the media, will end production in Sweden that dates back to 1876.

In July, it ousted its seven-year CEO Hans Vesterberg, who struggled to fend off competition from rivals Nokia, Siemens and Alcatel-Lucent and gain ground in saturated and competitive markets such as Europe and North America.

He has been replaced by Borje Ekholm—a bet on continuity with a chief coming from its board of

directors and main shareholder. Ekholm is set to take office on January 16.

In October, Ericsson issued a profit warning and followed this with the announcement of a net loss of 233 million kronor in the third quarter as operators slowed investment in mobile networks.

© 2016 AFP

APA citation: Ex-Ericsson executives tell of massive bribery: report (2016, November 23) retrieved 4 December 2020 from <https://phys.org/news/2016-11-ex-ericsson-massive-bribery.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.