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RISK & COMPLIANCE JOURNAL

Other Tipsters Appeal After SEC Awarded One Whistleblower \$279 Million in Ericsson Case

Former Ericsson executive Liss-Olof Nenzell and a second, anonymous, claimant file appeals of regulator's decision to pay them nothing while granting another person a record sum

By *Mengqi Sun* [Follow](#)

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The two whistleblowers whose claims the SEC rejected both filed appeals with the U.S. Court of Appeals for the District of Columbia Circuit. PHOTO: ANDREW KELLY/REUTERS

Two whistleblowers who said they provided tips to the U.S. Securities and Exchange Commission and the Justice Department in a bribery case against Ericsson are both appealing the securities regulator's decision to reject their claims while awarding another informant a record \$279 million.

The SEC issued the record award to one claimant in the Ericsson case last month, but denied claims by two others, saying their information didn't aid the agency's enforcement action.

One of the claimants appealing was identified as Liss-Olof Nenzell, a former Ericsson executive. The other remains anonymous, in keeping with whistleblower protection rules.

The appeals illustrate the limited visibility the public has into the SEC's whistleblower award process, particularly how the agency decides who qualifies for a payout and whose tips help its enforcement actions, attorneys who work with whistleblowers said. SEC rejections of awards applications have seldom been reversed, either through appeals filed directly to the commission before the final decision is made or later through appeal courts.

David Stone, a senior managing partner at law firm Stone & Magnanini, said he filed a petition against the SEC on Friday on behalf of his client, Nenzell, asking the U.S. Court of Appeals for the District of Columbia Circuit to review the SEC's final order.

The appeal filing by Nenzell, whose name wasn't previously disclosed, said the SEC's final order was connected to its enforcement action against Ericsson, a Sweden-based telecommunications company, in 2019 and the Justice Department's cases against Ericsson and its Egyptian subsidiary that same year.

"It is axiomatic that the public is required to turn square corners with the government but it is equally true that the government has an obligation to turn square corners with the public. My client feels this did not happen in this case as we will show in our appeal," Stone, the lawyer for Nenzell, said in an email.

Nenzell was "Claimant 3" in the SEC order, according to the appeal filing. He reported alleged corruption by the Swedish company to the SEC and in 2016 handed over materials to the regulator showing methods Ericsson used to obtain contracts, according to previous media reports.

The Wall Street Journal reported last week that the record whistleblower award was related to the \$1.1 billion settlement that Ericsson reached with U.S. authorities in 2019

over allegations it conspired to make illegal payments to win business in five countries.

The SEC and other regulators have been increasingly looking to whistleblowers for help with their investigations. The securities regulator's cash-for-tips program received more than 12,300 tips reporting potential wrongdoing in the year ended Sept. 30, up slightly from the previous fiscal year.

The other claimant in the Ericsson case who received nothing, referred to as Jane Doe or "Claimant 2" in the SEC award order, filed a petition Thursday against the SEC in the same appeals court as Nenzell, asking the court to review the regulator's final order. Doe's identity is redacted in the petition, and a lawyer representing Doe declined to provide the person's identity.

"We believe that the final order was flawed, and we will fully pursue an appeal in this matter," said the lawyer, Max Maccoby of Washington Global Law Group.

A spokeswoman for the SEC declined to comment.

The petitions come as the SEC has faced questions in recent weeks in how it determines who qualifies as a whistleblower worthy of an award. In another award appeal filed by private investor Kevin Barnes, who was denied a whistleblower award while short seller Carson Block received \$14 million, the appeals court upheld the decision to deny Barnes an award but also broadly questioned the criteria the agency uses to decide who gets awards from its cash-for-tips program.

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