

# DRAFT



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Bureau of Industry and Security**  
Washington, D.C. 20230

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Lam Research Singapore Pte. Ltd.  
7 Serangoon North Avenue 5  
7th Floor, RichField Innovation Building  
Singapore 554812

*Attn: Lim Hwee Tong*  
*General Manager, South East Asia Operations*

Dear Mr. Tong:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), has reason to believe that Lam Research Singapore Pte. Ltd. (“LRS”) has committed eight violations of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979 (the “Act”).<sup>2</sup> Specifically, BIS charges that LRS committed the following violations:

**Charges 1-4                    15 C.F.R. § 764.2(a) - Reexporting Items Without the Required  
Department of Commerce Licenses**

On four occasions during November and December of 2000, LRS engaged in conduct prohibited by the Regulations by reexporting U.S.-origin pressure transducers, items subject to the Regulations and classified under Export Control Classification Number 2B230, from Singapore

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2004). The violations charged occurred in 2000. The Regulations governing the violations at issue are found in the 2000 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000)). The 2004 Regulations establish the procedures that apply to this matter.

<sup>2</sup> 50 U.S.C. app. §§ 2401- 2420 (2000). From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp., p. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 *Fed. Reg.* 48763 (August 10, 2004)), continues the Regulations in effect under the IEEPA.



to Malaysia without the licenses from the Department of Commerce required for such reexports by Section 742.3(a)(1) of the Regulations. These reexports are further described in the attached Schedule A, which is incorporated by reference herein. By making these unauthorized reexports, LRS committed four violations of Section 764.2(a) of the Regulations.

**Charges 5-8            15 C.F.R. § 764.2(e) - Reexporting U.S.-Origin Items to Malaysia Without the Required Licenses With Knowledge That Violations Would Occur**

In making the reexports described in Charges One through Four above, LRS forwarded the pressure transducers, items subject to the Regulations, with knowledge that violations of the Regulations would occur. Specifically, LRS had knowledge that Department of Commerce licenses were required to reexport the items from Singapore to Malaysia and LRS forwarded the items with knowledge that Department of Commerce licenses would not be obtained. In so doing, LRS committed four violations of Section 764.2(e) of the Regulations.

Accordingly, LRS is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation;<sup>3</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

If LRS fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If LRS defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to LRS. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

LRS is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. LRS is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

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<sup>3</sup> *See* 15 C.F.R. § 6.4(a)(2).

Lam Research  
Charging Letter  
Page 3 of 3

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should LRS have a proposal to settle this case, LRS or its representative should transmit it to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, LRS's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center  
40 S. Gay Street  
Baltimore, Maryland 21202-4022

In addition, a copy of LRS's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: David C. Recker  
Room H-3839  
United States Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

David C. Recker is the attorney representing BIS in this case; any communications that LRS may wish to have concerning this matter should occur through him. Mr. Recker may be contacted by telephone at (202) 482-5301.

Sincerely,

Acting Director  
Office of Export Enforcement

LAM RESEARCH SINGAPORE PTE. LTD.

SCHEDULE A

Charges	Reexport on or about:	Number of pressure transducers	Approximate value of items (U.S. dollars)	Destination
1, 5	11/07/00	2	\$13,900	Malaysia
2, 6	11/08/00	3	\$25,500	Malaysia
3, 7	11/15/00	2	\$30,900	Malaysia
4, 8	12/07/00	2	\$32,400	Malaysia

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

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In the Matter of: )  
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Lam Research Singapore Pte. Ltd. )  
7 Serangoon North Avenue 5 )  
7th Floor, RichField Innovation Building )  
Singapore 554812, )  
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Respondent. )  
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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Lam Research Singapore Pte. Ltd. (“LRS”), and the Bureau of Industry and Security, United States Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup>

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<sup>1</sup> The charged violations occurred in 2000. The Regulations governing the violations at issue are found in the 2000 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000)). The 2004 Regulations establish the procedures that apply to this matter.

<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002), as extended by the Notice of August 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004)), has continued the Regulations in effect under the IEEPA.

WHEREAS, LRS filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

WHEREAS, BIS has notified LRS of its intention to initiate an administrative proceeding against LRS, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to LRS that alleged that LRS committed eight violations of the Regulations, specifically:

1. *15 C.F.R. § 764.2(a) - Reexporting Items Without the Required Department of Commerce Licenses:* On four occasions during November and December of 2000, LRS engaged in conduct prohibited by the Regulations by reexporting U.S.-origin pressure transducers, items subject to the Regulations and classified under Export Control Classification Number 2B230, from Singapore to Malaysia without the licenses from the Department of Commerce required for such reexports by Section 742.3(a)(1) of the Regulations.
2. *15 C.F.R. § 764.2(e) - Reexporting U.S.-Origin Items to Malaysia Without the Required Licenses With Knowledge That Violations Would Occur:* In making the reexports described in Paragraph One, LRS forwarded the pressure transducers, items subject to the Regulations, with knowledge that violations of the Regulations would occur. Specifically, LRS had knowledge that Department of Commerce licenses were required to reexport the items from Singapore to

Malaysia and LRS forwarded the items with knowledge that Department of Commerce licenses would not be obtained.

WHEREAS, LRS has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

WHEREAS, LRS fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if she approves this Agreement as the final resolution of this matter;

WHEREAS, LRS enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, LRS states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, LRS neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, LRS wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, LRS agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over LRS, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against LRS in complete settlement of the violations of the Regulations relating to the transactions specifically detailed in the voluntary self-disclosure and proposed charging letter:

- a. LRS shall be assessed a civil penalty in the amount of \$40,000 which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order;
- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to LRS. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of LRS's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, LRS hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$40,000 civil penalty, BIS will not initiate any further administrative proceeding against LRS in connection with violations of the Act or the Regulations relating to the transactions specifically detailed in the voluntary self-disclosure and proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

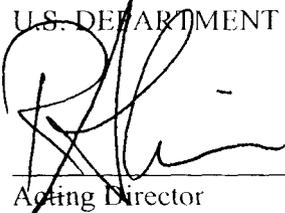
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE

LAM RESEARCH SINGAPORE PTE. LTD.



Acting Director  
Office of Export Enforcement



Lim Hwee Tong  
Vice President SEA Operations  
LAM Research Singapore Pte. Ltd.

Date: 21 DEC 04

Date: DEC 17 2004 DCR

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

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In the Matter of: )  
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Lam Research Singapore Pte. Ltd. )  
7 Serangoon North Avenue 5 )  
7th Floor, RichField Innovation Building )  
Singapore 554812, )  
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Respondent. )  
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ORDER RELATING TO LAM RESEARCH SINGAPORE PTE. LTD.

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) has notified Lam Research Singapore Pte. Ltd. (“LRS”) of its intention to initiate an administrative proceeding against LRS pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup> by issuing a proposed charging letter to LRS that alleged that LRS committed eight violations of the Regulations. Specifically, the charges are:

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<sup>1</sup> The charged violations occurred in 2000. The Regulations governing the violations at issue are found in the 2000 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000)). The 2004 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 6, 2004 (69 *Fed. Reg.* 48763 (August 10, 2004)), has continued the Regulations in effect under the IEEPA.

1. *15 C.F.R. § 764.2(a) - Reexporting Items Without the Required Department of Commerce Licenses:* On four occasions during November and December of 2000, LRS engaged in conduct prohibited by the Regulations by reexporting U.S.-origin pressure transducers, items subject to the Regulations and classified under Export Control Classification Number 2B230, from Singapore to Malaysia without the licenses from the Department of Commerce required for such reexports by Section 742.3(a)(1) of the Regulations.
2. *15 C.F.R. § 764.2(e) - Reexporting U.S.-Origin Items to Malaysia Without the Required Licenses With Knowledge That Violations Would Occur:* In making the reexports described in Paragraph One, LRS forwarded the pressure transducers, items subject to the Regulations, with knowledge that violations of the Regulations would occur. Specifically, LRS had knowledge that Department of Commerce licenses were required to reexport the items from Singapore to Malaysia and LRS forwarded the items with knowledge that Department of Commerce licenses would not be obtained.

WHEREAS, BIS and LRS have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and

WHEREAS, I have approved the terms of the Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$40,000 is assessed against LRS which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order;

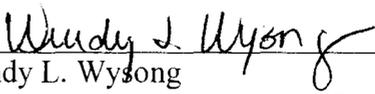
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.

§§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, LRS will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to LRS. Accordingly, if LRS should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of LRS's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.

  
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Wendy L. Wysong  
Acting Assistant Secretary of Commerce  
for Export Enforcement

Entered this 23d day of December 2004.