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

In the Matter of:
Bruce Lam a.k.a. Fan-Ying Lam No. 155 Lychee Road North Fairview Park Yuen Long, New Territories Hong Kong
Respondent

ORDER RELATING TO
BRUCE LAM A/K/A FAN-YING LAM

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has notified Bruce Lam a/k/a Fan-Ying Lam, of Hong Kong ("Lam"), of its intention to initiate an administrative proceeding against Lam pursuant to Section 766.3 of the Export Administration Regulations (the "Regulations"),[1] and Section 13(c) of the Export Administration Act of 1979, as amended (the "Act"),[2] through the issuance of a Proposed Charging Letter to Lam that alleges that Lam committed one violation of the Regulations. Specifically, the charge is:

[1] The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2014). The charged violation occurred in 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2014 Regulations set forth the procedures that currently apply to this matter.

[2] 50 U.S.C. app. §§ 2401-2420 (2000). 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)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2014 (79 Fed. Reg. 46959 (Aug. 11, 2014)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2006 & Supp. IV 2010)).

Charge 1 **15 C.F.R. § 764.2(h) – Evasion**

Between on or about June 8, 2007 and on or about November 5, 2007, Lam engaged in a transaction or took other action with intent to evade the provisions of the Regulations. Specifically, Lam, as a Director of Creative Electronics Ltd. ("Creative Electronics") and the owner of United Sources Industrial Enterprises ("USIE"), two Hong Kong companies, instructed USIE to provide Creative Electronics Ltd., a newly created company, with USIE's U.S. supplier and transaction information, which enabled Creative Electronics to engage in 29 transactions with USIE's U.S. suppliers on behalf of USIE. USIE was a company designated in General Order No. 3 to part 736 of the Regulations. Pursuant to General Order No. 3, a license was required to export or reexport any item subject to the Regulations to USIE. As such, USIE could not conduct transactions with U.S. suppliers without authorization from the Department of Commerce. Lam was aware of USIE's designation in General Order No. 3 because, inter alia, the day after USIE's designation in General Order No. 3, an internet business platform informed its customers, including USIE, that USIE had been added to General Order No. 3 and that penalties would be imposed for U.S. companies doing business with USIE. In addition, shortly thereafter, Lam wrote a letter to USIE's suppliers and customers on behalf of USIE, addressed "Dear Business Partners," which stated that in USIE's understanding "General Order No 3 is an order to all US companies not to export any products to USIE." Lam's actions were taken with the intent to evade the designation of USIE in General Order No. 3 and to continue the business USIE had established with U.S. suppliers. Lam stated on or about April 1, 2008 to a BIS representative that these actions were taken to avoid USIE's designation in General Order No. 3 and that Creative Electronics was necessary in order for USIE to remain in business. In so doing, Lam committed one violation of Section 764.2(h) of the Regulations.

WHEREAS, BIS and Lam 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 of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, Lam shall be assessed a civil penalty in the amount of $250,000, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of this 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, Lam 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 full and timely payment of the civil penalty in accordance with the payment schedule 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 Lam. Accordingly, if Lam should fail to pay the civil penalty in a full and timely manner, the undersigned may issue an order denying all of Lam's export privileges under the Regulations for a period of one year from the date of failure to make such payment.

FOURTH, that for a period of five (5) years from the date of this Order, Lam, with a last known address of No. 155 Lychee Road North, Fairview Park, Yuen Long, New Territories, Hong Kong, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

A. Applying for, obtaining, or using any license, License Exception, or export control document;

B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

FIFTH, that no person may, directly or indirectly, do any of the following:

A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;

B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;

C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or

E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

SEVENTH, that, as authorized by Section 766.18(c) of the Regulations, the five-year denial period set forth above shall be suspended during a probationary period of five years under the Order, and shall thereafter be waived, provided that Lam has made full and timely payment as set forth above and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Lam does not make full and timely payment as set forth above or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder, during the five-

year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a five-year denial period activated against Lam.

EIGHTH, Lam shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect Lam's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

NINTH, 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.

David W. Mills
Assistant Secretary of Commerce
for Export Enforcement

Issued this 17th day of September, 2014.

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

In the Matter of:
Bruce Lam a.k.a. Fan-Ying Lam No. 155 Lychee Road North Fairview Park Yuen Long, New Territories Hong Kong
Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Bruce Lam a/k/a Fan-Ying Lam, of Hong Kong ("Lam"), and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively, the "Parties"), pursuant to Section 766.18(a) of the Export Administration Regulations (the "Regulations"),[1] issued pursuant to the Export Administration Act of 1979, as amended (the "Act").[2]

WHEREAS, BIS has notified Lam of its intentions to initiate an administrative proceeding against him, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to Lam that alleges that Lam committed one violation of the Regulations, specifically:

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[1] The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2014). The charged violation occurred in 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2014 Regulations set forth the procedures that currently apply to this matter.

[2] 50 U.S.C. app. §§ 2401-2420 (2000). 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)), which has been extended by successive Presidential Notices, the most recent being that of August 8, 2013 (78 Fed. Reg. 49107 (Aug. 12, 2013)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp. IV 2010).

Charge 1 **15 C.F.R. § 764.2(h) – Evasion**

Between on or about June 8, 2007 and on or about November 5, 2007, Lam engaged in a transaction or took other action with intent to evade the provisions of the Regulations. Specifically, Lam, as a Director of Creative Electronics Ltd. ("Creative Electronics") and the owner of United Sources Industrial Enterprises ("USIE"), two Hong Kong companies, instructed USIE to provide Creative Electronics Ltd., a newly created company, with USIE's U.S. supplier and transaction information, which enabled Creative Electronics to engage in 29 transactions with USIE's U.S. suppliers on behalf of USIE. USIE was a company designated in General Order No. 3 to part 736 of the Regulations. Pursuant to General Order No. 3, a license was required to export or reexport any item subject to the Regulations to USIE. As such, USIE could not conduct transactions with U.S. suppliers without authorization from the Department of Commerce. Lam was aware of USIE's designation in General Order No. 3 because, inter alia, the day after USIE's designation in General Order No. 3, an internet business platform informed its customers, including USIE, that USIE had been added to General Order No. 3 and that penalties would be imposed for U.S. companies doing business with USIE. In addition, shortly thereafter, Lam wrote a letter to USIE's suppliers and customers on behalf of USIE, addressed "Dear Business Partners," which stated that in USIE's understanding "General Order No 3 is an order to all US companies not to export any products to USIE." Lam's actions were taken with the intent to evade the designation of USIE in General Order No. 3 and to continue the business USIE had established with U.S. suppliers. Lam stated on or about April 1, 2008 to a BIS representative that these actions were taken to avoid USIE's designation in General Order No. 3 and that Creative Electronics was necessary in order for USIE to remain in business. In so doing, Lam committed one violation of Section 764.2(h) of the Regulations.

WHEREAS, Lam has reviewed the Proposed Charging Letter and is aware of the allegations made against him and the administrative sanctions that could be imposed against him if the allegations are found to be true;

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

WHEREAS, Lam enters into this Agreement voluntarily and with full knowledge of his rights, after having consulted with counsel;

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

WHEREAS, Lam neither admits nor denies the allegations contained in the Proposed Charging Letter; and

WHEREAS, Lam agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Lam, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against Lam in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:

a. Lam shall be assessed a civil penalty in the amount of $250,000, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions.

b. The full and 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 Lam. Failure to make full and timely payment of the civil penalty may result in the denial of all of Lam's export privileges under the Regulations for one year from the date of the failure to make such payment.

c. For a period of five (5) years from the date of the Order, Bruce Lam, with a last known address of No. 155 Lychee Road North, Fairview Park,

Yuen Long, New Territories, Hong Kong, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

i. Applying for, obtaining, or using any license, License Exception, or export control document;

ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

d. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the five-year denial period set forth in Paragraph 2.c shall be suspended during a probationary period of five years under the Order, and shall thereafter be waived, provided that Lam has made full and timely payment in accordance with Paragraph 2.a above and has committed no other violation of the

Act or the Regulations or any order, license or authorization issued thereunder. If Lam does not make full and timely payment in accordance with Paragraph 2.a above or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder, during the five-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a five-year denial period activated against Lam.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Lam 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 issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. Lam also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transaction identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until the date Lam pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Lam shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect Lam's testimonial obligations in any

proceeding, nor does it affect his right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a, BIS will not initiate any further administrative proceeding against Lam in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

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 issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing 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. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

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

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

Douglas R. Hassebrock
Director of Export Enforcement

Date: 7/8/2014

BRUCE LAM A/K/A FAN-YING LAM

Bruce Lam a/k/a Fan-Ying Lam

Date: 2014.06.21

Reviewed and approved by:

Thomas M. Buchanan, Esq.
Winston & Strawn LLP
Counsel for Bruce Lam a/k/a Fan-Ying Lam

Date: 7/8/14

CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Bruce Lam
a.k.a. Fan-Ying Lam
No. 155 Lychee Road North
Fairview Park
Yuen Long, New Territories
Hong Kong

Dear Mr. Lam:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that you, in your individual capacity (hereinafter "Lam"), have committed one violation of the Export Administration Regulations (the "Regulations"),[1] which issued under the authority of the Export Administration Act of 1979, as amended (the "Act").[2] Specifically, BIS charges that Lam committed the following violation:

Charge 1 15 C.F.R. § 764.2(h) – Evasion

Between on or about June 8, 2007 and on or about November 5, 2007, Lam engaged in a transaction or took other action with intent to evade the provisions of the Regulations. Specifically, Lam, as a Director of Creative Electronics Ltd. ("Creative Electronics") and the owner of United Sources Industrial Enterprises ("USIE"), two Hong Kong companies, instructed USIE to provide Creative Electronics Ltd., a newly created company, with USIE's U.S. supplier and transaction information, which enabled Creative Electronics to engage in 29 transactions with USIE's U.S. suppliers on behalf of USIE. USIE was a company designated in General Order No. 3 to part 736 of the Regulations. Pursuant to General Order No. 3, a license was required to export or reexport any item subject to the Regulations to USIE. As such, USIE could not conduct transactions with U.S. suppliers without authorization from the Department of Commerce. Lam was aware of USIE's designation in General Order No. 3 because, inter alia, the day after USIE's designation in General Order No. 3, an internet business platform informed its customers, including USIE, that USIE had been added to General Order No. 3 and that

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[2] 50 U.S.C. app. §§ 2401-2420 (2000). 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)), which has been extended by successive Presidential Notices, the most recent being that of August 8, 2013 (78 Fed. Reg. 49,107 (Aug. 12, 2013)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp IV 2010).

penalties would be imposed for U.S. companies doing business with USIE. In addition, shortly thereafter, Lam wrote a letter to USIE's suppliers and customers on behalf of USIE, addressed "Dear Business Partners," which stated that in USIE's understanding "General Order No 3 is an order to all US companies not to export any products to USIE." Lam's actions were taken with the intent to evade the designation of USIE in General Order No. 3 and to continue the business USIE had established with U.S. suppliers. Lam stated on or about April 1, 2008 to a BIS representative that these actions were taken to avoid USIE's designation in General Order No. 3 and that Creative Electronics was necessary in order for USIE to remain in business. In so doing, Lam committed one violation of Section 764.2(h) of the Regulations.

* * * * *

Accordingly, Lam is hereby notified that an administrative proceeding is instituted against him 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 up to the greater of $250,000 per violation or twice the value of the transaction that is the basis of the violation;[3]
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If Lam 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 Lam defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Creative Electronics. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Lam is further notified that it is entitled to an agency hearing on the record if he files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Lam 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.

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

Lam is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Lam may be eligible for assistance from the Office of the National Ombudsman of the Small

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[3] *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

Business Administration in this matter. To determine eligibility and get more information, please see: http://www.sba.gov/ombudsman/.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Lam'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 Lam's answer must be served on BIS at the following address:

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

Thea D. R. Kendler is the attorney representing BIS in this case; any communications that Lam may wish to have concerning this matter should occur through her. Ms. Kendler may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement