ORDER RELATING TO JSR MICRO INC.

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has notified JSR Micro Inc. ("JSR Micro"), of its intention to initiate an administrative proceeding against JSR Micro pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the "Regulations"),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the "Act"),² through the issuance of a proposed charging letter to JSR Micro that alleged that JSR Micro committed 90 violations of the Regulations. Specifically, the charges are:

¹ The charged violations occurred between 2004 and 2005. The Regulations governing the violations at issue are found in the 2004 and 2005 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004-2005)). The 2007 Regulations set forth the procedures that apply to this matter.

² 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 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) ("IEEPA").
Charges 1-18  
**15 C.F.R. § 764.2(a): Export of Photoresists to Israel without the Required U.S. Government Authorization**

On 18 occasions, from on or about January 30, 2004 through on or about September 22, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN 3C002.a, to Israel without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, JSR Micro exported the photoresists to Israel through affiliated company JSR Micro N.V. in Belgium. By engaging in this activity, JSR Micro committed 18 violations of Section 764.2(a) of the Regulations.

Charges 19-36  
**15 C.F.R. § 764.2(g): Incorrect Labeling of Photoresist Exports to Israel as Being Authorized Pursuant to “NLR”**

In connection with the transactions described in Charges 1-18 above, from on or about January 30, 2004 through on or about September 22, 2005, JSR Micro made false or misleading representations, statements, or certifications to the U.S. Government in connection with effecting exports subject to the Regulations. Shipper’s Export Declarations filed with the U.S. Government by or on behalf of JSR Micro contained false statements regarding the authorization for the export of photoresists to Israel. The Shipper’s Export Declarations asserted that the exports were authorized pursuant to “NLR” (no license required), when in fact licenses were required from the Department of Commerce. In so doing, JSR Micro committed 18 violations of Section 764.2(g) of the Regulations.

Charges 37-49  
**15 C.F.R. § 764.2(a): Export of Photoresists to Taiwan without the Required U.S. Government Authorization**

On 13 occasions, from on or about April 20, 2004 through on or about September 28, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN 3C002.a, to Taiwan without the Department of Commerce licenses required by Section 742.4 of the Regulations. By engaging in this activity, JSR Micro committed 13 violations of Section 764.2(a) of the Regulations.

Charges 50-62  
**15 C.F.R. § 764.2(g): Incorrect Labeling of Photoresist Exports to Taiwan as Being Authorized Pursuant to “NLR”**

In connection with the transactions described in Charges 37-49 above, from on or about April 20, 2004 through on or about September 28, 2005, JSR Micro made false or misleading representations, statements, or certifications, to the U.S. Government in connection with effecting exports subject to the Regulations. Shipper’s Export Declarations filed with the U.S. Government by or on behalf of JSR Micro contained false statements regarding the authorization for the export of photoresists to Taiwan. The Shipper’s Export Declarations asserted that the exports were authorized pursuant to “NLR” (no license required), when in fact licenses were required from the Department of Commerce.

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3 The term “ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. Part 774.
required from the Department of Commerce. In so doing, JSR Micro committed 13 violations of Section 764.2(g) of the Regulations.

**Charges 63-76  15 C.F.R. § 764.2(a): Export of Photoresists to Singapore without the Required U.S. Government Authorization**

On 14 occasions, from on or about August 31, 2004 through on or about September 9, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN 3C002.a, to Singapore without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, on 11 occasions JSR Micro exported the photoresists to Singapore through affiliated company JSR Corp. in Japan. On 3 other occasions, JSR Micro exported the photoresists directly to Singapore. By engaging in this activity, JSR Micro committed 14 violations of Section 764.2(a) of the Regulations.

**Charges 77-90  15 C.F.R. § 764.2(g): Incorrect Labeling of Photoresist Exports to Singapore as Being Authorized Pursuant to “NLR”**

In connection with the transactions described in Charges 63-76 above, from on or about August 31, 2004 through on or about September 9, 2005, JSR Micro made false or misleading representations, statements, or certifications, to the U.S. Government in connection with effecting exports subject to the Regulations. Shipper’s Export Declarations filed with the U.S. Government by or on behalf of JSR Micro contained false statements regarding the authorization for the export of photoresists to Singapore. The Shipper’s Export Declarations asserted that the exports were authorized pursuant to “NLR” (no license required), when in fact licenses were required from the Department of Commerce. In so doing, JSR Micro committed 14 violations of Section 764.2(g) of the Regulations.

WHEREAS, BIS and JSR Micro 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, that a civil penalty of $270,000 is assessed against JSR Micro, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.
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, JSR Micro 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 JSR Micro. Accordingly, if JSR Micro should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of JSR Micro’s export privileges under the Regulations 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.

Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 31ST day of August, 2007.
SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between JSR Micro Inc. ("JSR Micro"), 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 (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the "Regulations"), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the "Act").

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

1 The charged violations occurred between 2004 and 2005. The Regulations governing the violations at issue are found in the 2004 and 2005 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004-2005)). The 2007 Regulations set forth the procedures that apply to this matter.

2 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 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000) ("IEEPA")).
WHEREAS, BIS has notified JSR Micro of its intention to initiate an administrative proceeding against JSR Micro, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to JSR Micro that alleged that JSR Micro committed 90 violations of the Regulations, specifically:

**Charges 1-18** 15 C.F.R. § 764.2(a): Export of Photoresists to Israel without the Required U.S. Government Authorization

On 18 occasions, from on or about January 30, 2004 through on or about September 22, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN3 3C002.a, to Israel without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, JSR Micro exported the photoresists to Israel through affiliated company JSR Micro N.V. in Belgium. By engaging in this activity, JSR Micro committed 18 violations of Section 764.2(a) of the Regulations.

**Charges 19-36** 15 C.F.R. § 764.2(g): Incorrect Labeling of Photoresist Exports to Israel as Being Authorized Pursuant to “NLR”

In connection with the transactions described in Charges 1-18 above, from on or about January 30, 2004 through on or about September 22, 2005, JSR Micro made false or misleading representations, statements, or certifications to the U.S. Government in connection with effecting exports subject to the Regulations. Shipper’s Export Declarations filed with the U.S. Government by or on behalf of JSR Micro contained false statements regarding the authorization for the export of photoresists to Israel. The Shipper’s Export Declarations asserted that the exports were authorized pursuant to “NLR” (no license required), when in fact licenses were required from the Department of Commerce. In so doing, JSR Micro committed 18 violations of Section 764.2(g) of the Regulations.

**Charges 37-49** 15 C.F.R. § 764.2(a): Export of Photoresists to Taiwan without the Required U.S. Government Authorization

On 13 occasions, from on or about April 20, 2004 through on or about September 28, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN 3C002.a, to Taiwan without the Department of Commerce licenses required by Section 742.4 of the Regulations. By engaging in this activity, JSR Micro committed 13 violations of Section 764.2(a) of the Regulations.

3 The term “ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. Part 774.
Charges 50-62 15 C.F.R. § 764.2(g): Incorrect Labeling of Photoresist Exports to Taiwan as Being Authorized Pursuant to “NLR”

In connection with the transactions described in Charges 37-49 above, from on or about April 20, 2004 through on or about September 28, 2005, JSR Micro made false or misleading representations, statements, or certifications, to the U.S. Government in connection with effecting exports subject to the Regulations. Shipper’s Export Declarations filed with the U.S. Government by or on behalf of JSR Micro contained false statements regarding the authorization for the export of photoresists to Taiwan. The Shipper’s Export Declarations asserted that the exports were authorized pursuant to “NLR” (no license required), when in fact licenses were required from the Department of Commerce. In so doing, JSR Micro committed 13 violations of Section 764.2(g) of the Regulations.


On 14 occasions, from on or about August 31, 2004 through on or about September 9, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN 3C002.a, to Singapore without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, on 11 occasions JSR Micro exported the photoresists to Singapore through affiliated company JSR Corp. in Japan. On 3 other occasions, JSR Micro exported the photoresists directly to Singapore. By engaging in this activity, JSR Micro committed 14 violations of Section 764.2(a) of the Regulations.

Charges 77-90 15 C.F.R. § 764.2(g): Incorrect Labeling of Photoresist Exports to Singapore as Being Authorized Pursuant to “NLR”

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

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

   a. JSR Micro shall be assessed a civil penalty in the amount of $270,000, 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, permission, or privilege granted, or to be granted, to JSR Micro. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of JSR Micro’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, JSR Micro 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 any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; and (c) 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 $270,000 civil penalty, BIS will not initiate any further administrative proceeding against JSR Micro in connection with any violation of the Act or the Regulations arising out of the transactions identified in the voluntary self-disclosure and the 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 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 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

JSR MICRO, INC.

Kevin Delli-Colli
Director
Office of Export Enforcement

Date: 8/29/07

Erie Johnson
President

Date: 8/23/07
PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

JSR Micro Inc.
1280 N. Mathilda Ave.
Sunnyvale, CA 94089

Attn: Eric Johnson
President

Dear Mr. Johnson:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that JSR Micro Inc. of Sunnyvale, CA ("JSR Micro") has committed 90 violations of the Export Administration Regulations (the "Regulations"), which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act"). Specifically, BIS charges that JSR Micro committed the following violations:


On 18 occasions, from on or about January 30, 2004 through on or about September 22, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN3 3C002.a, to Israel without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, JSR Micro exported the photoresists to Israel through affiliated company JSR Micro N.V. in Belgium. By engaging in this activity, JSR Micro committed 18 violations of Section 764.2(a) of the Regulations.

Charges 19-36 15 C.F.R. § 764.2(g): Incorrect Labeling of Photoresist Exports to Israel as Being Authorized Pursuant to "NLR"

In connection with the transactions described in Charges 1-18 above, from on or about January 30, 2004 through on or about September 22, 2005, JSR Micro made false or misleading representations, statements, or certifications to the U.S. Government in connection with effecting

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3 The term “ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. Part 774.
exports subject to the Regulations. Shipper’s Export Declarations filed with the U.S. Government by or on behalf of JSR Micro contained false statements regarding the authorization for the export of photoresists to Israel. TheShipper’s Export Declarations asserted that the exports were authorized pursuant to “NLR” (no license required), when in fact licenses were required from the Department of Commerce. In so doing, JSR Micro committed 18 violations of Section 764.2(g) of the Regulations.

Charges 37-49 15 C.F.R. § 764.2(a): Export of Photoresists to Taiwan without the Required U.S. Government Authorization

On 13 occasions, from on or about April 20, 2004 through on or about September 28, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN 3C002.a, to Taiwan without the Department of Commerce licenses required by Section 742.4 of the Regulations. By engaging in this activity, JSR Micro committed 13 violations of Section 764.2(a) of the Regulations.

Charges 50-62 15 C.F.R. § 764.2(g): Incorrect Labeling of Photoresist Exports to Taiwan as Being Authorized Pursuant to “NLR”

In connection with the transactions described in Charges 37-49 above, from on or about April 20, 2004 through on or about September 28, 2005, JSR Micro made false or misleading representations, statements, or certifications, to the U.S. Government in connection with effecting exports subject to the Regulations. Shipper’s Export Declarations filed with the U.S. Government by or on behalf of JSR Micro contained false statements regarding the authorization for the export of photoresists to Taiwan. The Shipper’s Export Declarations asserted that the exports were authorized pursuant to “NLR” (no license required), when in fact licenses were required from the Department of Commerce. In so doing, JSR Micro committed 13 violations of Section 764.2(g) of the Regulations.


On 14 occasions, from on or about August 31, 2004 through on or about September 9, 2005, JSR Micro engaged in conduct prohibited by the Regulations by exporting photoresists, items subject to the Regulations and classified under ECCN 3C002.a, to Singapore without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, on 11 occasions JSR Micro exported the photoresists to Singapore through affiliated company JSR Corp. in Japan. On 3 other occasions, JSR Micro exported the photoresists directly to Singapore. By engaging in this activity, JSR Micro committed 14 violations of Section 764.2(a) of the Regulations.

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In connection with the transactions described in Charges 63-76 above, from on or about August 31, 2004 through on or about September 9, 2005, JSR Micro made false or misleading
representations, statements, or certifications, to the U.S. Government in connection with effecting exports subject to the Regulations. Shipper's Export Declarations filed with the U.S. Government by or on behalf of JSR Micro contained false statements regarding the authorization for the export of photoresists to Singapore. The Shipper's Export Declarations asserted that the exports were authorized pursuant to "NLR" (no license required), when in fact licenses were required from the Department of Commerce. In so doing, JSR Micro committed 14 violations of Section 764.2(g) of the Regulations.

* * * * * * * * * *

Accordingly, JSR Micro 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;\(^4\)

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

JSR Micro 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. JSR Micro 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 JSR Micro have a proposal to settle this case, JSR Micro 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, JSR Micro'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 JSR Micro's answer must be served on BIS at the following address:

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

Glenn Kaminsky is the attorney representing BIS in this case; any communications that JSR Micro may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301 or by facsimile at (202) 482-0085.

Sincerely,

Kevin Delli-Colli  
Director  
Office of Export Enforcement