

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

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In the Matter of: )  
 )  
Advanced Micro Devices )  
5204 East Ben White Blvd. )  
Austin, TX 78741 )  
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 )  
Respondent )  
\_\_\_\_\_

ORDER RELATING TO ADVANCED MICRO DEVICES.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Advanced Micro Devices (“AMD”) of its intention to initiate an administrative proceeding against AMD pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2008)) (the “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)) (the “Act”),<sup>2</sup> through the issuance of a proposed charging letter to AMD that alleged that AMD committed two violations of the Regulations. Specifically, the charges are:

<sup>1</sup> The violations alleged occurred in 2005-2006. The Regulations governing the allegations at issue are found in the 2005-2006 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2005-2006)). The 2008 Regulations govern the procedural aspects of the case.

<sup>2</sup> 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 July 23, 2008, 73 Fed. Reg. 43,603 (Jul. 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

**Charge 1: 15 C.F.R. §764.2(a) – Export of Technology to Ukraine without a License.**

Between on or about January 24, 2005 and July 2006, AMD engaged in conduct prohibited by the Regulations when it exported microprocessor technology, which is technology subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 3E002, to an employee who was, at the time, a national of Ukraine, without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was released in the United States and controlled for national security reasons. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology in the United States to a national of Ukraine is deemed to be an export of that technology to Ukraine. In exporting this technology without the required export license, AMD committed one violation of Section 764.2(a) of the Regulations.

**Charge 2: 15 C.F.R. §764.2(a) – Export of Technology to China without a License.**

Between on or about March 12, 2006 and July 2006, AMD engaged in conduct prohibited by the Regulations when it exported microprocessor technology, which is technology subject to the Regulations and classified under ECCN 3E002, to an employee who is a national of the People’s Republic of China (the “PRC”), without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was released in the United States and controlled for national security reasons. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology in the United States to a national of the PRC is deemed to be an export of that technology to the PRC. In exporting this technology without the required export license, AMD committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS and AMD 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, AMD shall be assessed a civil penalty in the amount of \$11,000, 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.

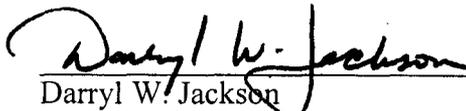
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein,

AMD 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 AMD. Accordingly, if AMD should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of AMD'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 11<sup>th</sup> day of August, 2008.



WHEREAS, AMD 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 AMD of its intention to initiate an administrative proceeding against AMD, pursuant to the Act and the Regulations;

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

**Charge 1: 15 C.F.R. §764.2(a) – Export of Technology to Ukraine without a License.**

Between on or about January 24, 2005 and July 2006, AMD engaged in conduct prohibited by the Regulations when it exported microprocessor technology, which is technology subject to the Regulations and classified under Export Control Classification Number ("ECCN") 3E002, to an employee who was, at the time, a national of Ukraine, without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was released in the United States and controlled for national security reasons. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology in the United States to a national of Ukraine is deemed to be an export of that technology to Ukraine. In exporting this technology without the required export license, AMD committed one violation of Section 764.2(a) of the Regulations.

**Charge 2: 15 C.F.R. §764.2(a) – Export of Technology to China without a License.**

Between on or about March 12, 2006 and July 2006, AMD engaged in conduct prohibited by the Regulations when it exported microprocessor technology, which is technology subject to the Regulations and classified under ECCN 3E002, to an employee who is a national of the People's Republic of China (the "PRC"), without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was released in the United States and controlled for national security reasons. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology in the United States to a national of the PRC is deemed to be an export of that technology to the PRC. In exporting this technology without the required export license, AMD committed one violation of Section 764.2(a) of the Regulations.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

2. The following sanction shall be imposed against AMD 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. AMD shall be assessed a civil penalty in the amount of \$11,000 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.

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 AMD. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of AMD'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, AMD 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 \$11,000 civil penalty, BIS will not initiate any further administrative proceeding against AMD in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed 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.

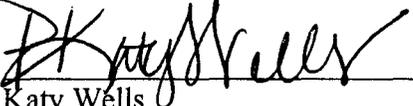
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of

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.

<p>BUREAU OF INDUSTRY AND SECURITY U.S. DEPARTMENT OF COMMERCE</p> <p></p> <p>Thomas Madigan Director Office of Export Enforcement</p> <p>Date: <u>8/7/08</u></p>	<p>ADVANCED MICRO DEVICES</p> <p></p> <p>Katy Wells Deputy General Counsel</p> <p>Date: <u>July 31, 2008</u></p>
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PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Russell Horn, Esq.  
Assistant General Counsel  
AMD Austin  
5204 East Ben White Blvd.  
Austin, TX 78741

Dear Mr. Horn:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Advanced Micro Devices, Inc., Sunnyvale, CA (“AMD”) has committed two violations of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS charges that AMD committed the following violations:

**Charge 1: 15 C.F.R. §764.2(a) – Export of Technology to Ukraine without a License.**

Between on or about January 24, 2005 and July 2006, AMD engaged in conduct prohibited by the Regulations when it exported microprocessor technology, which is technology subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 3E002, to an employee who was, at the time, a national of Ukraine, without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was released in the United States and controlled for national security reasons. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology in the United States to a national of Ukraine is deemed to be an export of

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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 (2008). The violations charged occurred in 2005-2006. Regulations governing the violations at issue are found in the 2005 and 2006 versions of the Code of Federal Regulations. *See* 15 C.F.R. Parts 730-774 (2005-06). The 2008 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401- 2420 (2000). Since August 21, 2001 the Act has been in lapse. However, 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. 46,137 (Aug. 16, 2007), has continued the Regulations in effect under the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 - 1706 (Westlaw 2008) (“IEEPA”). The Act and the Regulations are available on the Government Printing Office website at: <http://www.access.gpo.gov/bis/>.

that technology to Ukraine. In exporting this technology without the required export license, AMD committed one violation of Section 764.2(a) of the Regulations.

**Charge 2: 15 C.F.R. §764.2(a) – Export of Technology to China without a License.**

Between on or about March 12, 2006 and July 2006, AMD engaged in conduct prohibited by the Regulations when it exported microprocessor technology, which is technology subject to the Regulations and classified under ECCN 3E002, to an employee who is a national of the People’s Republic of China (the “PRC”), without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was released in the United States and controlled for national security reasons. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology in the United States to a national of the PRC is deemed to be an export of that technology to the PRC. In exporting this technology without the required export license, AMD committed one violation of Section 764.2(a) of the Regulations.

\* \* \* \* \*

Accordingly, AMD 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 up to \$250,000 per violation;<sup>3</sup>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If AMD 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 (2007). If AMD defaults, the Administrative Law Judge may find the charges alleged in this letter to be true without a hearing or further notice to AMD. 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.

AMD 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 (2007). AMD is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. 15 C.F.R. §§ 766.3(a) and 766.4 (2007).

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

AMD  
Proposed Charging Letter  
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The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18 (2007). Should AMD have a proposal to settle this case, AMD's representative should transmit it through the attorney representing BIS, who is named below.

AMD is further notified that under the Small Business Regulatory Enforcement Flexibility Act, AMD may be eligible for assistance from the Office of the National Ombudsman of the Small 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, AMD'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 AMD's answer must be served on BIS at the following address:

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

Camille M. Caesar is the attorney representing BIS in this case; any communications that AMD may wish to have concerning this matter should occur through her. Ms. Caesar may be contacted by telephone at (202) 482-2288.

Sincerely,

Thomas Madigan  
Acting Director  
Office of Export Enforcement