

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

\_\_\_\_\_  
In the Matter of: )  
 )  
Maxim Integrated Products, Inc. )  
120 San Gabriel Drive )  
Sunnyvale, CA 94086 )  
 )  
Respondent )  
\_\_\_\_\_

ORDER RELATING TO MAXIM INTEGRATED PRODUCTS, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Maxim Integrated Products, Inc. (“Maxim”), of its intention to initiate an administrative proceeding against Maxim 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 issuance of a proposed charging letter to Maxim that alleged that Maxim committed 34 violations of the Regulations. Specifically, these charges are:

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<sup>1</sup>The violations alleged occurred during the 2002-2005 period. The Regulations governing the violations at issue are found in the 2002-2005 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2002-2005). The 2008 Regulations govern the procedural aspects of this case.

<sup>2</sup> 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 July 23, 2008 (73 Fed. Reg. 43603 (July 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1707 (2000)).

**Charge 1                    15 C.F.R. § 764.2(a) - Exporting Technology to the PRC  
Without the Required License**

Between on or about June 5, 2002 and on or about July 20, 2005, Maxim engaged in conduct prohibited by the Regulations by releasing technology for the development of electronic components, an item subject to the Regulations (ECCN<sup>3</sup> 3E001), to an employee who was, at that time, a national of the People's Republic of China ("PRC") without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was released in the United States. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology to an employee who is a national of the PRC is deemed to be the export of the technology to the PRC. In so doing, Maxim committed one violation of Section 764.2(a) of the Regulations.

**Charge 2                    15 C.F.R. § 764.2(e) – Using Technology With Knowledge that  
a Violation of the Regulations Would Occur**

In connection with Charge 1 above, Maxim used technology for the development of electronic components, an item subject to the Regulations (ECCN 3E001), with knowledge that a violation of the Regulations would occur in connection with the technology. Specifically, on or about June 15, 2004, the company applied for an export license for the release of the technology to the PRC national. The release period had commenced on or about July 10, 2001, the date that the PRC national was hired by the company. Pursuant to Sections 734.2(b)(ii) and 742.4 of the Regulations, a license was required for the release of the technology. While the application was pending, Maxim continued to release the technology to the PRC national without the required license. In so doing, Maxim committed one violation of Section 764.2(e) of the Regulations.

**Charge 3                    15 C.F.R. § 764.2(a) - Exporting Technology to Iran Without  
the Required License**

Between on or about August 15, 2003 and on or about October 15, 2004, Maxim engaged in conduct prohibited by the Regulations by releasing technology for the development of telecommunications equipment, an item subject to the Regulations (ECCN 5E992), to an employee who was a national of Iran without the Department of Commerce license required by Section 746.7 of the Regulations. The technology was released in the United States. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology to a national of Iran is deemed to be the export of the technology to Iran. In so doing, Maxim committed one violation of Section 764.2(a) of the Regulations.

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<sup>3</sup> "ECCN" refers to "Export Control Classification Number." See Supp. 1 to 15 C.F.R. Part 774.

**Charges 4-13            15 C.F.R. § 764.2(a) - Exporting Integration Circuits and  
Related Components from the Philippines to the PRC and  
Ukraine Without the Required Licenses**

On ten occasions between on or about June 5, 2002 and on or about August 29, 2005, Maxim engaged in conduct prohibited by the Regulations by exporting integration circuits, items subject to the Regulations (ECCN 3A001), from the United States to end-users in the PRC and Ukraine without the Department of Commerce licenses required by Section 742.4 of the Regulations. In so doing, Maxim committed ten violations of Section 764.2(a) of the Regulations.

**Charge 14-34            15 C.F.R. § 764.2(a) - Reexporting Integration Circuits from  
the Philippines to Russia, Estonia, and the PRC Without the  
Required Licenses**

On 21 occasions between on or about January 23, 2003 and December 26, 2004, Maxim engaged in conduct prohibited by the Regulations by reexporting integration circuits, items subject to the Regulations (ECCN 3A001), from the Philippines to end-users in Russia, Estonia, and the PRC without the Department of Commerce license required by Section 742.4 of the Regulations. In so doing, Maxim committed 21 violations of Section 764.2(a) of the Regulations.

WHEREAS, BIS and Maxim 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 \$192,000 is assessed against Maxim, 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.

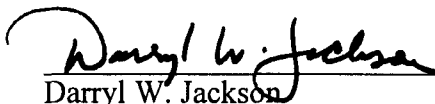
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Maxim will be assessed, in addition 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 Maxim. Accordingly, if Maxim should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Maxim'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.

  
\_\_\_\_\_  
Darryl W. Jackson  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 3<sup>rd</sup> day of October, 2008.

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

In the Matter of: )  
)  
Maxim Integrated Products, Inc. )  
120 San Gabriel Drive )  
Sunnyvale, CA 94086 )  
)  
Respondent )

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Maxim Integrated Products, Inc. (“Maxim”) 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 (2008)) (the “Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”).<sup>2</sup>

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

WHEREAS, BIS has issued a proposed charging letter to Maxim that alleged that it committed 34 violations of the Regulations, specifically:

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<sup>1</sup> The violations alleged occurred during the 2002-2005 period. The Regulations governing the violations at issue are found in the 2002-2005 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2002-2005). The 2008 Regulations govern the procedural aspects of this case.

<sup>2</sup> 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 July 23, 2008 (73 Fed. Reg. 43603 (July 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1707 (2000)).

**Charge 1                    15 C.F.R. § 764.2(a) - Exporting Technology to the PRC  
Without the Required License**

Between on or about June 5, 2002 and on or about July 20, 2005, Maxim engaged in conduct prohibited by the Regulations by releasing technology for the development of electronic components, an item subject to the Regulations (ECCN<sup>3</sup> 3E001), to an employee who was, at that time, a national of the People's Republic of China ("PRC") without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was released in the United States. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology to an employee who is a national of the PRC is deemed to be the export of the technology to the PRC. In so doing, Maxim committed one violation of Section 764.2(a) of the Regulations.

**Charge 2                    15 C.F.R. § 764.2(e) – Using Technology With Knowledge that  
a Violation of the Regulations Would Occur**

In connection with Charge 1 above, Maxim used technology for the development of electronic components, an item subject to the Regulations (ECCN 3E001), with knowledge that a violation of the Regulations would occur in connection with the technology. Specifically, on or about June 15, 2004, the company applied for an export license for the release of the technology to the PRC national. The release period had commenced on or about July 10, 2001, the date that the PRC national was hired by the company. Pursuant to Sections 734.2(b)(ii) and 742.4 of the Regulations, a license was required for the release of the technology. While the application was pending, Maxim continued to release the technology to the PRC national without the required license. In so doing, Maxim committed one violation of Section 764.2(e) of the Regulations.

**Charge 3                    15 C.F.R. § 764.2(a) - Exporting Technology to Iran Without  
the Required License**

Between on or about August 15, 2003 and on or about October 15, 2004, Maxim engaged in conduct prohibited by the Regulations by releasing technology for the development of telecommunications equipment, an item subject to the Regulations (ECCN 5E992), to an employee who was a national of Iran without the Department of Commerce license required by Section 746.7 of the Regulations. The technology was released in the United States. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology to a national of Iran is deemed to be the export of the technology to Iran. In so doing, Maxim committed one violation of Section 764.2(a) of the Regulations.

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<sup>3</sup> "ECCN" refers to "Export Control Classification Number." See Supp. 1 to 15 C.F.R. Part 774.

**Charges 4-13            15 C.F.R. § 764.2(a) - Exporting Integration Circuits and  
Related Components from the Philippines to the PRC and  
Ukraine Without the Required Licenses**

On ten occasions between on or about June 5, 2002 and on or about August 29, 2005, Maxim engaged in conduct prohibited by the Regulations by exporting integration circuits, items subject to the Regulations (ECCN 3A001), from the United States to end-users in the PRC and Ukraine without the Department of Commerce licenses required by Section 742.4 of the Regulations. In so doing, Maxim committed ten violations of Section 764.2(a) of the Regulations.

**Charge 14-34            15 C.F.R. § 764.2(a) - Reexporting Integration Circuits from  
the Philippines to Russia, Estonia, and the PRC Without the  
Required Licenses**

On 21 occasions between on or about January 23, 2003 and December 26, 2004, Maxim engaged in conduct prohibited by the Regulations by reexporting integration circuits, items subject to the Regulations (ECCN 3A001), from the Philippines to end-users in Russia, Estonia, and the PRC without the Department of Commerce license required by Section 742.4 of the Regulations. In so doing, Maxim committed 21 violations of Section 764.2(a) of the Regulations.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Maxim, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against Maxim in complete settlement of the alleged violations of the Regulations relating to the transactions detailed in the voluntary self-disclosure and the proposed charging letter:
  - a. Maxim shall be assessed a civil penalty in the amount of \$192,000, 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 Maxim. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Maxim' 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, Maxim 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 \$192,000 civil penalty, BIS will not initiate any further administrative proceeding against Maxim in connection with any violation of the Act or the Regulations arising out of the transactions identified in the voluntary self-disclosure and in 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.

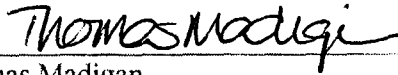
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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.

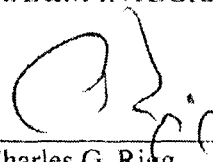
BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE



Thomas Madigan  
Director  
Office of Export Enforcement

Date: 9/29/08

MAXIM INTEGRATED PRODUCTS, INC.



Charles G. Rigg  
Senior Vice President

Date: 9/26/08

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Maxim Integrated Products  
120 San Gabriel Drive  
Sunnyvale, CA 94086

*Attention: Mark J. Casper, Esq.  
Executive Director, Administration &  
Associate General Counsel*

Dear Mr. Casper:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Maxim Integrated Products, Inc. (“Maxim”) has committed 34 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 alleges that Maxim committed the following violations:

**Charge 1                    15 C.F.R. § 764.2(a) - Exporting Technology to the PRC Without the Required License**

As described in greater detail in the attached Schedule A, which is incorporated herein by reference, between on or about June 5, 2002 and on or about July 20, 2005, Maxim engaged in conduct prohibited by the Regulations by releasing technology for the development of electronic components, an item subject to the Regulations (ECCN<sup>3</sup> 3E001), to an employee who was, at that time, a national of the People’s Republic of China (“PRC”) without the Department of Commerce license required by Section 742.4 of the Regulations. The technology was

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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 alleged occurred during the 2002-2005 period. The Regulations governing the violations at issue are found in the 2002-2005 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2002-2005). 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 and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice 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. §§ 1701-1707 (2000)).

<sup>3</sup> “ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. Part 774.

released in the United States. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology to an employee who is a national of the PRC is deemed to be the export of the technology to the PRC. In so doing, Maxim committed one violation of Section 764.2(a) of the Regulations.

**Charge 2                    15 C.F.R. § 764.2(e) – Using Technology With Knowledge that a Violation of the Regulations Would Occur**

As described in greater detail in the attached Schedule A, which is incorporated herein by reference, in connection with Charge 1 above, Maxim used technology for the development of electronic components, an item subject to the Regulations (ECCN 3E001), with knowledge that a violation of the Regulations would occur in connection with the technology. Specifically, on or about June 15, 2004, the company applied for an export license for the release of the technology to the PRC national. The release period had commenced on or about July 10, 2001, the date that the PRC national was hired by the company. Pursuant to Sections 734.2(b)(ii) and 742.4 of the Regulations, a license was required for the release of the technology. While the application was pending, Maxim continued to release the technology to the PRC national without the required license. In so doing, Maxim committed one violation of Section 764.2(e) of the Regulations.

**Charge 3                    15 C.F.R. § 764.2(a) - Exporting Technology to Iran Without the Required License**

As described in greater detail in the attached Schedule A, which is incorporated herein by reference, between on or about August 15, 2003 and on or about October 15, 2004, Maxim engaged in conduct prohibited by the Regulations by releasing technology for the development of telecommunications equipment, an item subject to the Regulations (ECCN 5E992), to an employee who was a national of Iran without the Department of Commerce license required by Section 746.7 of the Regulations. The technology was released in the United States. Pursuant to Section 734.2(b)(ii) of the Regulations, the release of technology to a national of Iran is deemed to be the export of the technology to Iran. In so doing, Maxim committed one violation of Section 764.2(a) of the Regulations.

**Charges 4-13            15 C.F.R. § 764.2(a) - Exporting Integration Circuits and Related Components from the Philippines to the PRC and Ukraine Without the Required Licenses**

As described in greater detail in the attached Schedule B, which is incorporated herein by reference, on ten occasions between on or about June 5, 2002 and on or about August 29, 2005, Maxim engaged in conduct prohibited by the Regulations by exporting integration circuits, items subject to the Regulations (ECCN 3A001), from the United States to end-users in the PRC and Ukraine without the Department of Commerce licenses required by Section 742.4 of the

Regulations. In so doing, Maxim committed ten violations of Section 764.2(a) of the Regulations.

**Charge 14-34            15 C.F.R. § 764.2(a) - Reexporting Integration Circuits from the Philippines to Russia, Estonia, and the PRC Without the Required Licenses**

As described in greater detail in the attached Schedule C, which is incorporated herein by reference, on 21 occasions between on or about January 23, 2003 and December 26, 2004, Maxim engaged in conduct prohibited by the Regulations by reexporting integration circuits, items subject to the Regulations (ECCN 3A001), from the Philippines to end-users in Russia, Estonia, and the PRC without the Department of Commerce license required by Section 742.4 of the Regulations. In so doing, Maxim committed 21 violations of Section 764.2(a) of the Regulations.

\* \* \* \* \*

Accordingly, Maxim 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 the greater of \$250,000 per violation, or twice the value of the transaction that is the basis of the violation;<sup>3</sup>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

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

Maxim 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. Maxim 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> 50 U.S.C. § 1705(b) (2007).

Maxim  
Proposed Charging Letter  
Page 4 of 4

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

Maxim is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Maxim 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, Maxim'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 Maxim's answer must be served on BIS at the following address:

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

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

Sincerely,

Thomas Madigan  
Acting Director  
Office of Export Enforcement