

What happens if I violate export control in the USA? 19 June 2014

State/DDTC: Intersil Corp of Milpitas, CA, to Pay \$10 Million to Settle Alleged Export Violations

(Source: <http://tinyurl.com/q5glcc6>)

- * Respondent: Intersil Corporation, 1001 Murphy Ranch Road, Milpitas, CA
- * Charges: 339 charges of violations of the AECA and ITAR between 2005 and 2010
 - * Exports without DDTC authority; failure to maintain end-use records before 2010. Violations characterized as resulting from improper classification of USML items as CCL items.
- * Civil Settlement: \$10 million (\$4 million suspended if spent on corrective actions)
- * Debarred or Suspended from Export Transactions: Not if penalty is paid and corrective actions are completed as agreed. (See below mitigating factors justifying non-debarment.)
- * Result of Voluntary Self-Disclosure: Yes
- * Date of Order: 16 June 2014
- * Available documents:
 - * Proposed Charging Letter: <http://tinyurl.com/lurf3b7>
 - * Consent Agreement: <http://tinyurl.com/n5n9dav>
 - * Order: <http://tinyurl.com/lwvop94>
- * Mitigating Factors:
 - * Voluntary disclosure of violations.
 - * Waiver of Statute of Limitations
 - * Respondent's offer to settle matters with DDTC.
 - * Respondent's self-initiated comprehensive remedial compliance measures before and during the course of government review.
 - * Respondent's responsiveness and cooperation with DDTC.
- * Aggravating Factors:
 - * Exports to China (PRC) may have contributed to PRC commercial and military satellite programs, and potentially harmed U.S. national security
- * Corrective Actions (CAs): (Excerpts.)
 - * Incorporate CAs upon acquisition of any new business entity engaged in ITAR-regulated activities.
 - * Notify DDTC 60 days before sale of any entity engaged in ITAR-regulated activities and inform purchaser of CA requirements.
 - * Ensure adequate resources are dedicated to ITAR compliance, including:
 - lines of authority
 - staffing increases
 - performance evaluations
 - career paths
 - promotions and compensation
 - * Appoint Internal Special Compliance Officer (ISCO) who will:
 - report directly to DDTC and to VP/GM
 - conduct ITAR compliance review throughout ITAR-regulated business units
 - oversee implementation of all compliance measures.
 - have authority to hire staff and outside consultants to assist.
 - * VP/General Counsel to brief Board annually re findings and recommendations of ISCO.
 - * Retain outside consultant to conduct initial comprehensive audits of ITAR-regulated business units; follow two years later with additional audits to determine whether CAs were adequately implemented.