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August 15, 2024

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BUREAU OF INDUSTRY AND SECURITY

Office of Congressional and Public Affairs

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BIS Imposes \$5.8 Million Penalty Against Pennsylvania Company for Shipments of Low-Level Items to Parties Tied to the PRC's Hypersonics, UAV, and Military Electronics Programs

WASHINGTON, D.C. – Today, as part of a settlement agreement to resolve alleged violations of U.S. export controls, the Department of Commerce's Bureau of Industry and Security (BIS) imposed a \$5.8 million civil penalty against TE Connectivity Corporation (TE), located in Middletown, Pennsylvania, and TE Connectivity HK Limited, located in Kwai Chung, New Territories, Hong Kong, for shipments of low-level items to parties tied to the People's Republic of China's (PRC) hypersonics, unmanned aerial vehicles (UAV), and military electronics programs.

"When we announced the Disruptive Technology Strike Force with the Department of Justice last year, we made clear that all tools, including BIS's unique administrative enforcement capabilities, would be leveraged to punish those who send even low-level technology to nation-state adversaries if that technology has the potential to further the development of unmanned aerial vehicle and hypersonic weapons programs," said **Assistant Secretary for Export Enforcement Matthew S. Axelrod**. "Today's penalty takes into account both the cooperation of TE Connectivity in disclosing violations to us and the seriousness with which we will act when a company permits China's destabilizing military modernization programs to benefit from U.S. technology."

"Today's enforcement action is a direct result of the Office of Export Enforcement's mission to stop the illegal export of any U.S.-origin items that support restricted entities or end uses in China in violation of the Export Administration Regulations," said **Office of Export Enforcement Director John Sonderman**. "The mitigated penalty also demonstrates the benefits that companies receive for voluntarily disclosing violations to BIS and cooperating with our investigators."

These alleged violations involved shipments of \$1.74 million in items subject to the Export Administration Regulations (EAR) to parties on the BIS Entity List and for restricted end uses in China. Specifically, TE sent items such as wires, printed circuit-board connectors, and pressure and temperature scanners to parties previously placed on the BIS Entity List for supporting the PRC's military modernization efforts in the fields of hypersonics, UAVs, and electronics. TE voluntarily disclosed the conduct to BIS, cooperated with the investigation by BIS's Office of Export Enforcement, and took remedial measures after discovering the conduct at issue, which

resulted in a significant reduction in the penalty.

As alleged in the Proposed Charging Letter (PCL), BIS's investigation determined that TE, through the actions of its China-based business units and distributors, from December 2015 through October 2019, violated the EAR on 79 occasions by exporting \$1.74 million worth of EAR99 items to Chinese parties on the BIS Entity List and/or by exporting EAR99 items for restricted UAV end uses without the requisite license or other authorization from BIS. The low-level items, including wires, printed circuit-board connectors, and pressure and temperature scanners, were exported to missile, military electronics, and defense research organizations on the Entity List, including the China Aerodynamics Research and Development Center, which specializes in hypersonic missile research, two China Electronics Technology Group Corporation research institutes engaged in military electronics production, and the Northwestern Polytechnical University, without the requisite BIS export licenses. Company representatives in China used deception and concealment tactics to disguise end users on the Entity List or restricted end uses, including by changing end-user names or using misleading end-use descriptions. The company's party screening efforts also failed to identify an obvious alternative spelling of a party on the Entity List.

The full order, settlement agreement, and PCL are available online [here](#). This case was investigated by the Office of Export Enforcement's New York Field Office.

Additional Information:

BIS actions are taken under the authority of the Export Control Reform Act of 2018 (50 U.S.C. §§ 4801-4852) and its implementing regulations, the EAR. BIS controls exports of dual-use commodities, technology, and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological non-proliferation, crime control, and regional stability. Criminal and administrative sanctions can be imposed for violations of the EAR. Under the Export Control Reform Act of 2018, among other possible administrative sanctions, administrative monetary penalties can reach up to \$364,992 per violation or twice the value of the transaction, whichever is greater. For more information, please visit <https://www.bis.gov/enforcement>.

This action furthers the mission of the [Disruptive Technology Strike Force](#), an interagency law enforcement strike force co-led by the Departments of Justice and Commerce and designed to prevent nation-state adversaries from acquiring disruptive technologies, such as hypersonics and advanced computing, that may eventually be powerful enough to deliver military overmatch. Under the leadership of the Assistant Attorney General for National Security and the Assistant Secretary of Commerce for Export Enforcement, the Strike Force leverages tools and authorities across the U.S. government to enhance the criminal and administrative enforcement of export control laws.

Report suspected export control violations through the BIS [online tip portal](#). You can also call the Enforcement Hotline at 1-800-424-2980 or email EELead@bis.doc.gov.