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**BUREAU OF INDUSTRY AND SECURITY**

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**BIS Imposes \$500,000 Mitigated Penalty Against GlobalFoundries For 74 Shipments to Entity Listed Chinese Firm**

**Washington, D.C.** – Today, as part of a settlement agreement, the Department of Commerce’s Bureau of Industry and Security (BIS) imposed a civil penalty of \$500,000 against GlobalFoundries U.S. Inc., a semiconductor wafer manufacturing company headquartered in Malta, New York, and its subsidiary, GlobalFoundries U.S. 2 LLC (collectively, “GlobalFoundries”).

The penalty relates to GlobalFoundries’ shipments of semiconductor wafers valued at approximately \$17.1 million to SJ Semiconductor (SJS), a company on the BIS Entity List, without the requisite license or other authorization from BIS. GlobalFoundries voluntarily disclosed the conduct to BIS, cooperated with the investigation by BIS’s Office of Export Enforcement (OEE), and took remedial measures after discovering the conduct at issue, which resulted in a significant reduction in the penalty.

“We want U.S. companies to be hypervigilant when sending semiconductor materials to Chinese parties,” said **Assistant Secretary for Export Enforcement Matthew S. Axelrod**. “And when, as here, that vigilance falls short and semiconductor materials have gone where they shouldn’t, we want companies to make voluntary disclosures, remediate, and cooperate with us.”

“GlobalFoundries’ voluntary self-disclosure (VSD) and extensive cooperation throughout the investigation resulted in a significant reduction in the monetary penalty, which is the main incentive of our VSD policies,” said **OEE Director John Sonderman**.

As alleged in the Proposed Charging Letter (PCL), between February 2021 and October 2022, GlobalFoundries violated the Export Administration Regulations (EAR) by sending 74 separate shipments of semiconductor wafers, collectively valued at approximately \$17.1 million, to SJS without the requisite license or other authorization from BIS.

At the time of the violations, GlobalFoundries was aware that shipments to SJS of items subject to the EAR required a BIS license. While SJS itself was not a GlobalFoundries customer, SJS was the third-party outsource assembly and test service provider (“OSAT”) designated by a GlobalFoundries’ customer and, as a result, should have been screened by GlobalFoundries’

transaction screening system. Due to a data entry error, however, SJS was not properly identified in GlobalFoundries' transaction screening system and consequently was not screened.

SJS is a Semiconductor Manufacturing International Corporation (SMIC)-related party. SMIC and its related entities – including SJS – were added to the BIS Entity List in 2020 as a result of China's military-civil fusion doctrine and evidence of activities between SMIC and entities of concern in the Chinese military-industrial complex.

The full order, settlement agreement, and PCL are available online [here](#). This case was investigated by OEE's Boston 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 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>.

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](mailto:EELead@bis.doc.gov).

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