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*Where Industry and Security Intersect*

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**BIS IMPOSES ADMINISTRATIVE PENALTY OF \$80,000 AND AUDIT REQUIREMENTS TO RESOLVE ALLEGATIONS OF UNLICENSED SHIPMENTS TO HUAWEI AND RELATED ENTITIES**

WASHINGTON, D.C. – On November 8, 2021, Kevin J. Kurland, the Acting Assistant Secretary for Export Enforcement, Bureau of Industry and Security (BIS) of the U.S. Department of Commerce, announced an administrative settlement with SP Industries, Inc. (d/b/a SP Scientific), of Warminster, Pennsylvania (“SP Industries”), which includes a civil penalty payment of \$80,000 and audit requirements related to allegations that SP Industries committed four violations of the Export Administration Regulations (“EAR”) by exporting items to Huawei Technologies Co. Ltd. (“Huawei”) and two subsidiaries, Huawei Device Co., Ltd. and HiSilicon Technologies Co., Ltd., without the required BIS licenses. The violations resulted in the unauthorized export of four shipments to Huawei and related entities after they were designated on the Entity List in May 2019. SP Industries fully cooperated with an investigation conducted by the New York Field Office, including voluntarily self-disclosing two of the alleged violations.

“Huawei continues to present a threat to U.S. national security and foreign policy interests, and BIS Special Agents will aggressively investigate export violations where Huawei or any of its subsidiaries on the Entity List are a party to an export transaction,” said Acting Assistant Secretary Kurland. “At the same time, where companies agree to cooperate with BIS on an investigation, including through the self-disclosure of information, we will factor such activities into our penalty decisions, which in this case, also includes audits of SP Industries’ compliance program to prevent future violations.”

SP Industries self-reported to BIS that the violations involving four shipments occurred between May 28 and August 2, 2019, pursuant to errors in its export screening process. Since learning of the apparent violations, SP Industries has instituted new screening and compliance procedures for all orders. As part of its settlement with BIS, in addition to paying an \$80,000 penalty, SP Industries agreed to conduct two audits of its compliance system over the next two years and submit the results to Export Enforcement’s New York Field Office. When such audits identify actual or potential violations of the EAR, SP Industries must promptly provide a detailed plan of corrective actions to be taken to BIS, along with documentation related to the compliance concerns.

“The Office of Export Enforcement will aggressively leverage our unique authorities to enforce our nation’s export control laws,” said Special Agent in Charge Jonathan Carson, New York Field Office. “We encourage companies and individuals who discover export control violations to fully cooperate with, and voluntarily disclose such violations to, the Office of Export Enforcement.”

The issued Order, along with the related settlement agreement and proposed charging letter, is available [here](#).

BIS’s mission is to advance U.S. national security and foreign policy objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. Among its enforcement efforts, BIS is committed to preventing U.S.-origin items from supporting Weapons of Mass Destruction (WMD) projects, terrorist activities, or destabilizing military modernization programs.

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