

GARY C. PETERS, MICHIGAN, CHAIRMAN

THOMAS R. CARPER, DELAWARE
MARGARET WOOD HASSAN, NEW HAMPSHIRE
KYRSTEN SINEMA, ARIZONA
JACKY ROSEN, NEVADA
JON OSSOFF, GEORGIA
RICHARD BLUMENTHAL, CONNECTICUT
LAPHONZA R. BUTLER, CALIFORNIA

RAND PAUL, KENTUCKY
RON JOHNSON, WISCONSIN
JAMES LANKFORD, OKLAHOMA
MITT ROMNEY, UTAH
RICK SCOTT, FLORIDA
JOSH HAWLEY, MISSOURI
ROGER MARSHALL, KANSAS

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

DAVID M. WEINBERG, STAFF DIRECTOR
WILLIAM E. HENDERSON III, MINORITY STAFF DIRECTOR
LAURA W. KILBRIDE, CHIEF CLERK

December 18, 2024

VIA ELECTRONIC MAIL

The Honorable Gina Raimondo
Secretary
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, D.C. 20230

Dear Secretary Raimondo,

I write to request that the Department of Commerce take additional measures to enforce violations of U.S. export controls, including but not limited to opening an investigation into recent allegations of continued export control compliance failures at Texas Instruments Inc. (“Texas Instruments”). Enclosed with this letter is a majority staff report from the Permanent Subcommittee on Investigations (“the Subcommittee”) which includes findings and recommendations from the Subcommittee’s investigation into the enforcement of semiconductor export controls by the Department of Commerce’s Bureau of Industry and Security (“BIS”). While finding that Congress needs to provide BIS with additional resources, the Subcommittee’s report also finds that BIS has relied too much on semiconductor companies to adopt export control best practices voluntarily, has not required that semiconductor companies’ export control compliance programs undergo meaningful outside review, has not used the full scope of its authority to punish “knowing” violations of the Export Administration Regulations, and has not issued significant enough fines to compel robust corporate compliance in the semiconductor industry. I urge BIS to take these actions without delay, and request that you take steps to ensure that these efforts continue into the next administration.¹

The Subcommittee’s inquiry has revealed that lax compliance has become typical across the semiconductor industry. The Subcommittee’s most recent report follows its September 10, 2024 majority staff report and hearing, which detailed gaps in the export control compliance programs at Texas Instruments and three of the other largest producers of semiconductors in the

¹ Indeed, efforts to address BIS’s enforcement of export controls have been bipartisan. *See, e.g.*, H. FOREIGN AFFAIRS COMMITTEE, 118TH CONG., BUREAU OF INDUSTRY AND SECURITY: 90-DAY REVIEW REPORT (2024), <https://foreignaffairs.house.gov/wp-content/uploads/2024/01/1.2.24-BIS-Report.pdf>.

United States: Advanced Micro Devices Inc., Analog Devices Inc., and Intel Corporation.² These gaps were caused in part by BIS's decisions to not compel semiconductor companies to include certain components in their export control compliance programs and to not require that semiconductor companies export control programs undergo periodic, outside review. The September report noted certain aspects of Texas Instruments's export compliance program that were particularly problematic, including its lax controls on online direct sales and its decision to not sufficiently use risk management databases in its sales process.³

Recent reporting demonstrates that the gaps identified by the Subcommittee may have contributed to Texas Instruments's products going to the Russian military despite export controls. On December 9, 2024, a press report, which relied in part on the Subcommittee's September report, provided details of an investigation into how the Russian military has continued to acquire components from Texas Instruments.⁴ Texas Instruments allegedly missed clear warning signs that three companies in its distribution chain had been diverting products to Russia, including that the three companies surged their demand for purchases and listed themselves at Hong Kong addresses "commonly used as fronts."⁵ These are both key factors that guidance from the U.S. and European Union advise should lead to heightened diligence.⁶

These latest allegations against Texas Instruments demonstrate the unfortunate results of BIS's current inadequate enforcement of export controls. While Congress must provide BIS more resources to undertake its critical mission, it is long past time for BIS to make full use of the enforcement powers Congress has conferred upon it and take aggressive steps to cut the flow of U.S. semiconductors into the Russian war machine.

Thank you for your attention to this request.

² See S MAJORITY STAFF OF S. PERMANENT SUBCOMM. ON INVESTIGATIONS, 118TH CONG., THE U.S. TECHNOLOGY FUELING RUSSIA'S WAR IN UKRAINE: EXAMINING SEMICONDUCTOR MANUFACTURERS' COMPLIANCE WITH EXPORT CONTROLS (2024), <https://www.hsgac.senate.gov/wp-content/uploads/09.10.2024-Majority-Staff-Report-The-U.S.-Technology-Fueling-Russias-War-in-Ukraine.pdf> [hereinafter PSI September Report]; *The US Companies' Technology Fueling The Russian War Machine: Hearing Before the Permanent Subcomm. on Investigations*, 118th Cong. (2024), <https://www.hsgac.senate.gov/subcommittees/investigations/hearings/the-us-companies-technology-fueling-the-russian-war-machine/>.

³ See PSI September Report, *supra* note 1.

⁴ Alberto Nardelli, Ian King & Andy Lin, *Russia's Military Found a Surprisingly Simple Way to Buy U.S. Chips*, BLOOMBERG (Dec. 9, 2024, 6:00am), <https://www.bloomberg.com/news/features/2024-12-09/russia-s-military-buying-us-chips-from-texas-instruments-despite-sanctions?leadSource=uverify%20wall>.

⁵ *Id.*

⁶ See G7, PREVENTING RUSSIAN EXPORT CONTROL AND SANCTIONS EVASION: UPDATED GUIDANCE FOR INDUSTRY (2024), <https://www.bis.gov/media/documents/g7-updated-guidance-industry-preventing-russian-export-control-and-sanctions>.

Hon. Gina Raimondo
December 18, 2024
Page 3

Sincerely,

A handwritten signature in blue ink that reads "Richard Blumenthal". The signature is written in a cursive style and is centered within a light gray rectangular box.

Richard Blumenthal
Chairman
Permanent Subcommittee on Investigations

cc: The Honorable Ron Johnson
Ranking Member

Enclosure