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U.S. Export Controls: Commerce Accuses Sun Microsystems of Illegal Sales

The U.S. Commerce Department has accused Sun Microsystems Inc., which makes high-performance computing hardware, of violating export regulations in sales to Egypt and China, the *Los Angeles Times* reported today (see [GSN](#), Dec. 18, 2001).

Sun — which is based in Santa Clara, Calif., and relies on overseas sales for more than half of its revenue — disclosed the allegations in an annual filing with the Securities and Exchange Commission. The 1998 sale to Egypt involved improper notification, said Sun spokesman Andy Lark. The 1997 sale to China took place through a Hong Kong reseller, according to the *Times* (Joseph Menn, [Los Angeles Times](#), Oct. 1).

The Commerce Department's Office of Export Enforcement sent letters in February 2002 to Sun and two subsidiaries, accusing them of violating export control regulations, according to the SEC filing. The department has given Sun until Nov. 1 to respond to the letters, and U.S. officials have also told Sun that more charges will probably be added.

Sun, which is in settlement discussions with authorities, could be subject to fines or denial of export privileges, according to the filing. The evidence does not support denial of export privileges, Sun said, and a fine would not have a "material adverse effect" on the company ([U.S. Securities and Exchange Commission release](#)).

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