

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Teledyne FLIR LLC and its affiliates,
FLIR Optoelectronic Technology (Shanghai)
Co. Ltd. and
Teledyne FLIR Commercial Systems Inc.
27700 Southwest Parkway Avenue
Wilsonville, OR 97070

Respondent

ORDER RELATING TO
TELEDYNE FLIR LLC

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Teledyne FLIR LLC and its affiliates FLIR Optoelectronic Technology (Shanghai) Co. Ltd. and Teledyne FLIR Commercial Systems, Inc. d/b/a Teledyne FLIR OEM, (together, “Teledyne FLIR”) of its intention to initiate an administrative proceeding against Teledyne FLIR pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ through the issuance of a Proposed Charging Letter to Teledyne FLIR that alleges that Teledyne FLIR committed 19 violations of the Regulations.² Teledyne FLIR

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2025). The charged violations alleged occurred in 2017-2024. The Regulations governing the violations at issue are found in the 2017-2024 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774. The 2025 Regulations govern the procedural aspects of this case.

LLC, through its affiliates, specializes in the design, manufacture, and marketing of thermal imaging cameras and related components and sensors. Since the May 14, 2021, acquisition of FLIR Systems, Inc (“FLIR”) by Teledyne Technologies Incorporated (“Teledyne”), the successor company Teledyne FLIR LLC has been a wholly-owned subsidiary of Teledyne. The conduct described in charges 1 through 10 pre-dates the acquisition and therefore references FLIR and its then foreign subsidiaries in Europe.

Specifically:

Charges 1-9 15 C.F.R. § 764.2(b) Causing a violation

At all relevant times to the charges below, FLIR developed and manufactured in Santa Barbara, California thermal imaging cameras classified under Export Control Classification Number (ECCN) 6A003 on the Commerce Control List. These 6A003 cameras were controlled for national security and regional stability reasons. Pursuant to Sections 742.4 and 742.6 of the Regulations, a license was required for the export and reexport of these items to China and Hong Kong.

Pursuant to Sections 734.3(a)(3) and 734.4(d) of the Regulations, a reexport or export from abroad of a foreign-made commodity is subject to the Regulations if it incorporates a controlled U.S.-origin commodity valued at greater than 25% of the total value of the foreign-made commodity (“25% De Minimis Rule”). Supplement No. 2 to Part 734 of the Regulations, “Guidelines for De Minimis Rules,” describes how exporters should calculate these values.

1. On 9 occasions between on or about February 6, 2017, and on or about April 25, 2018, FLIR engaged in transactions contrary to the Regulations when it caused exports from abroad of items subject to the Regulations from FLIR Sweden to China without the required authorizations from BIS.
2. During a jurisdiction and classification analysis for certain cameras in 2018, FLIR was alerted to historical *de minimis* practices dating from at least 2013 that led the company to submit a voluntary self-disclosure regarding the company’s *de minimis* calculations regarding certain product families. FLIR’s historical *de minimis* calculations were inconsistent with the requirement that when calculating values for *de minimis* purposes, the value of the U.S. content should be determined based on the fair market value of the entire discrete product when it was exported from the United States. As a result, it resulted in the undervaluation of two types of FLIR products later incorporated into foreign-made items, which led the company to incorrectly conclude that these cameras were not subject to the Regulations. These two types of products were 6A003.b.4.b camera kits, and camera cores classified under ECCN 6A003.

3. Camera Kits. FLIR's camera kits consisted of uncooled focal plane arrays (UFPAs) classified under ECCN 6A002.a.3.f, an electronics board, and mechanical components to hold the items together. Although the camera kit consisted of various items packaged together in a blister pack, it met the criteria under Note 1 of ECCN 6A003.b.4³, and is considered by BIS to be an imaging camera under ECCN 6A003.b.4. FLIR exported these kits under ECCN 6A003.b.4 from the United States to Sweden, where they were incorporated into Swedish-made items and reexported to China.
4. To determine whether the items continue to be subject to the EAR upon incorporation into foreign-made item, exporters need to conduct a *de minimis* analysis under Section 734.4 of the Regulations. The correct valuation of the item should have considered the value of the entire camera kit, classified under ECCN 6A003.b.4.b, not only the focal plane array controlled by 6A002.a.3.f.
5. However, FLIR's methodology to calculate the value of the item considered only the 6A002.a.3.f UFPA, rather than the 6A003.b.4 camera kit as a whole. FLIR's subsequent *de minimis* calculation, based on the undervaluation of the item exported from the U.S., led FLIR to incorrectly conclude that the camera, when exported from Sweden to China, was not subject to the EAR.
6. Camera Cores. Camera cores, classified under 6A003, consist of UFPAs, electronics boards, and a housing; some camera cores have a shutter. Some also have a lens, which can meaningfully affect the value of a camera core. Historically, in its *de minimis* analysis, FLIR used the value of a camera core without a lens, even when the camera core was exported with a lens. This approach was based on the mistaken interpretation that the lens, classified under EAR99, would not be considered "controlled" content under Supplement No. 2 to Part 734 if shipped on its own, and therefore did not need to be included in the valuation.
7. As with the camera kits, the camera cores were valued in a way that was inconsistent with the Regulations. The camera core should have been valued as a discrete product (including, when applicable, a lens), rather than a shipment of various components. This discrete product should have included all items attached to the camera at the time of export, and any other items that are essential to the functioning of the camera, customarily included in sales of the camera, and actually exported with the camera.
8. By engaging in the above-described conduct, FLIR committed nine violations of Section 764.2(b) of the Regulations.

³ Note 1 to ECCN 6A003.b.4 states: "Imaging cameras described in 6A003.b.4 include "focal plane arrays" combined with sufficient "signal processing" electronics, beyond the read out integrated circuit, to enable as a minimum the output of an analog or digital signal once power is supplied."

Charge 10 **15 C.F.R. § 764.2(h) Evasion**

9. In 2018, FLIR and a Chinese drone manufacturer collaborated on the Zenmuse XT2, a project involving the integration of a 6A003.b.4.b FLIR camera into a gimbal camera platform for use with civilian drones. The project development team envisioned drones integrated with a Europe-made camera system incorporating U. S.-controlled content – the ECCN 6A003.b.4.b FLIR camera. FLIR and the Chinese drone manufacturer negotiated a “market collaboration fee” or “market coop fee” that was designed in part to push the value of controlled U. S. content to less than 25% of the fair market value of the Zenmuse XT2 commercial drone camera. As a result, the Zenmuse XT2 commercial drone camera would not be subject to the EAR under the *de minimis* provisions in Section 734.4(d). This pricing structure was designed in part to evade EAR licensing requirements.
10. This pricing model was different from the model used for the XT1 commercial drone camera, the XT2’s predecessor collaboration between FLIR and the Chinese drone manufacturer, which involved the drone manufacturer paying FLIR a profit share for each XT1 camera sold. The market collaboration fee was designed in part to increase the price such that FLIR purportedly believed the subsequent export from abroad of the Europe-made camera platforms to China would not be subject to the EAR under the 25% De Minimis Rule in Section 734.4.
11. Developing the market collaboration fee to adjust the value of the foreign-made camera was an impermissible *de minimis* calculation because the calculation did not reflect the fair market price of the camera consistent with subsection (a)(3)(1) of Supplement No. 2 to Part 734 of the Regulations.
12. By engaging in the above-described conduct, FLIR committed one violation of Section 764.2(h) of the Regulations.

Charge 11 **15 C.F.R. § 764.2(i) Failure to comply with recordkeeping requirements**

13. From on or about May 2020 through on or about July 2023 FLIR Optoelectronic Technology (Shanghai) Co. Ltd. (FLIR Optoelectronic) failed to comply with recordkeeping requirements in a BIS license in violation of 15 C.F. R. § 764.2(i). Pursuant to a May 22, 2020 BIS license, a European FLIR subsidiary reexported a camera classified under 6A003.b.4.b and valued at \$1,000 to FLIR Optoelectronic in China. The BIS license included certain license conditions intended to ensure that BIS could review the use of the camera in demonstrations. Specifically, the license required recordkeeping on the date of each demonstration, the identifier of the license authorizing those demonstrations, the name of the entity to whom the cameras were demonstrated, and its general location, as well as the model/serial number of the commodities demonstrated.

14. FLIR Optoelectronic did not retain the records specified in the conditions of this license, and therefore failed to comply with the recordkeeping requirement in this license. In so doing, FLIR Optoelectronic committed one violation of Section 764.2(i) of the Regulations.

Charges 12-19 15 C.F.R. § 764.2 (a) Engaging in prohibited conduct

15. On eight occasions from on or about June 19, 2024 through on or about December 12, 2024, Teledyne FLIR OEM engaged in prohibited conduct when it exported thermal cameras, subject to the Regulations and classified under ECCN 6A993.a, to an address identified on the BIS Entity List as requiring a license for export.
16. In a change to the Regulations effective June 12, 2024, BIS began adding entries consisting of only an address to the Entity List at Supp. No. 4 of Part 744, as part of BIS's effort to stop unlawful diversion of items subject to the Regulations through shell companies using service providers located at these addresses. The regulatory change was part of a rule refining existing controls on transactions involving Russia and Belarus ("June 2024 Rule") and was meant to apply to "situations where a more definite license requirement is warranted for addresses that are repeatedly used by companies engaged in activity contrary to U.S. national security or foreign policy interests." *See* 81 Fed. Reg. 51644, 51648. The rule amended Section 744.16 of the Regulations to state that license requirements, license review policies, and restrictions on the use of license exceptions apply to all entities using such addresses on the Entity List, regardless of the name of the entity.
17. In the same rule, BIS added eight Hong Kong-based addresses "associated with the significant transshipment of sensitive goods to Russia" to the Entity List. 81 Fed. Reg. 51644, 51648. Among these was Address 04, Room 803, 45-51 Chatham Road South, Tsim Sha Tsui, Chevalier House, Hong Kong.
18. Soon after the June 2024 Rule was published in the Federal Register, Teledyne contacted its screening software vendor to seek confirmation that the software would screen for Teledyne transactions with the address-only entities on the Entity List. The vendor stated that it was aware of the new address-only entries and that it was being addressed internally. The screening software vendor issued a customer alert in or about August discussing the addition of the addresses to the Entity List.
19. In February 2025, a Teledyne employee identified, for the first time, a notification for a transaction involving Address 04, while noting that the applicable license requirement for exports to Address 04 had been in place since June 2024. The employee reported the transaction to Teledyne's trade compliance department for further investigation. Teledyne's voluntary self-disclosure to BIS regarding the Address 04 transactions followed shortly thereafter.
20. Pursuant to Section 744.16 of the Regulations and as specified on the BIS Entity List, Supp. No. 4 to Part 744 of the Regulations, a license is required for exports of

items on the Commerce Control List to Address 04. By exporting on eight occasions to Address 04 without the required BIS license, Teledyne FLIR OEM committed eight violations of Section 764.2(a) of the Regulations.

WHEREAS, BIS and Teledyne FLIR have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein;

WHEREAS, Teledyne FLIR admits committing the alleged conduct described in the Proposed Charging Letter; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, Teledyne FLIR shall be assessed a civil penalty in the amount of \$1,000,000, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of this Order.

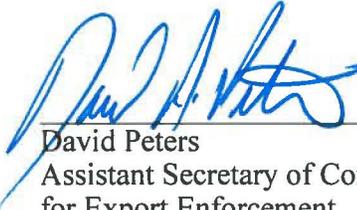
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, Teledyne FLIR will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the full and timely payment of the civil penalty in accordance with the payment schedule set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Teledyne FLIR. Accordingly, if Teledyne FLIR should fail to pay the civil penalty in a full and timely manner, the undersigned may issue an order

denying all of Teledyne FLIR's export privileges under the Regulations for a period of one year from the date of failure to make such payment.

FOURTH, the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



David Peters
Assistant Secretary of Commerce
for Export Enforcement

Issued this 26th day of February, 2026.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Teledyne FLIR LLC and its affiliates, FLIR
Optoelectronic Technology (Shanghai) Co. Ltd. and
Teledyne FLIR Commercial Systems Inc.
27700 Southwest Parkway Avenue
Wilsonville, OR 97070

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Teledyne FLIR LLC and its affiliates FLIR Optoelectronic Technology (Shanghai) Co. Ltd. and Teledyne FLIR Commercial Systems, Inc. d/b/a Teledyne FLIR OEM, (together, “Teledyne FLIR”) and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”).¹ Teledyne FLIR LLC, through its affiliates, specializes in the design, manufacture, and marketing of thermal imaging cameras and related components and sensors. Since the May 14, 2021, acquisition of FLIR Systems, Inc (“FLIR”) by Teledyne Technologies Incorporated (“Teledyne”), the successor company

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Teledyne FLIR LLC has been a wholly-owned subsidiary of Teledyne. The conduct described in charges 1 through 10 below pre-dates the acquisition and therefore references FLIR and its then foreign subsidiaries in Europe.

WHEREAS, Teledyne FLIR filed voluntary self-disclosures with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein and since the acquisition continues to make improvements to its compliance program;

WHEREAS, BIS has notified Teledyne FLIR of its intention to initiate an administrative proceeding against Teledyne FLIR, pursuant to the Regulations;²

WHEREAS, BIS has issued a Proposed Charging Letter to Teledyne FLIR that alleges that Teledyne FLIR committed 19 violations of the Regulations, specifically:

Charges 1-9 15 C.F.R. § 764.2(b) Causing a violation

At all relevant times to the charges below, FLIR developed and manufactured in Santa Barbara, California thermal imaging cameras classified under Export Control Classification Number (ECCN) 6A003 on the Commerce Control List. These 6A003 cameras were controlled for national security and regional stability reasons. Pursuant to Sections 742.4 and 742.6 of the Regulations, a license was required for the export and reexport of these items to China and Hong Kong.

Pursuant to Sections 734.3(a)(3) and 734.4(d) of the Regulations, a reexport or export from abroad of a foreign-made commodity is subject to the Regulations if it incorporates a controlled U.S.-origin commodity valued at greater than 25% of the total value of the foreign-made commodity ("25% De Minimis Rule"). Supplement No. 2 to Part 734 of the Regulations, "Guidelines for De Minimis Rules," describes how exporters should calculate these values.

1. On 9 occasions between on or about February 6, 2017, and on or about April 25, 2018, FLIR engaged in transactions contrary to the Regulations when it caused

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exports from abroad of items subject to the Regulations from FLIR Sweden to China without the required authorizations from BIS.

2. During a jurisdiction and classification analysis for certain cameras in 2018, FLIR was alerted to historical *de minimis* practices dating from at least 2013 that led the company to submit a voluntary self-disclosure regarding the company's *de minimis* calculations regarding certain product families. FLIR's historical *de minimis* calculations were inconsistent with the requirement that when calculating values for *de minimis* purposes, the value of the U.S. content should be determined based on the fair market value of the entire discrete product when it was exported from the United States. As a result, it resulted in the undervaluation of two types of FLIR products later incorporated into foreign-made items, which led the company to incorrectly conclude that these cameras were not subject to the Regulations. These two types of products were 6A003.b.4.b camera kits, and camera cores classified under ECCN 6A003.
3. Camera Kits. FLIR's camera kits consisted of uncooled focal plane arrays (UFPAs) classified under ECCN 6A002.a.3.f, an electronics board, and mechanical components to hold the items together. Although the camera kit consisted of various items packaged together in a blister pack, it met the criteria under Note 1 of ECCN 6A003.b.4³, and is considered by BIS to be an imaging camera under ECCN 6A003.b.4. FLIR exported these kits under ECCN 6A003.b.4 from the United States to Sweden, where they were incorporated into Swedish-made items and reexported to China.
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5. However, FLIR's methodology to calculate the value of the item considered only the 6A002.a.3.f UFPA, rather than the 6A003.b.4 camera kit as a whole. FLIR's subsequent *de minimis* calculation, based on the undervaluation of the item exported from the U.S., led FLIR to incorrectly conclude that the camera, when exported from Sweden to China, was not subject to the EAR.
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mistaken interpretation that the lens, classified under EAR99, would not be considered “controlled” content under Supplement No. 2 to Part 734 if shipped on its own, and therefore did not need to be included in the valuation.

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8. By engaging in the above-described conduct, FLIR committed nine violations of Section 764.2(b) of the Regulations.

Charge 10 15 C.F.R. § 764.2(h) Evasion

9. In 2018, FLIR and a Chinese drone manufacturer collaborated on the Zenmuse XT2, a project involving the integration of a 6A003.b.4.b FLIR camera into a gimballed camera platform for use with civilian drones. The project development team envisioned drones integrated with a Europe-made camera system incorporating U. S.-controlled content – the ECCN 6A003.b.4.b FLIR camera. FLIR and the Chinese drone manufacturer negotiated a “market collaboration fee” or “market coop fee” that was designed in part to push the value of controlled U.S. content to less than 25% of the fair market value of the Zenmuse XT2 commercial drone camera. As a result, the Zenmuse XT2 commercial drone camera would not be subject to the EAR under the *de minimis* provisions in Section 734.4(d). This pricing structure was designed in part to evade EAR licensing requirements.
10. This pricing model was different from the model used for the XT1 commercial drone camera, the XT2’s predecessor collaboration between FLIR and the Chinese drone manufacturer, which involved the drone manufacturer paying FLIR a profit share for each XT1 camera sold. The market collaboration fee was designed in part to increase the price such that FLIR purportedly believed the subsequent export from abroad of the Europe-made camera platforms to China would not be subject to the EAR under the 25% De Minimis Rule in Section 734.4.
11. Developing the market collaboration fee to adjust the value of the foreign-made camera was an impermissible *de minimis* calculation because the calculation did not reflect the fair market price of the camera consistent with subsection (a)(3)(1) of Supplement No. 2 to Part 734 of the Regulations.
12. By engaging in the above-described conduct, FLIR committed one violation of Section 764.2(h) of the Regulations.

Charge 11 15 C.F.R. § 764.2(i) Failure to comply with recordkeeping requirements

13. From on or about May 2020 through on or about July 2023 FLIR Optoelectronic Technology (Shanghai) Co. Ltd. (FLIR Optoelectronic) failed to comply with recordkeeping requirements in a BIS license in violation of 15 C.F. R. § 764.2(i). Pursuant to a May 22, 2020 BIS license, a European FLIR subsidiary reexported a camera classified under 6A003.b.4.b and valued at \$1,000 to FLIR Optoelectronic in China. The BIS license included certain license conditions intended to ensure that BIS could review the use of the camera in demonstrations. Specifically, the license required recordkeeping on the date of each demonstration, the identifier of the license authorizing those demonstrations, the name of the entity to whom the cameras were demonstrated, and its general location, as well as the model/serial number of the commodities demonstrated.
14. FLIR Optoelectronic did not retain the records specified in the conditions of this license, and therefore failed to comply with the recordkeeping requirement in this license. In so doing, FLIR Optoelectronic committed one violation of Section 764.2(i) of the Regulations.

Charges 12-19 15 C.F.R. § 764.2 (a) Engaging in prohibited conduct

15. On eight occasions from on or about June 19, 2024 through on or about December 12, 2024, Teledyne FLIR OEM engaged in prohibited conduct when it exported thermal cameras, subject to the Regulations and classified under ECCN 6A993.a, to an address identified on the BIS Entity List as requiring a license for export.
16. In a change to the Regulations effective June 12, 2024, BIS began adding entries consisting of only an address to the Entity List at Supp. No. 4 of Part 744, as part of BIS's effort to stop unlawful diversion of items subject to the Regulations through shell companies using service providers located at these addresses. The regulatory change was part of a rule refining existing controls on transactions involving Russia and Belarus ("June 2024 Rule") and was meant to apply to "situations where a more definite license requirement is warranted for addresses that are repeatedly used by companies engaged in activity contrary to U.S. national security or foreign policy interests." See 81 Fed. Reg. 51644, 51648. The rule amended Section 744.16 of the Regulations to state that license requirements, license review policies, and restrictions on the use of license exceptions apply to all entities using such addresses on the Entity List, regardless of the name of the entity.
17. In the same rule, BIS added eight Hong Kong-based addresses "associated with the significant transshipment of sensitive goods to Russia" to the Entity List. 81 Fed. Reg. 51644, 51648. Among these was Address 04, Room 803, 45-51 Chatham Road South, Tsim Sha Tsui, Chevalier House, Hong Kong.

18. Soon after the June 2024 Rule was published in the Federal Register, Teledyne contacted its screening software vendor to seek confirmation that the software would screen for Teledyne transactions with the address-only entities on the Entity List. The vendor stated that it was aware of the new address-only entries and that it was being addressed internally. The screening software vendor issued a customer alert in or about August discussing the addition of the addresses to the Entity List.
19. In February 2025, a Teledyne employee identified, for the first time, a notification for a transaction involving Address 04, while noting that the applicable license requirement for exports to Address 04 had been in place since June 2024. The employee reported the transaction to Teledyne's trade compliance department for further investigation. Teledyne's voluntary self-disclosure to BIS regarding the Address 04 transactions followed shortly thereafter.
20. Pursuant to Section 744.16 of the Regulations and as specified on the BIS Entity List, Supp. No. 4 to Part 744 of the Regulations, a license is required for exports of items on the Commerce Control List to Address 04. By exporting on eight occasions to Address 04 without the required BIS license, Teledyne FLIR OEM committed eight violations of Section 764.2(a) of the Regulations.

WHEREAS, Teledyne FLIR has reviewed the Proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, Teledyne FLIR fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Teledyne FLIR enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

WHEREAS, Teledyne FLIR states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Teledyne FLIR admits committing the alleged conduct described in the Proposed Charging Letter; and

WHEREAS, Teledyne FLIR agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Teledyne FLIR, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against Teledyne FLIR:

a. Teledyne FLIR shall be assessed a civil penalty in the amount of \$1,000,000.00, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions.

b. The full and timely payment of the civil penalty agreed to in Paragraph 2.a, above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Teledyne FLIR. Failure to make full and timely payment of the civil penalty may result in the denial of all of Teledyne FLIR's export privileges under the Regulations for one year from the date of the failure to make such payment.

3. Subject to the approval of this Agreement pursuant to Paragraph 7 hereof, Teledyne FLIR hereby waives all rights to further procedural steps in this matter, including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. Teledyne FLIR also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in

connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order, until Teledyne FLIR pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a above, BIS will not initiate any further administrative proceeding against Teledyne FLIR in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

5. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

6. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

7. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, approves it by

issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

8. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

9. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

TELEDYNE FLIR LLC, FLIR
OPTOELECTRONIC TECHNOLOGY
(SHANGHAI) CO. LTD. AND TELEDYNE
FLIR COMMERCIAL SYSTEMS INC.

STEVEN FISHER Digitally signed by STEVEN FISHER
Date: 2026.02.26 12:12:03 -05'00'

Steven Fisher
Acting Director of Export Enforcement

Date: _____



Melanie Cibik
Executive Vice President, General Counsel,
Chief Compliance Officer and Secretary

Date: February 25, 2026

Reviewed and approved by:



Melissa Mannino, Esq.
James Perry, Esq.
Baker Hostetler LLP
Counsel for Teledyne FLIR

Date: February 25, 2026

PROPOSED CHARGING LETTER

Teledyne FLIR LLC and its affiliates,
FLIR Optoelectronic Technology (Shanghai) Co. Ltd. and
Teledyne FLIR Commercial Systems Inc.
27700 Southwest Parkway Avenue
Wilsonville, OR 97070

Attention: Melanie Cibik, Executive Vice President, General Counsel,
Chief Compliance Officer and Secretary

Dear Ms. Cibik:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Teledyne FLIR LLC, through its affiliates, including FLIR Optoelectronic Technology (Shanghai) Co. Ltd. and Teledyne FLIR Commercial Systems, Inc. d/b/a Teledyne FLIR OEM (collectively, “Teledyne FLIR”), has committed 19 violations of the Export Administration Regulations (“the Regulations” or “the EAR”).¹ Teledyne FLIR LLC, through its affiliates, specializes in the design, manufacture, and marketing of thermal imaging cameras and related components and sensors. Since the May 14, 2021, acquisition of FLIR Systems, Inc (“FLIR”) by Teledyne Technologies Incorporated (“Teledyne”), the successor company Teledyne FLIR LLC has been a wholly-owned subsidiary of Teledyne. The conduct described in charges 1 through 10 pre-dates the acquisition and therefore references FLIR and its then foreign subsidiaries in Europe.

Specifically, BIS alleges the following:

Charges 1-9 15 C.F.R. § 764.2(b) Causing a violation

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2025). The charged violations alleged occurred in 2017-2024. The Regulations governing the violations at issue are found in the 2017-2024 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774. The 2025 Regulations govern the procedural aspects of this case.

At all relevant times to the charges below, FLIR developed and manufactured in Santa Barbara, California thermal imaging cameras classified under Export Control Classification Number (ECCN) 6A003 on the Commerce Control List. These 6A003 cameras were controlled for national security and regional stability reasons. Pursuant to Sections 742.4 and 742.6 of the Regulations, a license was required for the export and reexport of these items to China and Hong Kong.

Pursuant to Sections 734.3(a)(3) and 734.4(d) of the Regulations, a reexport or export from abroad of a foreign-made commodity is subject to the Regulations if it incorporates a controlled U.S.-origin commodity valued at greater than 25% of the total value of the foreign-made commodity (“25% De Minimis Rule”). Supplement No. 2 to Part 734 of the Regulations, “Guidelines for De Minimis Rules,” describes how exporters should calculate these values.

1. On 9 occasions between on or about February 6, 2017, and on or about April 25, 2018, and as described in further detail in the attached schedule of violations, FLIR engaged in transactions contrary to the Regulations when it caused exports from abroad of items subject to the Regulations from FLIR Sweden to China without the required authorizations from BIS.
2. During a jurisdiction and classification analysis for certain cameras in 2018, FLIR was alerted to historical *de minimis* practices dating from at least 2013 that led the company to submit a voluntary self-disclosure regarding the company’s *de minimis* calculations regarding certain product families. FLIR’s historical *de minimis* calculations were inconsistent with the requirement that when calculating values for *de minimis* purposes, the value of the U.S. content should be determined based on the fair market value of the entire discrete product when it was exported from the United States. As a result, it resulted in the undervaluation of two types of FLIR products later incorporated into foreign-made items, which led the company to incorrectly conclude that these cameras were not subject to the Regulations. These two types of products were 6A003.b.4.b camera kits, and camera cores classified under ECCN 6A003.
3. Camera Kits. FLIR’s camera kits consisted of uncooled focal plane arrays (UFPAs) classified under ECCN 6A002.a.3.f, an electronics board, and mechanical components to hold the items together. Although the camera kit consisted of various items packaged together in a blister pack, it met the criteria under Note 1 of ECCN 6A003.b.4², and is considered by BIS to be an imaging camera under ECCN 6A003.b.4. FLIR exported these kits under ECCN 6A003.b.4 from the United States to Sweden, where they were incorporated into Swedish-made items and reexported to China.

² Note 1 to ECCN 6A003.b.4 states: “Imaging cameras described in 6A003.b.4 include “focal plane arrays” combined with sufficient “signal processing” electronics, beyond the read out integrated circuit, to enable as a minimum the output of an analog or digital signal once power is supplied.”

4. To determine whether the items continue to be subject to the EAR upon incorporation into foreign-made item, exporters need to conduct a *de minimis* analysis under Section 734.4 of the Regulations. The correct valuation of the item should have considered the value of the entire camera kit, classified under ECCN 6A003.b.4.b, not only the focal plane array controlled by 6A002.a.3.f.
5. However, FLIR's methodology to calculate the value of the item considered only the 6A002.a.3.f UFPA, rather than the 6A003.b.4 camera kit as a whole. FLIR's subsequent *de minimis* calculation, based on the undervaluation of the item exported from the U.S., led FLIR to incorrectly conclude that the camera, when exported from Sweden to China, was not subject to the EAR.
6. Camera Cores. Camera cores, classified under 6A003, consist of UFPAs, electronics boards, and a housing; some camera cores have a shutter. Some also have a lens, which can meaningfully affect the value of a camera core. Historically, in its *de minimis* analysis, FLIR used the value of a camera core without a lens, even when the camera core was exported with a lens. This approach was based on the mistaken interpretation that the lens, classified under EAR99, would not be considered "controlled" content under Supplement No. 2 to Part 734 if shipped on its own, and therefore did not need to be included in the valuation.
7. As with the camera kits, the camera cores were valued in a way that was inconsistent with the Regulations. The camera core should have been valued as a discrete product (including, when applicable, a lens), rather than a shipment of various components. This discrete product should have included all items attached to the camera at the time of export, and any other items that are essential to the functioning of the camera, customarily included in sales of the camera, and actually exported with the camera.
8. By engaging in the above-described conduct, FLIR committed nine violations of Section 764.2(b) of the Regulations.

Charge 10 **15 C.F.R. § 764.2(h) Evasion**

9. In 2018, FLIR and a Chinese drone manufacturer collaborated on the Zenmuse XT2, a project involving the integration of a 6A003.b.4.b FLIR camera into a gimbal camera platform for use with civilian drones. The project development team envisioned drones integrated with a Europe-made camera system incorporating U. S.-controlled content – the ECCN 6A003.b.4.b FLIR camera. FLIR and the Chinese drone manufacturer negotiated a "market collaboration fee" or "market coop fee" that was designed in part to push the value of controlled U. S. content to less than 25% of the fair market value of the Zenmuse XT2 commercial drone camera. As a result, the Zenmuse XT2 commercial drone camera would not be subject to the EAR under the *de minimis* provisions in Section 734.4(d). This pricing structure was designed in part to evade EAR licensing requirements.

10. This pricing model was different from the model used for the XT1 commercial drone camera, the XT2's predecessor collaboration between FLIR and the Chinese drone manufacturer, which involved the drone manufacturer paying FLIR a profit share for each XT1 camera sold. The market collaboration fee was designed in part to increase the price such that FLIR purportedly believed the subsequent export from abroad of the Europe-made camera platforms to China would not be subject to the EAR under the 25% *De Minimis Rule* in Section 734.4.
11. Developing the market collaboration fee to adjust the value of the foreign-made camera was an impermissible *de minimis* calculation because the calculation did not reflect the fair market price of the camera consistent with subsection (a)(3)(1) of Supplement No. 2 to Part 734 of the Regulations.
12. By engaging in the above-described conduct, FLIR committed one violation of Section 764.2(h) of the Regulations.

Charge 11 15 C.F.R. § 764.2(i) Failure to comply with recordkeeping requirements

13. From on or about May 2020 through on or about July 2023 FLIR Optoelectronic Technology (Shanghai) Co. Ltd. (FLIR Optoelectronic) failed to comply with recordkeeping requirements in a BIS license in violation of 15 C.F. R. § 764.2(i). Pursuant to a May 22, 2020 BIS license, a European FLIR subsidiary reexported a camera classified under 6A003.b.4.b and valued at \$1,000 to FLIR Optoelectronic in China. The BIS license included certain license conditions intended to ensure that BIS could review the use of the camera in demonstrations. Specifically, the license required recordkeeping on the date of each demonstration, the identifier of the license authorizing those demonstrations, the name of the entity to whom the cameras were demonstrated, and its general location, as well as the model/serial number of the commodities demonstrated.
14. FLIR Optoelectronic did not retain the records specified in the conditions of this license, and therefore failed to comply with the recordkeeping requirement in this license. In so doing, FLIR Optoelectronic committed one violation of Section 764.2(i) of the Regulations.

Charges 12-19 15 C.F.R. § 764.2 (a) Engaging in prohibited conduct

15. On eight occasions from on or about June 19, 2024 through on or about December 12, 2024, and as described further in the attached schedule of violations, Teledyne FLIR OEM engaged in prohibited conduct when it exported thermal cameras, subject to the Regulations and classified under ECCN 6A993.a, to an address identified on the BIS Entity List as requiring a license for export.
16. In a change to the Regulations effective June 12, 2024, BIS began adding entries consisting of only an address to the Entity List at Supp. No. 4 of Part 744, as part of BIS's effort to stop unlawful diversion of items subject to the Regulations through shell companies using service providers located at these addresses. The regulatory change was part of a rule

refining existing controls on transactions involving Russia and Belarus (“June 2024 Rule”) and was meant to apply to “situations where a more definite license requirement is warranted for addresses that are repeatedly used by companies engaged in activity contrary to U.S. national security or foreign policy interests.” *See* 81 Fed. Reg. 51644, 51648. The rule amended Section 744.16 of the Regulations to state that license requirements, license review policies, and restrictions on the use of license exceptions apply to all entities using such addresses on the Entity List, regardless of the name of the entity.

17. In the same rule, BIS added eight Hong Kong-based addresses “associated with the significant transshipment of sensitive goods to Russia” to the Entity List. 81 Fed. Reg. 51644, 51648. Among these was Address 04, Room 803, 45-51 Chatham Road South, Tsim Sha Tsui, Chevalier House, Hong Kong.
18. Soon after the June 2024 Rule was published in the Federal Register, Teledyne contacted its screening software vendor to seek confirmation that the software would screen for Teledyne transactions with the address-only entities on the Entity List. The vendor stated that it was aware of the new address-only entries and that it was being addressed internally. The screening software vendor issued a customer alert in or about August discussing the addition of the addresses to the Entity List.
19. In February 2025, a Teledyne employee identified, for the first time, a notification for a transaction involving Address 04, while noting that the applicable license requirement for exports to Address 04 had been in place since June 2024. The employee reported the transaction to Teledyne’s trade compliance department for further investigation. Teledyne’s voluntary self-disclosure to BIS regarding the Address 04 transactions followed shortly thereafter.
20. Pursuant to Section 744.16 of the Regulations and as specified on the BIS Entity List, Supp. No. 4 to Part 744 of the Regulations, a license is required for exports of items on the Commerce Control List to Address 04. By exporting on eight occasions to Address 04 without the required BIS license, Teledyne FLIR OEM committed eight violations of Section 764.2(a) of the Regulations.

* * * * *

Accordingly, Teledyne FLIR is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$377,700 per violation,³ or twice the value of the transaction that is the basis of the violation;⁴
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

If Teledyne FLIR fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Teledyne FLIR defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Teledyne FLIR. 15 C.F.R. § 766.7(a). Teledyne FLIR may then be subject to a sanction of up to the maximum penalty amount for the charges in this letter.

Teledyne FLIR is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Teledyne FLIR also is entitled to be represented by counsel or other authorized representative who has power of attorney to represent them. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Teledyne FLIR have a proposal to settle this case, Teledyne FLIR should transmit it to the attorneys representing BIS named below.

Teledyne FLIR is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Teledyne FLIR may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Teledyne FLIR's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

³ For violations that occurred prior to August 13, 2018, the date of enactment of ECRA, the potential sanctions are provided for in IEEPA. In situations involving alleged violations that occurred on or after August 13, 2018, the potential sanctions are specified in Section 1750(c) of ECRA.

⁴ *See* 15 C.F.R. §§ 6.3(c)(4), 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. For violations occurring on or after the enactment of ECRA on August 13, 2018, the maximum civil penalty is \$374,474. *See* 50 § U.S.C. 4819 (prescribing civil monetary penalty amount for ECRA violation); 15 C.F.R. §§ 6.3(c)(6), 6.4 (adjusting civil monetary penalty amount for inflation).

In addition, a copy of Teledyne FLIR's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Laura Cole, Esq. and Kimberly Hsu, Esq.
Room H-3839
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Laura Cole and Kimberly Hsu are the attorneys representing BIS in this case; any communications that Teledyne FLIR may wish to have regarding this matter should be made through them. Ms. Cole and Ms. Hsu may be reached at 202-482-5301.

Sincerely,

Steven Fisher
Acting Director
Office of Export Enforcement

Schedule of Violations

Count	Date	Ship-To Country	ECCN	Violation
1	3/23/2017	China	6A003.b.4.b	§ 764.2(b)
2	3/24/2017	China	6A003.b.4.b	§ 764.2(b)
3	6/2/2017	China	6A003.b.4.b	§ 764.2(b)
4	6/12/2017	China	6A003.b.4.b	§ 764.2(b)
5	10/18/2017	China	6A003.b.4.b	§ 764.2(b)
6	10/24/2017	China	6A003.b.4.b	§ 764.2(b)
7	10/26/2017	China	6A003.b.4.b	§ 764.2(b)
8	3/5/2018	China	6A003.b.4.b	§ 764.2(b)
9	3/26/2018	China	6A003.b.4.b	§ 764.2(b)
10	2018	Hong Kong	6A003.b.4.b	§ 764.2(h)
11	5/2020- 7/2023	China	6A003.b.4.b	§ 764.2(i)
12	6/19/2024	Hong Kong	6A993.a	§ 764.2(a)
13	6/26/2024	Hong Kong	6A993.a	§ 764.2(a)
14	8/23/2024	Hong Kong	6A993.a	§ 764.2(a)
15	9/24/2024	Hong Kong	6A993.a	§ 764.2(a)
16	9/26/2024	Hong Kong	6A993.a	§ 764.2(a)
17	10/25/2024	Hong Kong	6A993.a	§ 764.2(a)
18	11/27/2024	Hong Kong	6A993.a	§ 764.2(a)
19	12/12/2024	Hong Kong	6A993.a	§ 764.2(a)