



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

PROPOSED CHARGING LETTER

28 June 2024

Quantum Corporation
224 Airport Parkway
Suite 550
San Jose, CA 95110

Case No 23.07

Gentlemen/Ladies:

We, the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce (“BIS”), have reason to believe that you, Quantum Corporation, have committed forty-five violations of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2024)) (the “Regulations”)¹.

¹ The violations alleged occurred during the years 2018 through 2020. The Regulations governing the violations at issue are found in the 2018 through 2020 versions of the Code of Federal Regulations (15 C.F.R. Parts 730 – 774 (2018, 2019 and 2020)). The 2024 Regulations govern the procedural aspects of this matter.

The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2024). 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, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801- 4852 (“ECRA”). The Anti-Boycott Act of 2018 is a subpart of ECRA. While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), 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of the date of enactment of ECRA (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.



We allege that you committed forty-five violations of Section 760.5 of the Regulations, in that, on forty-five occasions, you failed to report timely to the Department of Commerce your receipt of a request to engage in a restrictive trade practice or boycott, as required by the Regulations.

Specifically, we allege that:

You, Quantum Corporation, are, and at all times relevant were, a domestic concern organized under the laws of the United States and doing business in the State of California. As such, Quantum Corporation is a United States person as defined by §760.1(b) of the Regulations.

During the period July 2018 through December 2019, you engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to the United Arab Emirates, activities in the interstate or foreign commerce of the United States, as defined in Section 760.1(d) of the Regulations.

Charges 1 - 45 (15 C.F.R. §760.5 – Failing to Report the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States)

In connection with the activities referred to above, during the period July 2018 through December 2019, on forty-five occasions, you received a request, as described in Table A, which is attached and incorporated herein by this reference, to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott.

Section 760.5 of the Regulations requires United States persons to report to the Department of Commerce their receipts of such requests. You failed to report timely to the Department of Commerce your receipts of these requests.

By failing to report timely your receipts of these requests, described in Table A, as directed by Section 760.5 of the Regulations, you are in violation of Section 760.5. We therefore charge you with forty-five violations of Section 760.5 of the Regulations.

Accordingly, you are hereby notified that administrative proceedings are instituted against you pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions.²

You are entitled to an agency hearing on the record as provided in Section 766.6 of the Regulations. If you wish to have a hearing on the record, you must file a written demand for one with your answer. You are entitled to be represented by counsel or other authorized representative who has power of attorney to represent you. See Sections 766.3(a) and 766.4 of the Regulations. You may also seek settlement without a hearing. See Section 766.18 of the Regulations.

Under the Small Business Regulatory Enforcement Flexibility Act, you may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter.³

If you fail to answer the allegations contained in this letter within thirty (30) days after service as provided in Section 766.6, such failure will be treated as a default under Section 766.7.

As provided in Section 766.3 of the Regulations, we are referring this matter to the Administrative Law Judge. Pursuant to an Interagency Agreement between BIS and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter.

Therefore, in accordance with the instructions in Section 766.5(a) of the Regulations, your answer should be filed with:

U.S. Coast Guard ALJ Docketing Center
40 South Gay Street
Baltimore, Maryland 21202-4022
Attention: Administrative Law Judge

² The alleged violations occurred subsequent to August 13, 2018, the date of enactment of the ECRA. Consequently, the potential sanctions are those provided for in ECRA.

Administrative sanctions may include any or all of the following:

- a) A maximum civil penalty of the greater of \$364,992 per violation or twice the value of the transaction that is the basis of the violation (see 15 C.F.R. § 6.3(b)(4) and § 6.4). The 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 and 84 Fed. Reg. 2,447 (February 7, 2019);
- b) Denial of export privileges (see §764.3(a)(2) of the Regulations)
- c) Exclusion from practice before BIS (see §764.3(a)(3) of the Regulations); and/or
- d) Any other liability, sanction, or penalty available under law.

³ To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

Also, in accordance with the instructions in Section 766.5(b) of the Regulations, a copy of your answer should be served on the Bureau of Industry and Security at the following address:

Office of the Chief Counsel for Industry and Security
U.S. Department of Commerce
Room H-3839
14th Street & Constitution Avenue, NW
Washington, D.C. 20230

Sincerely,

Cathleen Ryan
Director
Office of Antiboycott Compliance

Attachments

TABLE A
Schedule of Alleged Violations of Section 760.5
FAILURE TO REPORT RECEIPTS OF BOYCOTT REQUESTS

QUANTUM CORPORATION
Case No. 23-07

Item #	Reference	Date Request Received	Date Reporting Violation*	Boycotting Country	Boycott Request
1	PO No. : 8756	07.09.18	10.31.18	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
2	PO No. : 8771	07.24.18	10.31.18	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE. ...
3	PO No. : 8785	08.05.18	10.31.18	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
4	PO No. : 8794	08.13.18	10.31.18	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
5	PO No. : 8795	08.13.18	10.31.18	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

TABLE A
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FAILURE TO REPORT RECEIPTS OF BOYCOTT REQUESTS

QUANTUM CORPORATION
Case No. 23-07

Item #	Reference	Date Request Received	Date Reporting Violation*	Boycotting Country	Boycott Request
6	PO No. : 8817	09.05.18	10.31.18	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
7	PO No. : 8824	09.10.18	10.31.18	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
8	PO No. : 8847	09.28.18	10.31.18	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
9	PO No. : 8839	10.10.18	01.31.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
10	PO No. : 8857	10.11.18	01.31.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

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Case No. 23-07

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11	PO No. : 8848	10.14.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
12	PO No. : 8866	10.25.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
13	PO No. : 8871	10.30.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
14	PO No. : 8881	11.06.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
15	PO No. : 8886	11.12.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

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QUANTUM CORPORATION
Case No. 23-07

Item #	Reference	Date Request Received	Date Reporting Violation*	Boycotting Country	Boycott Request
16	PO No. : 8891	11.13.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
17	PO No. : 8892	11.15.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
18	PO No. : 8903	11.26.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
19	PO No. : 8904	11.27.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
20	PO No. : 8915	11.29.18	01.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

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QUANTUM CORPORATION
Case No. 23-07

Item #	Reference	Date Request Received	Date Reporting Violation*	Boycotting Country	Boycott Request
21	PO No. : 8933	12.20.18	01.31.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
22	PO No. : 8941	12.25.18	01.31.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
23	PO No. : 8948	12.27.18	01.31.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
24	PO No. : 8962	12.31.18	01.31.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
25	PO No. : 8967	12.31.18	01.31.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

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FAILURE TO REPORT RECEIPTS OF BOYCOTT REQUESTS

QUANTUM CORPORATION
Case No. 23-07

Item #	Reference	Date Request Received	Date Reporting Violation*	Boycotting Country	Boycott Request
26	PO No. : 8980	01.13.19	04.30.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
27	PO No. : 8981	01.14.19	04.30.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
28	PO No. : 9011	02.26.19	04.30.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
29	PO No. : 9017	03.03.19	04.30.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
30	PO No. : 9020	03.06.19	04.30.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

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Schedule of Alleged Violations of Section 760.5
FAILURE TO REPORT RECEIPTS OF BOYCOTT REQUESTS

QUANTUM CORPORATION
Case No. 23-07

Item #	Reference	Date Request Received	Date Reporting Violation *	Boycotting Country	Boycott Request
31	PO No. : 9021	03.06.19	04.30.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
32	PO No. : 9030	03.12.19	04.30.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
33	PO No. : 9037	03.20.19	04.30.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
34	PO No. : 9039	03.21.19	04.30.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
35	PO No. : 9048	03.28.19	04.30.19	U.A.E.	Special Instructions 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

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FAILURE TO REPORT RECEIPTS OF BOYCOTT REQUESTS

QUANTUM CORPORATION
Case No. 23-07

Item #	Reference	Date Request Received	Date Reporting Violation *	Boycotting Country	Boycott Request
36	PO No. : 9057	04.02.19	07.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
37	PO No. : 9058	04.03.19	07.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
38	PO No. : 9126	05.30.19	07.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
39	PO No. : 8976	06.19.19	07.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
40	PO No. : 9145	06.23.19	07.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

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Case No. 23-07

Item #	Reference	Date Request Received	Date Reporting Violation*	Boycotting Country	Boycott Request
41	PO No. : 9201	08.26.19	10.31.19	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
42	PO No. : 9325	11.12.19	01.31.20	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
43	PO No. : 9343	11.26.19	01.31.20	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
44	PO No. : 9366	12.12.19	01.31.20	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE
45	PO No. : 9384	12.31.19	01.31.20	U.A.E.	<u>Special Instructions</u> 4. COUNTRY OF ORIGIN TO BE MENTION (sic) ON EACH PRODUCT LINE IN ALL SHIPPING 5. PRODUCT WITH COO FROM "ISRAEL" IS NOT ACCEPTABLE

* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked or electronically date-stamped by the last day of the month following the calendar quarter in which the request was received.

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

In the Matter of
Quantum Corporation

Case No. 23-07

SETTLEMENT AGREEMENT

This Settlement Agreement is made by and between Quantum Corporation (“Quantum”), a domestic concern, and the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce (“BIS”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2024)) (the “Regulations”)¹.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2024). 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”).

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WHEREAS, Quantum has filed a voluntary self-disclosure with BIS's Office of Antiboycott Compliance in accordance with Section 764.8 of the Regulations concerning the transactions at issue herein;

WHEREAS, BIS has notified Quantum of its intention to initiate an administrative proceeding against Quantum pursuant to the Regulations by issuing the Proposed Charging Letter dated June 28, 2024, a copy of which is attached hereto and incorporated herein by this reference;²

WHEREAS, Quantum has reviewed the Proposed Charging Letter and the terms of this Settlement Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will enter if he approves this Settlement Agreement as the final resolution of this matter, and understands the terms of each document;

WHEREAS, Quantum enters into this Settlement Agreement voluntarily and with full knowledge of its rights;

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

² The violations alleged occurred during the years 2018 through 2020. The Regulations governing the violations at issue are found in the 2018 through 2020 versions of the Code of Federal Regulations (15 C.F.R. Parts 730 – 774 (2018, 2019 and 2020)). The 2024 Regulations govern the procedural aspects of this matter.

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

WHEREAS, Quantum agrees to be bound by the Order, when entered;

NOW THEREFORE, Quantum and BIS agree as follows:

1. Under the Regulations, BIS has jurisdiction over Quantum with respect to the matters alleged in the Proposed Charging Letter.
2. BIS will impose a civil penalty on Quantum in the amount of \$ 151,875. Quantum will pay to the U. S. Department of Commerce within 60 days from the date of entry of the Order, and in accordance with the terms of the Order, when entered, the amount of \$ 151,875 in complete settlement of all matters set forth in the Proposed Charging Letter.
3. Compliance with the terms of this Settlement Agreement and the Order, when entered, including the full and timely payment of the civil penalty agreed to in paragraph 2, is hereby made a condition of the granting, restoration, or continuing validity of any export license, license exception, permission or privilege granted, or to be granted, to Quantum.

4. Failure to comply fully with the terms of this Settlement Agreement and the Order, when entered, may result in the denial of all of Quantum's export privileges for a period of one-year from the date of issuance of any such denial order.

5. Subject to the approval of this Settlement Agreement, pursuant to paragraph 11 hereof, Quantum hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:
 - A. An administrative hearing regarding the allegations in the Proposed Charging Letter;
 - B. Request a refund of any civil penalty paid by Quantum pursuant to this Settlement Agreement and the Order, when entered; or
 - C. Seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.

6. Quantum 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 Settlement Agreement and the Order, when entered, from the date of entry of the Order until the date that Quantum has paid in full the civil penalty as set forth in Paragraph 2, above.

7. BIS agrees that upon compliance in full with the terms of this Settlement Agreement and the Order, if entered, BIS will not initiate any further administrative proceeding against Quantum with respect to any violation of Part 760 of the Regulations arising out of the transactions set forth in the Proposed Charging Letter.
8. Quantum understands that BIS will make the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered, available to the public.
9. This Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary of Commerce for Export Enforcement, neither BIS nor Quantum may use this Settlement Agreement in any administrative or judicial proceeding, and BIS and Quantum shall not be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.
10. This Settlement Agreement constitutes and contains the entire agreement and understanding of BIS and Quantum. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise alter or affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement bind, constrain or otherwise

limit any action by any other agency or department of the United States Government with respect to the facts and circumstances herein addressed.

11. This Settlement Agreement shall become binding on BIS and Quantum only when approved by the Assistant Secretary of Commerce for Export Enforcement by entering the Order, which shall have the same force and effect as a decision and Order issued after a full administrative hearing on the record.

12. 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.

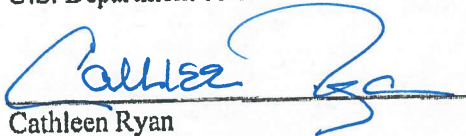
Quantum Corporation

DocuSigned by:

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DATE: September 23, 2024

U.S. Department of Commerce


Cathleen Ryan
Director
Office of Antiboycott Compliance

DATE: 24 SEPTEMBER 2024

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

In the Matter of
Quantum Corporation

Case No. 23.07

ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce (“BIS”) has notified Quantum Corporation (“Quantum”) of its intention to initiate an administrative proceeding pursuant to the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2024)) (the “Regulations”)¹, against Quantum, a domestic concern, based on allegations set forth in the Proposed Charging Letter, dated June 28, 2024, that Quantum committed forty-five violations of the Regulations.

Specifically, the Proposed Charging Letter alleged:

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, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). The Anti-Boycott Act of 2018 is a subpart of ECRA. While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), 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.

Charges 1 - 45 (15 C.F.R. §760.5 – Failing to Report the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States)

In connection with activities involving the sale and/or transfer of goods or services (including information) from the United States to the United Arab Emirates, during the period July 2018 through December 2019, on forty-five occasions, Quantum received a request, as described in Table A, which is attached and incorporated herein by this reference, to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott.

Section 760.5 of the Regulations requires United States persons to report to the Department of Commerce their receipt of such requests. Quantum failed to report to the Department of Commerce the receipt of these requests as directed by Section 760.5 of the Regulations.

By failing to report receipt of these requests, described in Table A, as directed by Section 760.5 of the Regulations, Quantum committed forty-five violations of Section 760.5 of the Regulations.

WHEREAS Quantum has filed a voluntary self-disclosure with BIS's Office of Antiboycott Compliance in accordance with Section 764.8 of the Regulations concerning the transactions at issue herein;

WHEREAS Quantum admits that it committed the alleged conduct described in the Proposed Charging Letter and Table A;

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

WHEREAS I have approved the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED THAT:

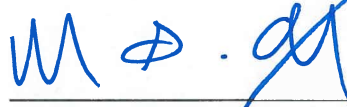
FIRST, a civil penalty of \$ 151,875 shall be assessed against Quantum and shall be paid to the U.S. Department of Commerce within 60 days from the date of entry of this Order. Payment of this sum shall be made in the manner specified in the attached instructions.

SECOND, pursuant to the Debt Collections 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, Quantum shall 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, Quantum's compliance with the terms of the Settlement Agreement and this Order, as set forth above, including the full and timely payment of the civil penalty of \$ 151,875, 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 Quantum. Accordingly, if Quantum should fail to comply in full with the terms of the Settlement Agreement and this Order, the undersigned may issue an Order denying all of Quantum's export privileges for a period of one year from the date of issuance of any such denial order.

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.



Matthew S. Axelrod
Assistant Secretary of Commerce for Export
Enforcement

Entered this 30th day of September, 2024

Attachments

INSTRUCTIONS FOR PAYMENT OF SETTLEMENT AMOUNT

1. The check should be made payable to:

Bureau of Industry & Security (BIS)
(Please note on the check: **BIS-Case No. 23-07**)

2. The check can be sent to the following Treasury address for processing:

Via United States Postal Service (USPS), FedEx or UPS

NOAA/OCFO
Attn : Finance Office - Travel Dept
1315 East-West Highway, Bldg SSMC3
Silver Spring, MD 20910

Payments can also be made electronically via FedWire.
Guidance for FedWire is attached.

NOTICE

The Order to which this Notice is attached describes the reasons for the assessment of the civil monetary penalty. It also specifies the amount owed and the date by which payment of the civil penalty is due and payable.

Under the Debt Collections Act of 1982, as amended (31 U.S.C. §§3701 – 3702E (2012)) and the Federal Claims Collection Standards (65 Fed. Reg. 70390 – 70406, November 22, 2000, to be codified at 31 C.F.R. Parts 900 – 904), interest accrues on any and all civil monetary penalties owed and unpaid under the Order, from the date of the Order until paid in full. The rate of interest assessed respondent is the rate of the current value of funds to the U.S. Treasury on the date that the Order was entered. However, interest is waived on any portion paid within 30 days of the date of the Order. See 31 U.S.C. §3717 and 31 C.F.R. §901.9.

The civil monetary penalty will be delinquent if not paid by the due date specified in the Order. If the penalty becomes delinquent, interest will continue to accrue on the balance remaining due and unpaid, and respondent will also be assessed both an administrative charge to cover the cost of processing and handling the delinquent claim and a penalty charge of six percent per year. However, although the penalty charge will be computed from the date that the civil penalty becomes delinquent, it will be assessed only on sums due and unpaid for over 90 days after that date. See 31 U.S.C. §3717 and 31 C.F.R. §901.9.

The foregoing constitutes the initial written notice and demand to respondent in accordance with Section 901.2 of the Federal Claims Collections Standards (31 C.F.R. §901.2(b)).