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Aug 12, 2009

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## SEC Asked AMD, Intel About Possible Terrorism Ties

By Benjamin Pimentel

The Securities and Exchange Commission recently quizzed [Intel Corp.](#) (INTC) and [Advanced Micro Devices Inc.](#) (AMD), the world's top computer chipmakers, on their ties to so-called "sponsors of terrorism," inquiries one security analyst described as puzzling.

The SEC in May sent a letter to AMD asking the chip giant to describe its business relationships with such countries as Iran, Syria and Sudan, according to an SEC filing made public Monday. The letter also noted that the SEC was "aware of a December 2007 news report that your processors have been used to build Iran's most powerful supercomputer."

That same month, the agency also sent a letter to AMD's arch-rival, Intel, asking about its ties with embargoed countries, including Cuba, according to another SEC filing released last week.

The Intel inquiry apparently was triggered by a section in a recent Intel Form 10-K that says "Intel in the Middle East," and a May 2008 wire news report about Cuban personal computers using Intel's Celeron processor.

The two companies responded to the SEC by maintaining that they each comply with U.S. trade laws and prohibit any business ties with nations under embargo, according to the filings.

AMD spokeswoman Brenda Rarick said the company does not have "any further information on why the SEC sent the letter."

"We have fully cooperated with the SEC's request, and we are fully committed to compliance with U.S. export control laws," Rarick said in an e-mail.

Last week, Intel spokesman Chuck Mulloy said that, to the best of his knowledge, it was the first time the SEC had ever raised such a concern with the Santa Clara, Calif.-based company.

The SEC did not have any further comment, a spokesman said.

John Pike, director of [GlobalSecurity.org](#), a Washington, D.C., area think tank focused on security issues, said it's puzzling that the SEC would be focused on the issue of computer chip exports to embargoed nations.

"Why SEC? Hard to figure, unless some rocket scientist wanted to create a really robust paper trail that these companies have no direct dealings with embargoed countries," he said in an e-mail.

He said the embargo made sense since "it would be stupid to make it easy for Iran to get this stuff."

But he also added that it is now virtually impossible to totally keep advanced computer chip technology from falling into the hands of the embargoed nations, given how easy it is to get increasingly powerful PCs.

"Those chips on a desktop - do you have any idea how they stack up relative to a supercomputer 20 years ago?" he said in an interview, adding that any country hoping to get access to that technology simply has buy "a bunch of desktops and pop them open."

Joseph Grundfest, a professor at Stanford Law School, echoed a similar view.

"Think about it this way," he said in an e-mail. "If Iran and North Korea can get their hands on the exotic machinery necessary to build highly sophisticated centrifuges, do you really think they can't get their hands on high-powered workstations and laptops?"

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