

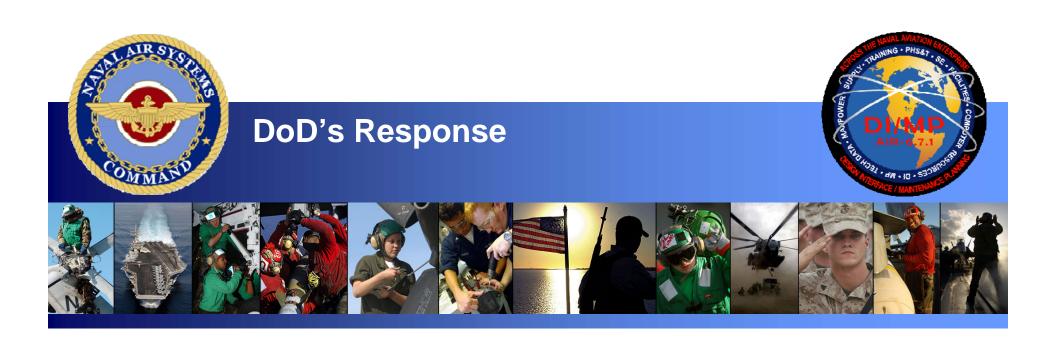
# **Counterfeiting Update**



#### **NAVAIR DMSMS Team**

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## **OSD-ATL** and **DLA** IPT



- Definition: Any materiel whose identity or pedigree has been deliberately altered, misrepresented or offered as an unauthorized product substitution is counterfeit.
- Scope: Supply chains with known vulnerability to counterfeiting / unauthorized product substitution.
- Outcome: Establishment of a DoD Anti-Counterfeit Program
  - 1. Policy
  - 2. Training
  - 3. Standardization Process
  - 4. Reporting (GIDEP, Law Enforcement)
  - 5. Metrics



# **DoD Teams Addressing Counterfeit Concerns**



- Drafting strategy to mitigate immediate concerns with electronic counterfeits
- Compiling list of supply chain vulnerabilities to counterfeiting and the major supply sources for counterfeit items
- Identifying DoD test & evaluation capabilities
- Refining list of C2T2 recommendations for action
- Developing way-ahead presentation for DoD



# **DoD Teams Addressing Counterfeit Concerns**

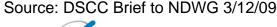


- Drafting policy for detecting, reporting, handling, and disposal of counterfeit items
- Reviewing counterfeit awareness training
- Gathering requirements for creating enterprise data exchange and reporting system using GIDEP
- Planning collaboration forums with other government agencies, commercial suppliers, and law enforcement
- Drafting holistic counterfeit strategy





- FY08 Product Quality Deficiency Report (PQDR)
- 244 Valid PQDR's
- 161 (66%) Contractor Caused
  - -91 (56.4%) Unapproved Substitution
  - -32 (19.9%) Manufacturer Defect
  - -23 (14.3%) Suspect Counterfeit
  - -15 (10.8%) Other



## **DLA Initiatives: Qualified Suppliers List – Distributors** (QSLD)



## QSLD will provide a list of qualified distributors

- Procurement policy completed
- Criteria and provisions completed
- Application is complete

#### QSLD Web site established

## – Flectronics:

http://www.dscc.dla.mil/offices/sourcing\_and\_qualification/ offices.asp?section=QSL

#### - Fasteners:

http://www.dscp.dla.mil/gi/prod\_services/qsl.htm

Source: DSCC Brief to NDWG 3/12/09





## **Industry: AIA & SAE G-19 Committees**



# Members

- -Industry-BAE-Boeing-LMC-NG
- -DoD-USN-USAF-USA-USMC-MDA
- -NASA
- -FAA

## SAE AS 5553: Counterfeit Electronic Parts; Avoidance, **Detection, Mitigation, and Disposition ADOPTED by DoD 31 Aug 2009**



- Parts Availability
- Purchasing Process
  - Risk Stack Chart
  - Supplier Assessment Pyramid
  - Procurement Risk Mitigation
- Supply Chain Traceability
- Procurement Contract Requirements
  - Sample Contract Clauses



# SAE AS 5553: Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition ADOPTED by DoD 31 Aug 2009



- Risk Mitigation Depending On Sources Of Supply
  - -Original Component Manufacturer
  - -Franchised Distributor
  - Independent Distributor
  - Broker Distributor





- Trained 443 Artisans / 100+ staff personnel from 3 FRCs on counterfeit components detection/awareness
- Worked with DAU to develop a Counterfeit Awareness Course, CLL 032
- Completed Assessment of the IDEA & NASA JPL micro-electronic training course for modification to DoD application
- Incorporated counterfeit training into the annual re-certification program





- Review Military Department and Agency initiatives and specific improvement actions
  - Evaluate test & evaluation capabilities-Organic & Industrial
- Identify metrics
  - Start collecting, analyzing, and reporting counterfeit data
- Rate supply chain vulnerabilities and supply sources
  - Identify testing requirements to close counterfeiting gaps
- Publish counterfeit policy in DoDI 4140.01
- Complete training plan development
- Complete initial modifications to GIDEP

