Counterfeiting Update

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Cleared for Public Release:
NAVAIR 10-258
**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

Source: DSCC Brief to NDWG 3/12/09
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
  – Electronics:
    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
• Parts Availability

• Purchasing Process
  – Risk Stack Chart
  – Supplier Assessment Pyramid
  – Procurement Risk Mitigation

• Supply Chain Traceability

• Procurement Contract Requirements
  – Sample Contract Clauses
• 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
DoD Summary

- 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
Questions?