



Counterfeiting Update



NAVAIR DMSMS Team

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DoD's Response





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**



DLA Initiatives: 5961/5962



- **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.dsccp.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



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- **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?

