Counterfeit Electronic Parts
Mitigating the Threat

AAQG Registrar Management Committee
SAE AS9100 Auditor Workshop
July 22/23, 2010

Brian Hughitt, NASA Headquarters
Office of Safety and Mission Assurance
NASA Satellites Get 'Counterfeit' Parts; Taxpayers Pay
Agency Chief Says Suppliers Sometimes Skip Safety Tests

By NED POTTER
March 7, 2009

Maybe it was something he didn’t mean to say. Or maybe NASA has a problem.

At a House subcommittee hearing on NASA’s cost overruns, the agency’s acting administrator, Christopher Scolese, was
What are Counterfeit Parts?

Electronics Manufacturing Industry

- Substitutes or unauthorized copies
- A part in which the materials used or its performance has changed without notice
- A substandard component misrepresented by the supplier

Electronics Distributor Industry

- Items that are produced or distributed in violation of intellectual property rights, copyrights, or trademark laws
- Items that are deliberately altered in such a way as to misrepresent the actual quality of the item with intent to defraud or deceive the purchaser.
  - Any information omitted or means taken to mislead the purchaser to believe that such items are authentic or lawful

US Department of Energy / SAE AS5553

- A copy or substitute without legal right or authority to do so, or one whose material, performance, or characteristics are knowingly misrepresented

EIA/G-12 Committee

- An item whose identity or pedigree has been deliberately altered or misrepresented by its supplier
Counterfeit Electronic Parts

- Parts re-topped &/or remarked to disguise parts differing from those offered by the original part manufacturer
- Defective parts scrapped by the original part manufacture
- Previously used parts salvaged from scrapped assemblies
- Devices which have been refurbished, but represented as new product.

Re-topping

Remarketing

Evidence of prior marking for a part with inferior performance ... accompanied by bogus test report
Counterfeit Part Examples

New versus Refurbished leads

Dual Markings

National Semiconductor does not use “:” in part numbers

Blacktop peeling away. Sand marks evident

Acetone Swipe

Missing Serial Number
Counterfeit Part Examples

Package Marking
Is Phillips

Die Marking
Is Intel
Counterfeit Part Examples

X-Ray showing die pattern of known good part

X-Ray showing die pattern of counterfeit
Which Device is Counterfeit?

Counterfeit

Known Good Part
Innovative / Hi-Tech Re-Marking

Exemplar Top Surface

Suspect Top Surface

Pure Acetone / 7 Day Soak - No Affect

New Blacktop Material Can Only Be Removed With an X-acto Knife
25 companies, 19% of those employing testing contractors, had problems with U.S.-based firms concerning faulty or forged testing.

– The parts were cleared by the testing house, but were later found to be counterfeit by the customer.

“This is an area that deserves further analysis.”
Counterfeiting Trend

GIDEP

<table>
<thead>
<tr>
<th>Calender Year</th>
<th>Alert Quantity</th>
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<tbody>
<tr>
<td>2001</td>
<td>0</td>
</tr>
<tr>
<td>2002</td>
<td>3</td>
</tr>
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<td>5</td>
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<td>2005</td>
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<td>2008</td>
<td>13</td>
</tr>
<tr>
<td>2009</td>
<td>25</td>
</tr>
<tr>
<td>2010</td>
<td></td>
</tr>
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</table>
Counterfeiting Trend and Magnitude

Total Counterfeit Incidents:

- U.S. Customs Notifications
  - Year | Number of Incidents
  - 2005 | 1
  - 2006 | 29
  - 2007 | 169
  - 2008 | 604

U.S. Department of Commerce
In June 2006, the Semiconductor Industry Association (SIA) established the Anti-Counterfeiting Task Force (ACTF) consisting of semiconductor manufacturing company members involved in the investigation of counterfeiting and coordination with law enforcement.

Semiconductor Manufacturer disclosures ...

- Company A: Over 100 part numbers have been counterfeited in last 3 years.
- Company B: 19 cases reported involving 97,000 units.
- Company C: Since June 2006, there have been 4 seizures of counterfeits of our products by U.S. Customs; units seized ranged from 6000 to 60,000.
- Company D: “We estimate that 2-3 percent of purchases of our brand are counterfeit”
- Company E: A broker website indicated 40,000 or our devices available, but our company had only made less than 200 units of that device with the specified date code. If all 40K were available it would result in a $34 million loss.
Sources of Counterfeiting

- Brokers: 30%
- Independent Distributors: 20%
- Authorized Distributors: 7%
- DOD Depots: 6%
- Individuals: 6%
- Contract Manufacturers: 6%
- OEMs: 5%
- Prime/Sub Contractors: 3%
- Internet Exclusive Sources: 3%
- U.S. National Security Agencies: 2%
- DLA: 1%
- Other: 0%
- Other U.S. Federal Agencies: 0%
- State/Local Governments: 0%
Sources of Counterfeiting

“Most broker organizations are very small and do not have established quality control procedures in place. We have more than 10,000 brokers in our database. Of those only 200 have more than 10 employees and quality control procedures for their staff. That leaves us 9,800 to fall victim to. Many brokers are working out of their home. All someone needs is a phone, fax and e-mail address and they are in business.”

American Electronic Resource, Inc.
Sources of Counterfeiting

Broker with Cage Code in California

Address is a private home

Is this Broker selling genuine product?
Is he maintaining the product under proper conditions?
Do you Really Know this Supplier???

Multiple Alias’s

Bogus Qualifications

NASA
Sources of Counterfeiting

More than a Backyard Industry!

- Millions of Scrap Boards
- Component Removal
- Sorted by size, similarity and lead count
- Re-processed
Workers extract plastics from discarded electronics in Guiyu, a few hours' drive northeast of Hong Kong. The city has 5,500 family workshops handling e-waste.
© 2006 The Seattle Times Company

Laborer de-soldering circuit boards over a coal-fired grill. Rock in the box is where boards are hit to remove solder. Pliers are used to pluck off chips which go into various buckets. The boards are then tossed into a pile for open burning. © BAN
http://www.businessweek.com/magazine/content/08_41/b4103034193886.htm?chan=top+news_top+news+index+--+temp_top+story

http://www.businessweek.com/technology/special_reports/20100302ceo_guide_to_counterfeit_tech.htm
## Product Impact

### GIDEP Counterfeit Case Summaries

<table>
<thead>
<tr>
<th>Case ID</th>
<th>Description</th>
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<tr>
<td>EE-A-06-01</td>
<td>Test failures at a defense contractor were found to be microcircuits containing many different chips</td>
</tr>
<tr>
<td>EE-A-06-03</td>
<td>Supplier of military hardware found suspect counterfeit microcircuits having dual part number markings</td>
</tr>
<tr>
<td>EE-A-06-04</td>
<td>Microcircuits that failed product testing were found to have chips from another source</td>
</tr>
<tr>
<td>M9-A-07-01</td>
<td>During manufacturing of a military product, suspect counterfeit transistors were functional failures</td>
</tr>
<tr>
<td>6E-P-07-01</td>
<td>Memory device supplier confirmed parts marked with their name did not contain their chips</td>
</tr>
<tr>
<td>UY7-P-07-01</td>
<td>Microcircuits, that failed electrical testing, were found to contain chips from another manufacturer</td>
</tr>
<tr>
<td>NB4-P-07-01</td>
<td>Suspect counterfeit microcircuits, from an unauthorized distributor, found during testing at an aerospace supplier</td>
</tr>
<tr>
<td>J5-A-07-01</td>
<td>Independent distributor supplied suspect counterfeit parts (not available from original supplier) to defense plant</td>
</tr>
<tr>
<td>J5-A-07-02</td>
<td>Microcircuits, supplied by an independent distributor, were suspect counterfeit (device markings not authentic)</td>
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<tr>
<td>A2W-A-07-01</td>
<td>Suspect counterfeit transistors failed electrical tests; found to have many different chips</td>
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<tr>
<td>J5-A-07-06</td>
<td>Programmable logic devices found to be suspect counterfeit (lot code was after manufacturer discontinued parts)</td>
</tr>
<tr>
<td>J5-A-07-09</td>
<td>Microcircuits found to be suspect counterfeit as the lot date code was after the manufacturer stopped production</td>
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<tr>
<td>UE-A-07-01</td>
<td>Suspect counterfeit microcircuits failed electrical tests; contained chips from another manufacturer</td>
</tr>
<tr>
<td>AAN-U-08-052</td>
<td>A government entity reported counterfeit circuit breakers in nuclear power plants</td>
</tr>
<tr>
<td>CE9-P-08-02</td>
<td>Military parts manufacturer reported U. S. authorities have recently intercepted many counterfeit parts shipments</td>
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<tr>
<td>UL-P-08-01</td>
<td>Distributor unable to provide test reports on suspect counterfeit microcircuits that failed during factory testing</td>
</tr>
<tr>
<td>D4-A-09-01</td>
<td>Military hardware manufacturer found suspect counterfeit programmable devices showed part remarking</td>
</tr>
</tbody>
</table>
How Companies Are Uncovering Counterfeits

- Returned as Defective: 1261
- Discovered Defective Parts/Poor Performance: 1116
- Markings, Appearance, Condition of Parts: 929
- Notification by OCM: 835
- Testing: 776
- Customer Suspected Part Was Counterfeit: 693
- Notification by US Customs: 604
- Self-Initiated Investigations: 341
- Notification by OEM: 180
- Returned as Wrong Merchandise: 50
- Absence of Original Documentation: 15
- Returned as Excess Inventory: 8
- Notification by GIDEP: 6
- Notification by DLA: 6
- Notification by Other US Government Agencies: 3
- Notification by Non-US Government Agency: 3
- Other: 2
- Unauthorized Overrun by Contract Manufacturers
Product Impact
What “failed parts” mean to NASA

Schedule slippage
Cost Increase
Reduced performance
Poor reliability
Product failure
  • Personnel Safety
  • Mission Success
Decline in mission readiness
Resources

Work Groups/Committees/Associations

- US Chamber of Commerce Coalition Against Counterfeiting and Piracy (CACP)
- Semiconductor Industry Association (SIA) Anticounterfeiting Task Force (ACTF)
- SAE G-19 Counterfeit Electronic Parts Technical Committee
- Center for Advanced Lifecycle Engineering (CALCE)
- Surface Mount Technology Association (SMTA)
- TechAmerica G-12 Counterfeit Task Group
- Aerospace Industries Association (AIA) Counterfeit Parts Integrated Process Team
- International Microelectronics and Packaging Society (IMAPS)
- Components Technology Institute (CTI)
- NASA Quality Leadership Forum (QLF)
- Independent Distributors of Electronics Association (IDEA)
- ERAI
- SEMI
- DoD Trusted Defense Systems Workshop
- DoD Trusted Foundry Program
- Defense Logistics Agency (DLA) Counterfeit Parts Integrated Process Team (IPT)
Counterfeit Parts Avoidance Training

Counterfeit Parts in the News
- In 2009, Acting Administrator Christopher Scolese disclosed to Congress that counterfeit parts are a significant cause of budget over-runs for NASA
  - Estimated cost to NASA - unknown
- In late 2007, the US Patent and Trademark Office estimated that counterfeiting and piracy drain about $250 billion out of the US economy each year along with 750,000 jobs
- Counterfeit EEE parts comprise about 10% of the parts in the supply chain
- In December 2008, four executives at Western Titanium, Inc. were indicted for fraud
- US Dept of Commerce Bureau of Industry and Security survey reveals China as biggest geographical source of counterfeit electronic parts

Class Date and Time
- The QLF class is scheduled for September 29 2009, 1:00 – 5:00 p.m.
- Enrollment requests should be submitted to Diana Shellman

Class Details
Class Objectives
- To learn about counterfeit parts and why they are a significant risk.
- To learn inspection methods to be used for the detection and avoidance of counterfeit parts.
- To mitigate the risks of acquiring counterfeit parts and to eliminate the risk of introducing counterfeit parts into flight hardware.
- To apply inspection techniques during an individual hands-on examination of counterfeit EEE parts, with microscopes.

4-hour class is for anyone who works with EEE parts and includes the following:
- Terms and Definitions Overview
- Counterfeit Parts in the Industry
- JPL’s Counterfeit Parts Mitigation Strategy
- Best Industry Practices
- Case Studies of Counterfeit Investigations
- Hands-On Training and Written Exam

Please contact Katherine Whittington Katherine.Whittington@jpl.nasa.gov or 818.354.8749 for information about the class content or related questions.
Welcome to the world’s premier AUTHORIZED source directory. Our authorized distributors provide guaranteed assurance that products are fully traceable and certified by the manufacturer. In today’s electronics marketplace, selecting an authorized distributor is more important than ever before. With accelerating inventories of questionable quality, including counterfeit and sub-standard product sold through surplus dealers, customers need a directory of reputable and authorized distributors.

This directory has been created through the endorsement and efforts of the SIA Ant-Counterfeit Task Force. Through a network of corporate CEOs and working committees, SIA shapes public policy on issues critical to the industry and provides a spectrum of services to aid members in growing their businesses.

For your printed copy of the ERSD click here!
Welcome to the DMSMS & Standardization Conference 2009

The theme for this year’s conference is: New Directions and Challenges. The focus areas are: Strategic Partnerships, Visibility into Total Ownership Costs, Opportunities for Partnering, and Standardization Enablers.

A Message from the Chairman

As this year’s Chairman, I would like to invite you to participate in the DMSMS and Standardization 2009 Conference. With a new administration taking the helm of the federal government, there will be change. The theme of this year’s conference - “New Directions and Challenges” - will focus on what changes to expect and how these changes will affect the DMSMS and standardization communities.

The target audiences for this conference are DMSMS and standardization professionals who wish to hone their skills and be a part of shaping the future of DoD acquisition and sustainment policies. In addition to a full day of tutorials taught by some of the top experts in government and industry and hands-on experience with some of the latest automated information tools, this conference gives attendees access to the new incoming DoD acquisition and sustainment leadership and a chance to hear first hand about their goals, objectives, and direction.

After the incoming DoD leadership has set the stage for our new directions and challenges, there will be workshops and discussion panels to allow audience participation and input into future DMSMS and standardization policies, procedures, guidance, and automated tools. We have also invited an outstanding array of experts to share their experiences through technical presentations on how they have successfully addressed the challenges of obsolescence, countering, standardization, parts management, lead-free, and many other related technical issues.

Diminishing Manufacturing Sources and Material Shortages (DMSMS) Guidebook

Office of the Under Secretary of Defense Acquisition, Technology, & Logistics

November 1, 2006

SDMP
Resources (cont)
Resources (cont)

ERAI
ELECTRONIC RESELLERS ASSOCIATION INTERNATIONAL, INC - Working to protect electronic distributors around the world

MEMBER DIRECTORY & SERVICES  LOSS PREVENTION & RECOVERY  HIGH RISK PARTS  INFORMATION & DOWNLOADS

Complaint Type: Counterfeit Parts

<table>
<thead>
<tr>
<th>Company</th>
<th>Additional Information</th>
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<tbody>
<tr>
<td>For Lik Shun Electronics Technology Limited</td>
<td>Bank Name: Stanford Chartered Bank, Shenzhen Futian Central Sub-Branch</td>
</tr>
<tr>
<td>Phone: 86-755-8905-8937  Fax: 86-755-8395-8657</td>
<td>Account: 9841380411</td>
</tr>
<tr>
<td>Email: <a href="mailto:kelixin88@hotmail.com">kelixin88@hotmail.com</a></td>
<td>Beneficiary Name: FOR LIK SHUN ELECTRONICS TECHNOLOGY COMPANY LIMITED</td>
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<tr>
<td>Address: R2008 North #2 Unit Jing Gang Mingyuan</td>
<td></td>
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<tr>
<td>Shenzhen  China</td>
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Status: UNRESOLVED
Last Updated: 08/28/2007  Date Modified: 08/28/2007  Scheduled Release: 08/22/2012

Details

In June 2007, a Member placed an order with For Lik Shun Electronics for 1,100 pieces of part number PEF20534H10V2 totaling $16,500.00. The order was dated June 26, 2007 and the order was facilitated through an escrow service with a 5-day inspection period.

The parts were sent to an independent test facility for testing prior to being sent to the Customer. The test results dated July 10, 2007 state:

"...showed evidence of remarking and resurfacing. The die shows LSI Logic as the manufacturer with HSO83F as a mask code in an Infineon marked part. The product is remarked and therefore counterfeit."

According to the Reporting Member, they contacted For Lik Shun the same day the test results were received, July 10th, for an RMA and refund and this and all other subsequent attempts to contact For Lik Shun Electronics have been ignored. ERAI has not received a response from For Lik Shun Electronics regarding this matter, leaving it unresolved as of this date.
Semiconductor Industry Association (SIA)
Anticounterfeiting Task Force (ACTF)

- Goal is to stop counterfeit IC’s from entering the global marketplace through education, awareness and enforcement
- Aligns with the China RECS program
- Aligns with the China QBPC
- Partnered with and trained US Customs in detection of counterfeit IC’s
- Partnered with DoD, NASA, NCIS, FBI criminal investigators
- Actively Seeking cooperative efforts with United States, China and European Union officials.
- Partnered with the DOJ/DHS National IPR Coordinating Center to investigate and prosecute importers of counterfeit semiconductors
- Working with outside counsel to gather and collate industry data for case development and presentation to law enforcement and IPR Ctr
For Immediate Release:
September 22, 2009

**NEWS**

**USTR, U.S. Commerce Department, U.S. Customs and Border Protection and International Customs Experts Hold First Meeting to Address Semiconductor Counterfeiting**

**JEJU, KOREA** – Today staff from the Office of the United States Trade Representative, U.S. Commerce Department and U.S. Customs and Border Protection concluded the first-ever meeting with customs authorities from all six major semiconductor producing economies to discuss the problems posed by trade in counterfeit semiconductor products. Customs experts from China, Chinese Taipei, the European Union, Japan, Korea and the United States convened in Korea before the launch of the annual Governments/Authorities Meeting on Semiconductors (GAMS), with representatives of their respective industries and trade ministry officials. The two-day meeting was an important opportunity for the participants to discuss counterfeiting of semiconductor products.
SAE G-19 Committee

Representation from NASA, Aerospace Industry, Military, & Commercial

US Government Members ...
- DSCC
- GIDEP
- MDA
- NASA
- US AF / NRO (Aerospace Corp.)
- US Army - AMRDEC
- US Navy - NAVAIR
- US Navy - NSWC
- US Navy - NCIS
- US Customs and Border Protection

Industry Members ...
- Arrow Zeus Electronics
- BAE Systems
- Boeing
- General Dynamics
- Jabil Circuits
- Lockheed Martin
- Maxim Integrated Products
- Northrop Grumman
- Orbital Sciences
- QP Semiconductor
- Raytheon

Industry Associations ...
- Aerospace Industries Association (AIA)
- Best Manufacturing Practices Center of Excellence (BMPCOE)
- ERAI, Inc.
- Government Electronics & Information Technology Association (GEIA)
- Independent Distributors of Electronics Association (IDEA)
Government & Industry Working Together

SAE

NASA

DOD

ERAI

IDEA

GIDEP

AIA

Certification Bodies

Manufacturers

Accreditation Bodies

Distributors

Industry Primes

SAE G-19
The Way Forward
RATIONALE

This standard was created in response to a significant and increasing volume of counterfeit electronic parts entering the aerospace supply chain, posing significant performance, reliability, and safety risks.

This standard was created to provide uniform requirements, practices and methods to mitigate the risks of receiving and installing counterfeit electronic parts.

FOREWORD

To assure customer satisfaction, aerospace industry organizations must produce, and continually improve, safe, reliable products that meet or exceed customer and regulatory authority requirements. The globalization of the aerospace industry and the resulting diversity of regional/national requirements and expectations has complicated this objective. End-product organizations face the challenge of assuring the quality and integration of product purchased from suppliers throughout the world and at all levels within the supply chain. Aerospace suppliers and processors face the challenge of delivering product to multiple customers having varying quality expectations and requirements.

This document standardizes requirements, practices, and methods related to: parts management, supplier management, procurement, inspection, test/evaluation, and response strategies when suspect or confirmed counterfeit parts are discovered.
SAE AS5553 Requirements

- Counterfeit Parts Control Plan
- Parts Availability
- Verification of Purchased Product
- Reporting
- Material Control
- Appendixes for Guidance
- Purchasing
- Purchasing Information
- In Process Investigation
Organizations Adopting SAE AS5553

- NASA Policy Directive
- Missile Defense Agency Policy Memorandum
- DOD adopts SAE AS5553 August 2009
- Private Industry Organizations with counterfeit avoidance plans:
  - BAE Systems
  - Orbital Sciences Corp.
  - Lockheed
  - L3 Communications
SAE G-19 Technical Standards

1. Buyers
   SAE AS5553

2. Distributors
   SAE AS6081

3. Test Laboratories
   SAE ASxxxx
Accreditation/Certification

1. Buyers
2. Distributors
3. Test Laboratories
Standardize Test & Inspection Requirements Across Industry

Test Matrix – testing performed by certified test laboratories (Asxxxx)

Type of Part

Testing Technique

Testing Tier

Sampling Plan

Risk Based Recommendations

Application

Part

Supplier

System intended to create standardized testing methodology throughout industry
## Inspection & Test Matrix

<table>
<thead>
<tr>
<th>Technique Category</th>
<th>Technique</th>
<th>External Visual exam</th>
<th>Physical dimensions</th>
<th>Real-time X-ray</th>
<th>XRF Analysis</th>
<th>Mark Perm</th>
<th>Resistance to Solvents (for evidence of re-marking)</th>
<th>Internal Visual Exam</th>
<th>DPA</th>
<th>Basic DC Test</th>
<th>Min Func Test 25C</th>
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</thead>
<tbody>
<tr>
<td>Authenticity validation</td>
<td>yes - 100%</td>
<td>yes - sample</td>
<td>yes - 100%</td>
<td>yes - sample</td>
<td>yes - sample</td>
<td>yes - sample</td>
<td>yes - sample</td>
<td>yes - sample</td>
<td>yes - 100%</td>
<td>yes - 100%</td>
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<tr>
<td>Quality conformance/validation</td>
<td>yes - sample</td>
<td>yes - sample</td>
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<td>yes - sample</td>
<td>no</td>
<td>yes - sample</td>
<td>yes - sample</td>
<td>yes - sample</td>
<td>yes - sample</td>
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<tr>
<td>Reliability assurance</td>
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<td></td>
<td></td>
<td>yes - sample</td>
<td>yes - 100%</td>
<td>yes - 100%</td>
</tr>
</tbody>
</table>

### Component Type
- Resistors - fixed value
- Resistors network - array
- Variable resistors
- Heating element/Resistance wire
- Thermistors
- Veristor
- Capacitor - fixed capacitance
- Capacitor network - array
- Variable capacitor
- Varicap diode
- Inductor, coil, choke
- Variable inductor/Saturable Inductor
Help from Above
FAR Case 2008-019

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Advance notice of proposed rulemaking; public meeting.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (the Councils) are seeking comments from both Government and industry on whether the Federal Acquisition Regulation should be revised to include a requirement that contractors selling information technology (IT) products (including computer hardware and software) represent that such products are authentic. The Councils are also interested in comments regarding contractors' liability if IT products sold to the Government, by contractors, are not authentic. Additionally, the Councils are seeking comments on whether
“All procurements for electrical, electronic, or electromechanical (EEE) parts that will be used in critical applications shall evaluate the risk of obtaining counterfeit parts and shall utilize an appropriate acquisition strategy to manage that risk. That strategy may include direct procurement of parts from OEMs or authorized suppliers; Government performed or approved tests and inspections to assure the authenticity of parts; and/or an evaluation factor or criterion that assesses each non-authorized offeror’s ability and practices to assure authenticity of parts. A non-authorized offeror's ability to assure authenticity of EEE parts includes the offeror's clear representation and demonstration that parts originate from an OEM and are not counterfeit. Representation is fulfilled in a supplier certificate of conformance, and demonstration is fulfilled by a copy of one or more of the following: 1) the OEM’s original certificate of conformance, 2) records providing unbroken supply chain traceability to the OEM, 3) test and inspection records demonstrating authenticity of the parts.”
Title 18, United States Code
- Proposed Legislation -

SEC. ___ PREVENTION OF COUNTERFEITING OF ELECTRONIC COMPONENTS.

(a) AUTHORITY IN TITLE 18, UNITED STATES CODE.—

(1) IN GENERAL.—Chapter 25 of title 18, United States Code, is amended by inserting after section 514 the following new sections:

“§ 515. Counterfeit Electronic Parts Causing Loss of Life

“(a) Whoever knowingly delivers an end item, component, or part containing or consisting of a counterfeit electronic part to the Department of Defense or National Aeronautics and Space Administration for use in any national security system, weapons system, vessel, or vehicle, which after delivery causes the system, vessel, or vehicle to fail, or causes a disruption of performance, and that failure or disruption results in the loss of life, shall be punished as follows:
“Agencies shall assess their programs for identifying, preventing and reporting the acquisition of nonconforming and suspect counterfeit products. GIDEP will serve as the central data management system for receiving and disseminating information.”
Union Calendar No.

111th CONGRESS
2nd SESSION

H.R. 5136

[Report No. 111-]

To authorize appropriations for fiscal year 2011 for the Department of Defense, to prescribe military pay for such fiscal year, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

May 24, 2010

Mr. Shimkus (for himself and Mr. McKinow) offered the following bill, which was referred to the Committee on Defense to serve as the executive agent for preventing the introduction of counterfeit microelectronics into the defense supply chain.
MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Establishment of a Government-Wide Procurement Task Force to Prevent United States Government Purchase of Counterfeit Products

The threat of counterfeit products in the U.S. supply chain continues to mount, as counterfeiters develop more sophisticated methods of manufacture and proliferation. Strong intellectual property enforcement is therefore essential to save American jobs, create America jobs, protect American ideas, and to invigorate our economy. While the government must aggressively enforce federal intellectual property laws, the Federal Government must also lead by example. The Federal Government is the world’s largest purchaser of goods and services, with purchases totaling over $500 billion per year. Failure to abide by relevant federal intellectual property laws creates risk that products being purchased by the Government may be of unacceptable quality, and may represent a health and safety risk to the end users, including to members of the armed services. In order to coordinate executive departments’ and agencies’ efforts to prevent the purchase of counterfeit goods, it is hereby ordered as follows:

Section 1. Establishment. There is established an Interagency Task Force on Prevention of Federal Procurement of Counterfeit Goods (Task Force). The Administrator for Federal Procurement Policy, the Administrator of General Services, and the Under Secretary of Defense for Acquisition, Technology, and Logistics (Under Secretary) shall serve as co-Chairs of the Task Force and shall direct its work.

Sec. 2. Membership. In addition to the Administrators for Federal Procurement Policy and of General Services and the Under Secretary, the Task Force shall consist of a representative
October 28, 2009

The Honorable C. F. Bolden
Administrator
National Aeronautics and Space Administration

Attention: GAO Audit Team

Dear Mr. Bolden:

This is to notify you that, at the request of Representative John F. Tierney, the U.S. Government Accountability Office is initiating a review of parts quality control in the Missile Defense Agency, and DOD and NASA space programs, job code 42864. Please see the enclosure for specific information concerning this review. We would appreciate your notifying appropriate officials of this work. If you have any questions, please contact David Rost, Assistant Director, at 301-449-5695.

Sincerely yours,

[Signature]

Cristina T. Occhialini
Director
Acquisition and Sourcing Management

cc: NASA Assistant Inspector General for Auditing
NASA Assistant Inspector General for Investigations
Glen MacLaughlin, CRS
Mike Glennon, CRS