

T3.2.7 - Anti-Counterfeit Management Added 4/2012

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## **T3.2.7 - Anti-Counterfeit Management** Added 4/2012

### **A Anti-Counterfeit Management** Added 4/2012

#### **1 Objective** Added 4/2012

This guidance recommends procedures and methods for securing the FAA supply chain from counterfeit parts. This guidance section applies solely to the following acquisitions:

- a. Over \$50M;
- b. Construction contracts for NAS applications over \$2M; and
- c. Office equipment and/or supplies for NAS applications over \$1M

#### **2 Statement of Issue** Added 4/2012

Counterfeit parts in the FAA supply chain could cause an increased risk in the integrity and reliability of NextGen and legacy National Airspace System (NAS) equipment. A Congressional investigative committee found over 1800 instances of counterfeit electronic parts in the Department of Defense (DOD) supply chain. FAA uses the DOD supply chain for selective parts.

#### **3 Requirement** Revised 10/2015

- a. The Intellectual Property Act of 2008 provides a framework to develop anti-counterfeit policy, guidance, and implementation procedures. One of the intents of the law is for the public and private sectors to take actions to secure the Government supply chain.
- b. The Office of Management and Budget (OMB) Policy Letter 91-3, Reporting Non-confirming Products established the Government Industry Data Exchange Program (GIDEP), operated by the Department of Defense as the central data base for receiving information about non-conforming products.
- c. FAA is a participating member of GIDEP.
- d. FAA Anti-Counterfeiting measures require collaboration and cooperation among the Acquisition Policy, Contracting, Quality Assurance, Logistics Support, and Program Management Organizations to achieve an effective and efficient implementation program to secure the FAA parts supply chain and ensure the FAA is not purchasing counterfeit products.

#### **4 Program Description** Added 4/2012

The guidance contained in this section is related to the detection and reporting of

suspected counterfeit parts.

## **5 Applicability** Added 4/2012

- a. Acquisition Policy Group, AAP-100 - processes AMS Policy and Guidance for Anti- Counterfeit Management
- b. Contracting Officers - include any applicable AMS clauses/provisions in Screening Information Requests (SIRs) and contracts.
- c. Logistics Center - AML1/200
  - (1) Analyze logistics support life cycle requirements
  - (2) Provide supply support to keep older and often obsolete systems and equipment in continual operating condition until decommissioning
- d. NAS Quality Assurance, Acquisition Quality Group, AAQ-100 - conduct in-plant oversight and monitoring requirements and accepts real products.
- e. NAS Program Managers -determine the applicability of anti-counterfeit measures for their programs and conduct risk management assessments as needed.

## **6 Definition - Suspected Counterfeit Part** Revised 10/2015

An unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

## **7 Counterfeit Parts Control** Revised 10/2015

- a. Procurement Process
  - (1) To minimize the risk of receiving counterfeit parts, purchasing parts from the Original Equipment Manufacturer (OEM) or the Original Component Manufacturer (OCM) is encouraged if parts are available. OCM-authorized suppliers (e.g., franchised distributors), and authorized aftermarket manufacturers have a low risk of supplying non- authentic parts.
  - (2) In order to minimize the risk of receiving counterfeit parts when purchasing from brokers, distributors and aftermarket manufacturers, procurement teams may consider requiring the contractor to provide traceability to the origin of the parts

(3) Diminishing Manufacturing Sources and Material Shortages (DMSMS) and parts obsolescence can be contributing factors to the reason why counterfeit parts are made and placed on the market for sale. DMSMS is the loss or pending loss of manufacturers or suppliers of critical items and new materials due to discontinuance of production.

(4) When procuring maintenance parts for legacy ground equipment, avoid purchases from unknown and frequently suspect counterfeit parts suppliers. Obsolete military parts could be a source for suspected counterfeit parts to enter the FAA supply chain.

(5) Guidance on detecting suspected counterfeit parts is in section b below.

#### b. Parts Detection

(1) Prior to the acceptance of the parts and/or equipment by the FAA, parts detection is in accordance with applicable contract quality assurance requirements. After acceptance, parts detection is the FAA's responsibility.

(2) Detecting counterfeit electronic parts is an ongoing process. Counterfeit parts can impact the safety of a user's application of parts and product reliability. Common and basic aspects leading to the suspicion of counterfeit, defective, and nonconforming parts are:

- ☐ A pattern of parts rejected by Quality Assurance;
- ☐ Devices that will not program correctly;
- ☐ Components that have been reworked by an unknown third party;
- ☐ The trademark part sold by an unauthorized distributor;
- ☐ Original certification of traceability that are unavailable;
- ☐ Parts that are obsolete and no longer manufactured;
- ☐ Outside package indicates onset of corrosion;
- ☐ Failed performance testing data;
- ☐ Parts with failed solderability;
- ☐ Independent laboratories rejection of parts after reviewing failed vendor analysis;
- ☐ Markings indicate parts:
  - o Resurfaced and/or sanded
  - o Remarked
  - o Inconsistencies in physical external figures or markings
  - o Discrepancies in lot and/or date codes
- ☐ Leads on components show evidence of:
  - o Previous use
  - o Previous refurbishment
  - o Moisture damage and/or oxidation

#### c. Parts Reporting

(1) Prior to acceptance of the parts and/or equipment by the FAA, suspected counterfeit parts reporting is in accordance with the higher level contract quality requirements identified in section 10.

(2) After acceptance of the parts and/or equipment by the FAA, suspected counterfeit

parts are reported to the FAA's Government Industry Data Exchange Program (GIDEP) Coordinator (AAP-120) for the purpose of contacting the proper Agency organization that is responsible for cases related to suspected fraud.

(3) The GIDEP Coordinator may prepare a GIDEP Agency Action Notice and a GIDEP Alert for suspected counterfeit parts information that can be shared with GIDEP members.

(4) Suspected Unapproved Parts (SUPs) and suspected counterfeit parts may be reported via the toll-free FAA hotline at 1-800-255-1111.

## **8 Suspected Counterfeit Parts Database** Revised 10/2015

a. The Procurement Information and Services Team's (AAP-120) database is an information sharing tool that is available for use as part of an action plan to mitigate the impact of suspected counterfeit parts on critical electronic parts that could enter the FAA parts supply chain.

b. The database contains information that can be used as a risk management analysis tool to determine the impact of suspected counterfeit parts on critical electronic parts that could impact the proper reliability operation of the system.

c. Searches in the database for suspected counterfeit electronic parts may be made by contacting the FAA GIDEP Coordinator, AAP-120.

## **9 Documentation** Added 4/2012

AMS Clause 3.10.4-19 "Government Industry Data Exchange Program (GIDEP)" must be used for contracts and SIRs above the prescribed thresholds. Other applicable quality assurance clauses may be used in SIRs and contracts as appropriate.

## **10 Higher-Level Contract Quality Requirements** Added 10/2015

a. The higher-level contract quality requirements are specified in the AMS/FAST, Section T3.10.4-13.

b. The higher-level contract quality requirements apply to critical and complex items where there is a need to access the risk of the entry of suspected counterfeit parts in the supply chain.

c. The prime contractor is responsible for flowing down the applicable requirements of the higher-level quality standard in subcontracts for critical and complex items at any tier.

## **11 Suspected Counterfeit Parts Training** Revised 10/2015

Initial and refresher training are offered on a quarterly basis at the GIDEP Operations

Center, Corona, CA. Refresher training is recommended every two years.

## **12 Aviation Community Guidance** Revised 10/2015

For aviation equipment that is not in the NAS, reference is made to FAA Advisory Circular Number 29-21C, Detecting and Reporting Suspected Unapproved Parts, for guidance. The point of contact for Non-NAS Programs is the Flight Standards service, AFS-350.

### **B Clauses** Added 4/2012

[view contract clauses](#)

### **C Forms** Added 4/2012

[view procurement forms](#)