



ERAI Executive Conference
April 18 & 19, 2013 - Orlando, FL

GAINING MOMENTUM

Supply Chain Advancements in the Fight Against Counterfeits

WELCOME!



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DOOR PRIZES

- Dunkin Donuts gift cards
- Xbox
- Kindle
- Book (The Communication Catalyst) by Mickey Connolly and Richard Rianoshek
- (1) Apple TV MD199LL/A [NEWEST VERSION]
- (1) Sony PowerShot A2500 16.0 MP Digital Camera with 5x Optical Zoom and 720p HD Video Recording (Black)
- (1) Kindle Fire HD 7", Dolby Audio, Dual-Band Wi-Fi, 32 GB
- (1) Apple iPad Mini MD528LL/A, MD528E/A (16GB, Wi-Fi, Black)
- Ereader
- Giftcard
- Ipad mini
- Microscope & Mount
- Wall clock
- Pen set



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8:30 – 9:00 AM



Mark A Snider
Founder & President
ERAI, Inc.

Welcome Address



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Mark A Snider
Founder and President
ERAI, Inc.



The Technology Boom

- Timeline 1994
- Early stages of widespread personal computers
- Floppy disks and A: Drives
- 20 MG hard drives
- Early stages of internet adoption
- Vast leaps in technology in less than 20 years
- Biggest headaches were refurbished parts not counterfeits



ERAI's First Alert



Electronic Resellers Association
71 Camelot Dr. Unit 10
Plymouth, MA 02360
TOLL FREE Tel: 888-927-6968
Fax: 508-716-8910

WARNING !!!

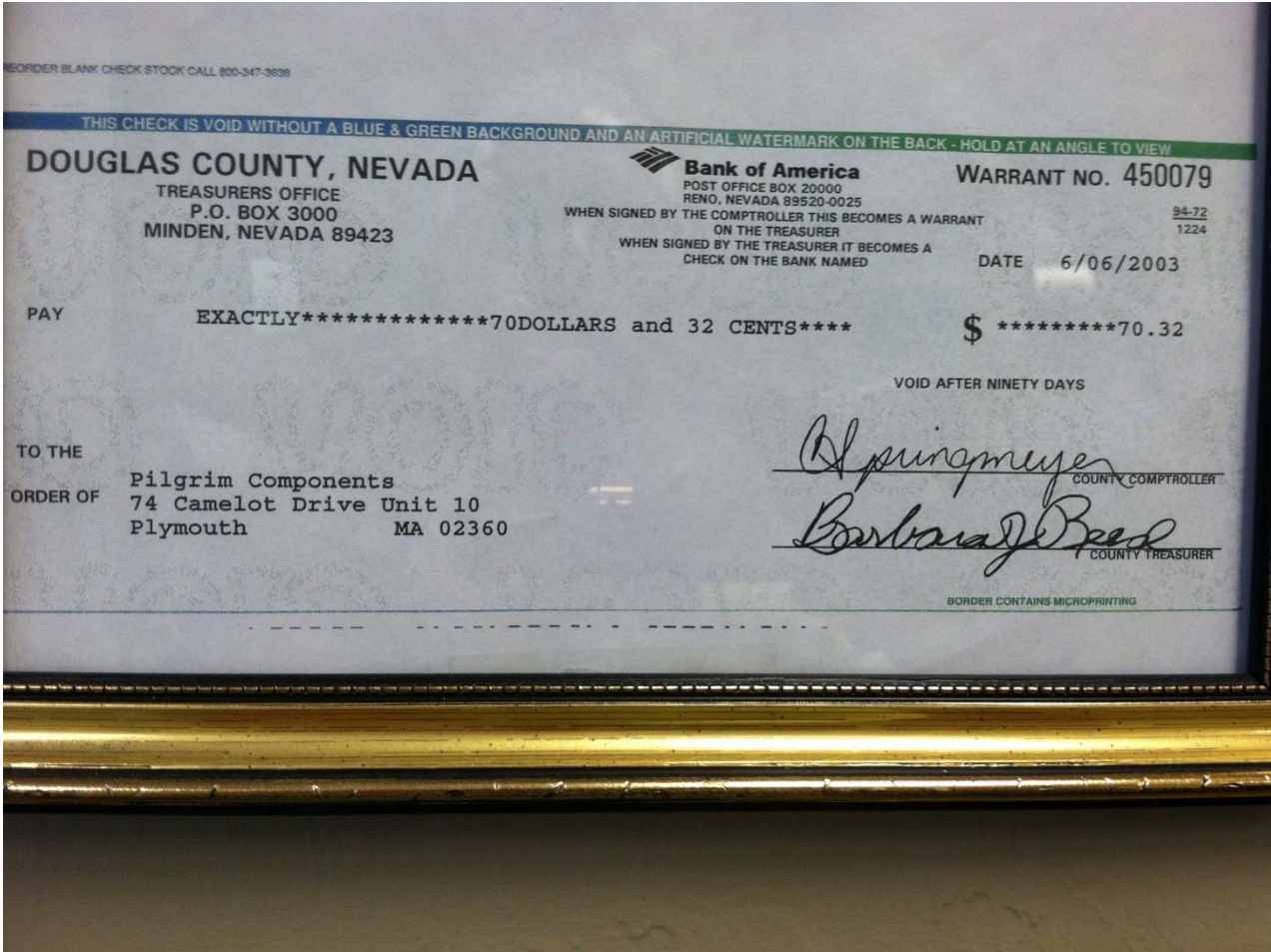
Unless you want to get burned it is strongly recommended that you avoid doing business with this individual / company.

DNS Electronics
2658 Wade St.
Minden, NV 89423
Contact: Nina Helme
Phone (702) 267-5249 Fax (702) 267-5252

Unfortunately some of you may already be familiar with Nina Helme. She has worked in this business for a few years and knows the ropes. The last information I have on her is that she is still in Nevada and still ripping people off. She purchased parts from me with a bad check on a closed account. It would be safe to assume that she no longer uses the name DNS Electronics and may be using an alias instead of her real name. There is already legal action against her pending at the local sheriffs department. If you have been burned by her or you can provide any information on her whereabouts or activities please call me at the association immediately. Thank you, Mark.



The First Arrest Warrant





First Defining Moment

- Did anyone care?
- Were there other victims?
- Was this a widespread problem?
- Would companies be openly willing to share information?
- Was this a personal passion or a business?
- If it became a business how would we fund the staff and operations to support it?



Historical Milestones

1998 – Google was incorporated as a privately held company

The company's mission statement: “*To organize the world's information and make it universally accessible and useful.*”

Google made the world a much smaller place

International trade became readily available for everyone; not just large corporations

Unintended Consequences

Pricing became more important than quality



Historical Milestones

November 2001 – China Admitted to the WTO

“A monumental change to the world trading system”

“An event of historic proportions for the world trading system”

- Kofi Annan, UN Secretary General

"I believe that as this century unfolds and people look back on this day, they will conclude that in admitting China to the WTO we took a decisive step in strengthening the global economic trading system."

- Robert Zoellick, US Trade Representative

"Just like every member of the WTO, China will have to deliver on its commitments, and we will be watching this very carefully,"

-Pascal Lamy, EU trade commissioner



Unintended Consequences

November 29, 2001 – ERAI receives 1st nonconforming part complaint against a China based distributor

3A Century aka Gold Advanced aka JXJ

Part number: TCM3105DW

Description of the product nonconformance:

Parts arrived in Samsung tubes (ordered TI parts). Numerous mixed date codes arrived in a single tube. Solder splash present on part leads. There were 'wash marks' and smears on the upper surface of the chip.

Almost immediately China distributors began refurbishing and remarking parts to have consistent date and lot codes in order to pass used parts off as new.



Unintended Consequences

Environmental initiatives (ROHS) help create the E-Waste phenomenon

Market becomes flooded with unscrupulous Chinese vendors selling E-Waste

Internet helps create a cloak of legitimacy for Chinese suppliers hiding behind professionally designed English websites on internet search engines and trading platforms

2nd Defining Moment - The 1st Counterfeit





End Result

ERAI Counterfeit Parts Database

Search High Risk Parts Database

Welcome to the ERAI High Risk Parts database. In order to search for a part, please enter at least the first three characters of the part you are searching for. If you require any assistance or have questions, please call Membership Services at 239-261-6268.

Part Number

Manufacturer

Recently Reported Alerts

Part Number	Manufacturer	Date Code	Lot Code		
TN80C186EB-20	INTEL CORP	SC 0529			Details
S5935QF	APPLIED MICRO CIRCUITS CORP	SC 0939			Details
BCM5338MIQMG	BROADCOM CORP	SC 0828			Details
CY7C4271-10AI	CYPRESS SEMICONDUCTOR CORP	SC 0307	704227		Details
MAX4147ESD	MAXIM INTEGRATED PRODUCTS INC	SC 0739			Details
UPD72001C-11	NEC ELECTRONICS CORP	SC 0529			Details
CS5101A-JP8	CRYSTAL SEMICONDUCTOR CORP	SC 0031			Details
VQ1001J	VISHAY SILICONIX	SC 0428			Details
IRF1405ZSPBF	INTERNATIONAL RECTIFIER CORP	SC 1214P			Details
R6502AP	ROCKWELL COLLINS INC	SC 9806 9819 0028	Multiple		Details
PS7113L-2A-E3	CALIFORNIA EASTERN LABORATORIES	HR NL122			Details
MD2811-D32-V3-X	M-SYSTEMS LTD	SC 0625			Details
SAA7113H	PHILIPS COMPONENTS	SC 0218	CF719019		Details
COM81C17LJP	STANDARD MICROSYSTEMS CORP	SC 9914	4C13680-2		Details
ISL3259EIBZ	INTERSIL CORP	SC 1129			Details
BCM7440PYKFEBG	BROADCOM CORP	HR 1040			Details
DH0006H/883B	NATIONAL SEMICONDUCTOR CORP	SC 9444			Details



Other Milestones 2006-Present

2007: Naval Air Systems Command (NAVAIR) asks the Bureau of Industry and Security's (BIS) Office of Technology Evaluation (OTE) to conduct a defense industrial base assessment of counterfeit electronics.

- SAE G-19 Committee is formed.
- U.S. and European customs launched "Operation Infrastructure" resulting in the seizure of over 360,000 counterfeit IC's that were destined for U.S and European Markets.

2008: Business Week Article "Dangerous Fakes" is released which increases counterfeit awareness.

2009: AS5553 gets released and becomes adopted by DOD.

- Counterfeit Electronics Survey initiated by the U.S. Department of Commerce Bureau of Industry, Office of Technology Evaluation.
- First Federal Indictment directly related to counterfeit IC's.

2010: Department of Commerce, BIS report released.

- Government Account Office (GAO) releases two studies related to counterfeit and pirated goods.
- 2nd Federal Indictment directly related to counterfeit IC's.



Milestones Continued

2011: Senators Levin and McCain announce a Senate Armed Services Committee investigation into counterfeit Electronic parts and the risk they pose to the Department of Defense (DOD) supply chain.

- ARP6178 – Fraudulent/Counterfeit Electronic Parts; Tool for Risk Assessment of Distributors was published.
- Senate passage of the Defense Authorization Act for Fiscal Year 2012.
- President Obama signs 2012 NDAA which includes (Sec. 818) Detection and Avoidance of Counterfeit Electronic Parts.

2012: Final report is released from SASC: Inquiry Into Counterfeit Electronic Parts in the Department of Defense Supply Chain.

- Release of GAO study: Suspect counterfeit electronic parts can be found on internet purchasing platforms
- AS6081 Standard is published and released

2013: Industry waiting for clarification from SOD on Sec. 818 of NDAA.



Communicate Your Expectations

- Quality driven Independents do exist and problems can be reduced or eliminated if you identify who they are, and clearly define your expectations.
- Accept the fact that counterfeiting has forever changed the market and adjust accordingly.
- Don't make quality assumptions based on a phone conversation, e-mail, website or part data showing availability on the internet.
- Establish reliable supply chain partners who meet your quality standards.

Brigadier General (Retired) Steve Ritchie



Brigadier General (Retired) Steve Ritchie





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While the industry has made significant progress in the fight against counterfeiting there is still work to be done. Thank you.

