



Leading up to HR 1540: National Defense Authorization Act for Fiscal Year 2012



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Thanks



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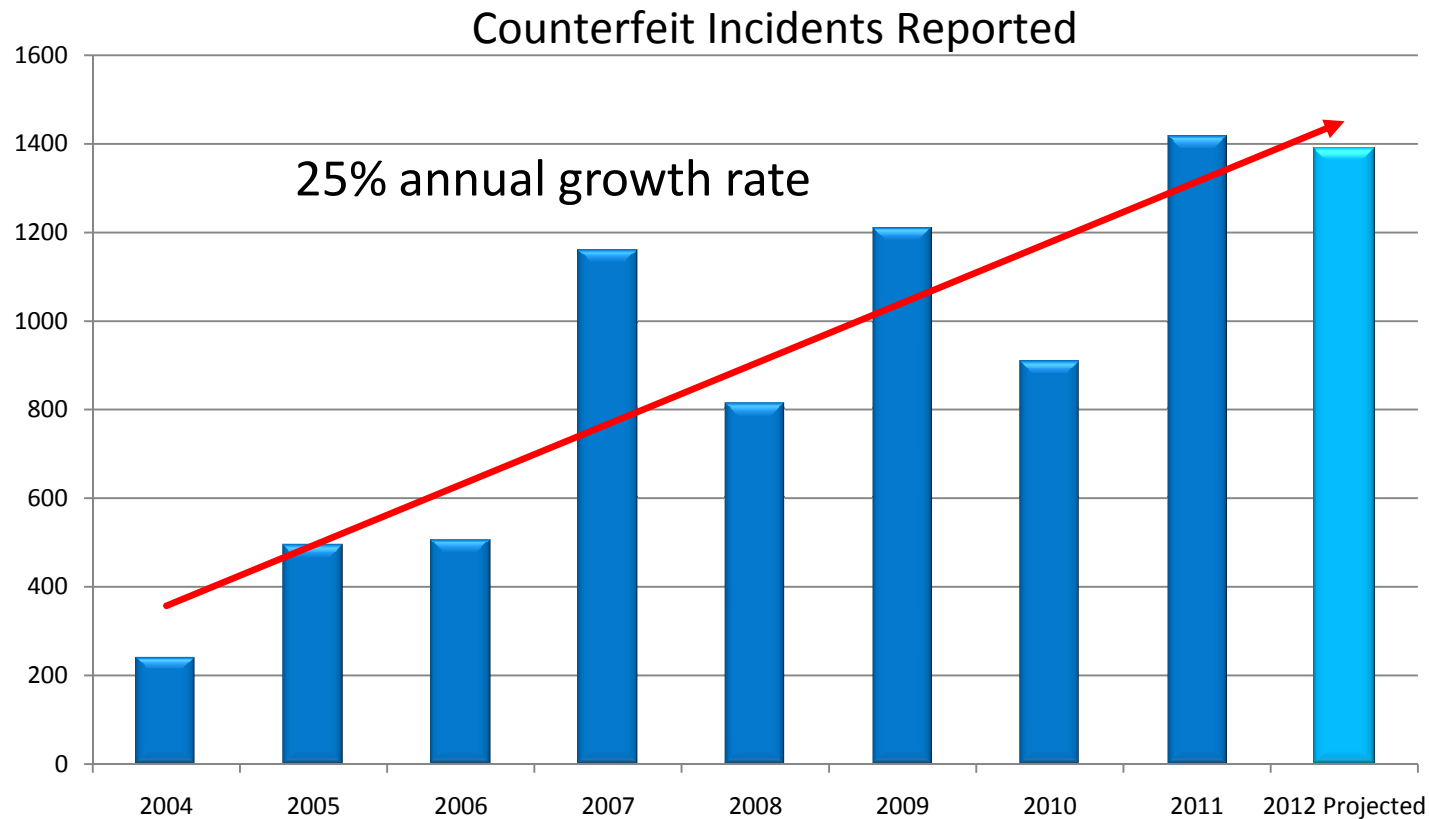




IHS Customers



Electronic Counterfeit Part Trends



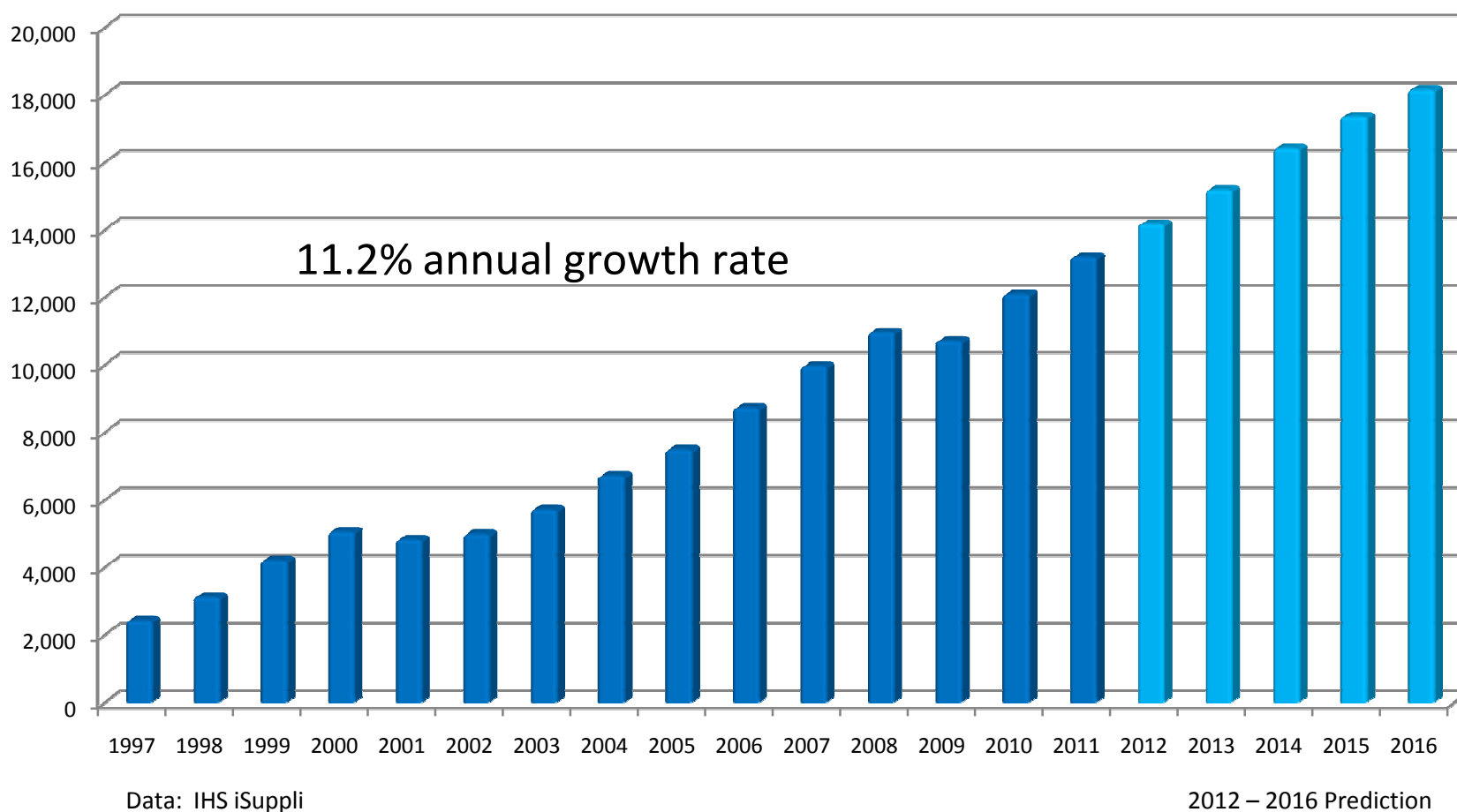
ERAI represents over 82% of accumulated alerts during the past 11 years and 92% over the past 16 months

Source: IHS
4/2012



Electronic Unit Sales Trend & Forecast

1997 – 2016 Worldwide Electronic Unit Sales (millions)



From Electronic Consumerism to E-Waste



2012 National Defense Authorization Act (Sec. 818)

Detection and Avoidance of Counterfeit Electronic Parts



One Hundred Twelfth Congress
of the
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Wednesday,
the fifth day of January, two thousand and eleven*

An Act

To authorize appropriations for fiscal year 2012 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Defense Authorization Act for Fiscal Year 2012".

SEC. 818. DETECTION AND AVOIDANCE OF COUNTERFEIT ELECTRONIC PARTS.

(a) **ASSESSMENT OF DEPARTMENT OF DEFENSE POLICIES AND SYSTEMS.**—The Secretary of Defense shall conduct an assessment of Department of Defense acquisition policies and systems for the detection and avoidance of counterfeit electronic parts.

(b) **ACTIONS FOLLOWING ASSESSMENT.**—Not later than 180 days after the date of the enactment of the Act, the Secretary shall,

(e) **IMPROVEMENT OF CONTRACTOR SYSTEMS FOR DETECTION AND AVOIDANCE OF COUNTERFEIT ELECTRONIC PARTS.**—

(1) **IN GENERAL.**—Not later than 270 days after the date of the enactment of this Act, the Secretary of Defense shall implement a program to enhance contractor detection and avoidance of counterfeit electronic parts.

(2) **ELEMENTS.**—The program implemented pursuant to paragraph (1) shall—

(A) require covered contractors that supply electronic parts or systems that contain electronic parts to establish policies and procedures to eliminate counterfeit electronic parts from the defense supply chain, which policies and procedures shall address—

- (i) the training of personnel;
- (ii) the inspection and testing of electronic parts;
- (iii) processes to abolish counterfeit parts proliferation;
- (iv) mechanisms to enable traceability of parts;
- (v) use of trusted suppliers;
- (vi) the reporting and quarantining of counterfeit electronic parts and suspect counterfeit electronic parts;
- (vii) methodologies to identify suspect counterfeit parts and to rapidly determine if a suspect counterfeit part is, in fact, counterfeit;
- (viii) the design, operation, and maintenance of systems to detect and avoid counterfeit electronic parts and suspect counterfeit electronic parts; and
- (ix) the flow down of counterfeit avoidance and detection requirements to subcontractors; and

(B) establish processes for the review and approval of contractor systems for the detection and avoidance of counterfeit electronic parts and suspect counterfeit electronic parts, which processes shall be comparable to the processes established for contractor business systems under section 893 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383; 124 Stat. 4311; 10 U.S.C. 2302 note).



Thursday Tracks

- **Track 1 – Grand Ballroom 3: Verification of Purchased Product**
 - 5 part inspection & test track - review visual inspection & microscopy / solvent tests leveraging AS6081 / AS5553 & IDEA – 1010B
- **Track 2 - Cezanne 1: Are you prepared for H.R.1540:**
 - Full* – deep dive into Sec 818 Detection & Avoidance of Counterfeit Electronic Parts with Phil Zulueta
- **Track 3 - Cezanne 2: Are YOU prepared for an escape?**
 - Provide insight on recommended contractual requirements - AS6081, liability, part disposition & crisis mgmt
- **Track 4 - Van Gogh 1: Processes to abolish counterfeit part proliferation**
 - Review processes & tools to detect counterfeits, secure trusted suppliers, identify standards & more
- **Track 5 – Van Gogh 2: Systems and Data to Analyze, Assess, and Act on Counterfeit and Suspect Counterfeit Electronic Parts**
 - Review processes & tools to manage part obsolescence & detect and avoid counterfeits



Friday Tracks

- **Track 6 - Grand Ballroom 3: Verification of Purchased Product**
 - Continue 5 part inspection & test track – review x-rays, XRF & decap testing leveraging AS6081 / AS5553 & IDEA – 1010B
- **Track 7 - Cezanne 1: Guidance for becoming a "Trusted Supplier"**
 - How to evaluate a trusted supplier & how to ensure you become one: audits, review AS6081, CCAP-101 certification & more
- **Track 8 - Van Gogh 2: Global Counterfeit Awareness Discussion Group for Distributors**
 - Discussion group on counterfeit awareness for distributors
- **Track 9 - Van Gogh 1: Processes to abolish counterfeit part proliferation**
 - Review processes & tools to detect and avoid counterfeits and better managing supply chains
- **Track 10 - Cezanne 2: Systems and Data to Analyze, Assess, and Act on Counterfeit and Suspect Counterfeit Electronic Parts**
 - Review addition processes & tools to manage part obsolescence, secure trusted suppliers & retrieve standards

ERAI Conference Tips

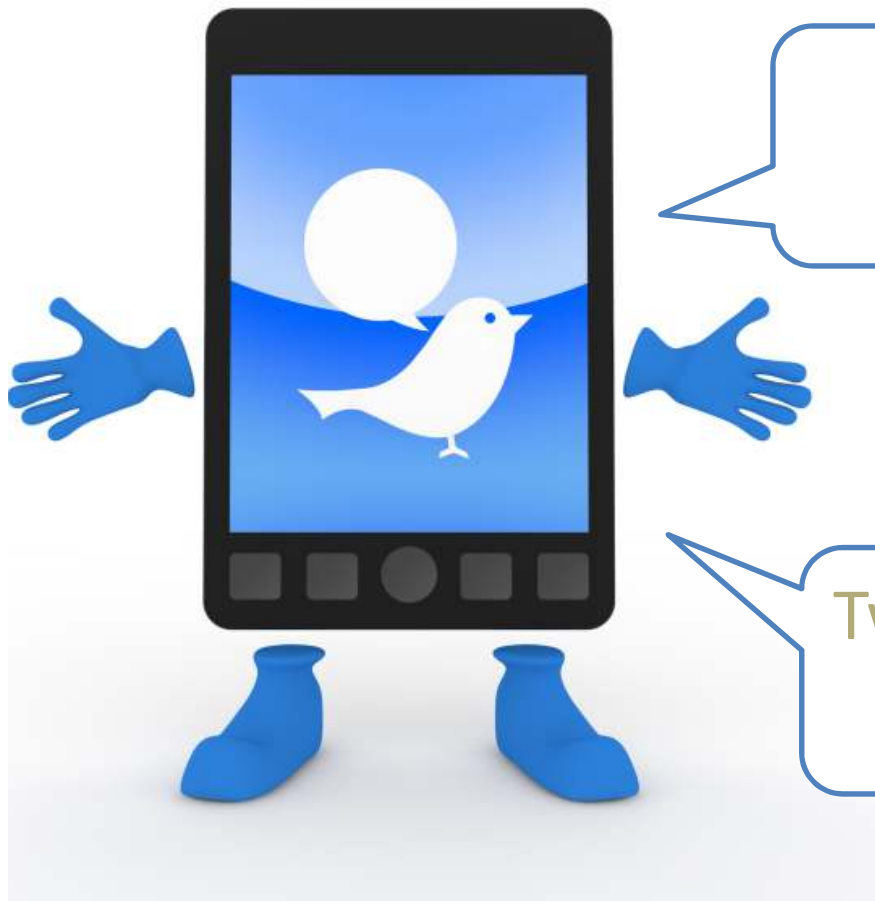


- Divide and conquer
- Free to attend sessions in any tracks
 - Track 2 “Are you Prepared for HR 1540” – Full
- Be sure to review your schedule for session length
- Be prompt
- Be considerate
- *What happens in Vegas, **DOES NOT**, stay in Vegas*



ERAI Conference

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