

DEFENSE INDUSTRIAL BASE ASSESSMENT: Counterfeit Electronics



SCOPE OF ASSESSMENT

The U.S. Department of Commerce, Bureau of Industry and Security (BIS), Office of Technology Evaluation (OTE), in coordination with the U.S. Department of Defense, Naval Air Systems Command (NAVAIR), is conducting a defense industrial base assessment regarding the infiltration of counterfeit electronics into Defense Department and related industrial supply chains. The principal goal of this data collection will be to quantify reported identification of counterfeits, document industry and government procurement behavior and practices that contribute to counterfeit product infiltration and identify best practices employed to prevent counterfeit product from penetrating critical defense-related supply chains.

RESPONSE TO THIS SURVEY IS REQUIRED BY LAW

A response to this survey is required by law (50 U.S.C. app. Sec. 2155). Failure to respond can result in a maximum fine of \$10,000, imprisonment of up to one year, or both. Information furnished herewith is deemed confidential and will not be published or disclosed except in accordance with Section 705 of the Defense Production Act of 1950, as amended (50 U.S.C App. Sec. 2155). Section 705 prohibits the publication or disclosure of this information unless the President determines that its withholding is contrary to the national defense. Information will not be shared with any non-government entity, other than in aggregate form. The information will be protected pursuant to the appropriate exemptions from disclosure under the Freedom of Information Act (FOIA), should it be the subject of a FOIA request.

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB Control Number.

BURDEN ESTIMATE AND REQUEST FOR COMMENT

Public reporting burden for this collection of information is estimated to average [redacted] hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information to BIS Information Collection Officer, Room 6883, Bureau of Industry and Security, U.S. Department of Commerce, Washington, D.C. 20230, and to the Office of Management and Budget, Paperwork Reduction Project (OMB Control No. [redacted]), Washington, D.C. 20503.

Section II WHO MUST RESPOND TO THIS SURVEY			
Please select the description that most closely reflects your company's operations from 2005–2008.		Yes	No
1.	My company is a manufacturer of integrated circuit products (microchips).		
2.	My company is a manufacturer of discrete electronic components.		
3.	Briefly explain the products and/or services provided by your organization in the space below:		
EXEMPTION FROM SURVEY			
If you selected "No" for questions 1 and 2, you <u>may be exempt</u> from completing this U.S. Government survey. Please call one of the BIS contacts listed in "General Instructions" to verify your status. Then, complete and print out the "Certification" page. Return a signed copy of the "Certification" page <u>only after</u> your Point of Contact has confirmed your company's or organization's exemption by speaking with one of our staff. Transmit the "Certification" page to our offices via U.S. mail, express courier, e-mail at counterfeitsurvey@bis.doc.gov , or fax (202) 482-5361.			
MAILING ADDRESS			
Brad Botwin, Director, Industrial Studies Office of Technology Evaluation, Room 1093 U.S. Department of Commerce 1401 Constitution Avenue, NW Washington, DC 20230			

Counterfeit Electronics Industrial Base Survey

BUSINESS CONFIDENTIAL - Per Section 705(d) of the Defense Production Act

Table of Contents		
Section #	Section Name	Page #
I	Scope of Assessment	1
II	Who Must Respond to this Survey	3
III	General Instructions	4
IV	Definitions	5
1	Company Information	6
2	Operations	7
3	Counterfeit Parts Issues	9
4a	Inventory Control – General	15
4b	Inventory Control – Internal	16
4c	Inventory Control – Authorized Distributors	19
4d	Inventory Control – Counterfeit Handling	20
4e	Inventory Control – Counterfeit Notification	21
5	Reasons for Counterfeit	24
6	Costs of Counterfeit	26
7	Anti-Counterfeit Best Practices	27
8	Certification	29
9	Comments	29

Section III**GENERAL INSTRUCTIONS****A.**

	Your company is required to complete this survey using an Excel template, which can be downloaded from the BIS website. At your request, BIS staff will e-mail the Excel survey template directly to your company. For your convenience, a PDF version of the survey is available on the BIS website to aid internal data collection. DO NOT use the PDF to submit your company's response to BIS.
B.	If information is not available from your records in the form requested, you may furnish estimates. Also, because your year 2008 data will not be complete at the date of submission, please provide estimates.
C.	<p>Questions related to this questionnaire should be directed to:</p> <p>Teresa Telesco, Trade and Industry Analyst, at ttelesco@bis.doc.gov, (202) 482-4959 Ryan Barnes, Trade and Industry Analyst, at rbarnes@bis.doc.gov, (202) 482-2397 Mark Crawford, Senior Trade and Industry Analyst, at mcrawfor@bis.doc.gov, (202) 482-8239</p> <p>For information on OTE's defense industrial base surveys, please contact:</p> <p>Brad Botwin, Director, Industrial Studies, at bbotwin@bis.doc.gov or (202) 482-4060</p>
D.	Upon completion, review and certification of the survey, transmit the survey via e-mail to counterfeitsurvey@bis.doc.gov .
E.	<p>For letter correspondence to the Office of Technology Evaluation, please write to:</p> <p>Brad Botwin, Director, Industrial Studies Office of Technology Evaluation, Room 1093 U.S. Department of Commerce 1401 Constitution Avenue, NW Washington, DC 20230</p> <p>Please do not submit completed surveys to this address; all surveys must be submitted electronically.</p>

Section IV**Definitions****Term**

Authorized Distributor	A company that is authorized by an Original Component Manufacturer (OCM) or Original Equipment Manufacturer (OEM) to market, store, and ship OCM/OEM products subject to legal conditions set by manufacturers.
Brokers	Companies/individuals engaged in the marketing of electronic parts, often scarce parts. Brokers frequently do not actually possess in inventory the parts being sought, but act as “middle men” to arrange the sale of the part from a third party. Customers buying from brokers often may not know the origin of the part, the condition of the part, or whether it is new or used. Brokers usually do not have controlled environments for the storage of electronic parts and may not adhere to normal industry practices for protecting parts.
Counterfeit	An electronic part that is not genuine because 1) it does not conform to original component manufacturer (OCM) design, model and performance standards, 2) the part is not produced by the OCM, or its production by contractors was not authorized by the OCM; 3) of-specification and/or defective OCM product was meant to be scrapped and is sold illegally, 4) used OCM product is sold as “new” product.
Discrete electronic component	Individual components such as capacitors, diodes, resistors, transistors that can be mounted on a circuit board to form a working electronic system.
Excess inventory	Legitimate, genuine new electronic part product held by OCMs, OEMs, authorized distributors, contract manufacturers, and U.S. government agencies that is sold off.
Generalized Emulation of Microcircuits (GEM)	Reengineered integrated circuit products whose manufacture has been authorized to meet the need for replacement parts for product that is obsolete. These replacement products are designed and tested to emulate all the functions of microchips that are no longer in production.
Hologram	Three-dimensional printing used to validate authenticity.
Incident	Occurrences, reports, or transactions pertaining to electronic parts that are suspected to be counterfeit and/or are confirmed to be counterfeit. A report involving 10 copies of a single electronic part model equals one incident. Occurrences, reports, and transactions involving three separate electronic part models equal three separate incidents, regardless of the volume counterfeit parts for any given model.
Independent distributor	An independent distributor company that markets and distributes electronic parts often acquired as excess inventory from OCMs, OEMs, contract manufacturers, U.S. Government organizations, and other entities. Independent distributors maintain inventories of parts, have controlled environments for part storage, use best practices such as (IDEA 1010) established by the Independent Distributors of Electronics Association (IDEA).
Legal Action	Filing of warning letters, civil complaints and lawsuits; filing criminal complaints; support of criminal investigations and prosecution by law enforcement agencies.
Microchip	An integrated circuit
Non-U.S.	Foreign country where microchip production, purchase, or company incorporation is located.
OCM	Original Component Manufacturer
OEM	Original Equipment Manufacturer
RFID	Radio Frequency Identification
Scrap	Defective, damaged, or used electronic parts, or systems from which electronic parts may be scavenged.
“Seconds”	Off specification, sub-standard product made by Original Component Manufacturers/Original Equipment Manufacturer that is normally destroyed by OCM/OEMs.
United States	The “United States” or “U.S.” includes the 50 states, Puerto Rico, the District of Columbia, the island of Guam, the Trust Territories, and the U.S. Virgin Islands.

Section 1**Company Information**

Company Name

Street Address	
City	
State	
Zip Code	
Website	
Phone Number	
Fax Number	

Primary point(s) of contact regarding this survey's completion

Name(s)	Title	Phone	State	E-mail Address

Person(s) that have lead responsibility in your company for dealing with counterfeit issues

Name(s)	Title	Phone	State	E-mail Address

Section 2
Operations

1. Please state the number of years your company has been in business.

2. State the number of manufacturing facilities your company operates in:	the United States	
	Non-U.S. locations	
3. State your company's net revenue in thousands of dollars (i.e., inputs of \$12 = \$12,000.00) for the following years:	2005	
	2006	
	2007	
4. Identify the types of parts that your company sells. <i>[Check all that apply]</i>	OCM new parts.	
	OCM factory refurbished parts.	
	OCM new parts bought back from original customers as "excess inventory" with OCM purchase documents.	
	OCM new parts bought back from original customers as "excess inventory" without OCM purchase documents.	
	New parts acquired from independent distributors with OCM purchase documents.	
	New parts acquired from independent distributors without OCM purchase documents.	
	New parts acquired from parts brokers.	
	New parts obtained through other methods.	
Comments:		

Section 2		Operations	
<p>5. Identify the types of customers to which your company sells microchips and/or discrete electronic components directly in the United States and outside of the United States.</p> <p style="text-align: right;"><i>[Check all that apply]</i></p>		U.S.	Non-U.S.
	Original Equipment Manufacturers		
	Contract Manufacturers		
	Authorized Distributors		
	Independent Distributors		
	Parts Brokers		
	Individual Customers		
	Defense Contractors		
	U.S. Department of Defense		
	Other U.S. National Security Agencies		
	Other U.S. Federal Agencies		
	U.S. State & Local Governments		
Foreign National & Local Governments			
<p>6. When your company terminates production of electronic products, does it sell or license to after-market suppliers the intellectual property and rights to manufacture and market these products?</p>	Yes		
	No		
<p>Comments:</p>			

Section 3**Counterfeit Parts Issues**

1. Specify the types of current or past parts produced by your company for which counterfeit versions were being marketed by other entities from 2005-2008. *[Check all that apply]*

Discrete Electronic Components

Diodes	<input type="checkbox"/>	Capacitors	<input type="checkbox"/>
Magnetics	<input type="checkbox"/>	Resistors	<input type="checkbox"/>
Small Signal Transistors	<input type="checkbox"/>	Power Transistors	<input type="checkbox"/>
Rectifiers	<input type="checkbox"/>	Thyristors	<input type="checkbox"/>
Crystals/Oscillators	<input type="checkbox"/>	Circuit Protection (fuses)	<input type="checkbox"/>
Electromechanical	<input type="checkbox"/>	Optoelectronics	<input type="checkbox"/>
Sensors & Actuators	<input type="checkbox"/>	Standard Linear	<input type="checkbox"/>
Application Specific Analog	<input type="checkbox"/>	All Other Discrete Electronic Components	<input type="checkbox"/>

Microchips

MOS Micro	<input type="checkbox"/>	Logic, Standard	<input type="checkbox"/>
MOS Special Purpose Logic	<input type="checkbox"/>	MOS Memory	<input type="checkbox"/>

2. For the years 2005-2008, estimate by product unit value the number of counterfeit incidents your company encountered.

Product Unit Value	2005	2006	2007	2008 (est)
< 1 cent				
1-10 cents				
11 cents to \$1.00				
\$1-\$10				
\$11-\$100				
> \$100				

Comments:

Section 3**Counterfeit Parts Issues**

3. For the years 2005-2008, state the number of suspected counterfeit/verified counterfeit product models that your organization encountered in the product categories shown below:

		2005	2006	2007	2008 (est)
Consumer					
Industrial/Commercial					
Mission Critical					
High Reliability – Automotive					
High Reliability – Industrial					
High Reliability – Medical					
Generalized Emulation Microcircuits (GEM)					
Commercial Aviation	FAA* Category 1				
	FAA* Category 2				
	FAA* Category 3				
Critical Safety Items					
Qualified Manufacturers List (QML)					
Qualified Products List (QPL)					
US Munitions List/ ITAR Controlled					

*Federal Aviation Administration (FAA) Category 1. The part is one whose intended use indicates that the consequences of its failure, considered separately and in relation to other systems, could reduce safety margins, degrade performance, or cause a loss in the capability to conduct certain flight operations so as to prevent the continued safe flight and landing of the aircraft. Examples of such conditions are those which may require the use of the "Emergency Procedures" portion of the flight manual, aircraft placards, or TC data sheets, as applicable.

FAA Category 2. The part is one whose intended use indicates that the consequences of its failure, considered separately and in relation to other systems, would not prevent the continued safe flight and landing of the aircraft, but may reduce the capability of the aircraft or the ability of the crew, by increasing the workload, for example, to cope with adverse operating conditions or subsequent failures.

FAA Category 3. The part is one whose intended use indicates that the consequences of its failure, considered separately and in relation to other systems, would not cause a departure from normal operating procedures.

4. For each of years 2005-2008, state the percent of your company's product models that were suspected or confirmed to be subject to counterfeit.	2005	%
	2006	%
	2007	%
	2008 (est)	%

Comments:

Section 3

Counterfeit Parts Issues

5. For 2005-2008, state the number of incidents of suspected/confirmed counterfeit product encountered by your company per form of counterfeit.

Form of OCM Counterfeit	Number of Incidents			
	2005	2006	2007	2008 (est)
Copies of original designs meeting performance specifications				
"Seconds" recovered from scrap piles				
New product re-marked as similar, higher-grade part				
Used product re-marked as new similar, higher-grade part				
Unauthorized working part substitution packaged as new part				
Used product sold as new				
Fake [non-working] OCM product				
Other (specify)				

6. Rank the top five countries confirmed by your company to be producing counterfeit versions of your products.

	2005	2006	2007	2008 (est)
1				
2				
3				
4				
5				

Comments:

Section 3 Counterfeit Parts Issues

7. For 2005-2008, state the 1) number of incidents involving circulation of suspected or confirmed counterfeit parts sold by your company; and 2) the means by which your company learned of the problem.

Means By Which Your Company is Uncovering Suspected/Confirmed Counterfeit Parts	Number of Incidents			
	2005	2006	2007	2008 (est)
Parts returned as "Defective"				
Parts returned as "Excess Inventory"				
Parts returned as "Wrong Merchandise"				
Customer suspected/verified parts were counterfeit				
Parts returned because of counterfeit documentation				
Notification by U.S. Customs of seized parts				
Notification by other U.S. government agencies of seized parts				
Notification by non-U.S. government agencies				
Discovery of unauthorized over-production by contract manufacturers				
Discovered through self-initiated investigations				
Other (specify)				
8. Identify which of the following your company maintains to enable authorized distributors and customers to notify it of suspected/confirmed counterfeit products.			Hotline	
			Web Site	
			Other	
Comments:				

Section 3 Counterfeit Parts Issues

9. Quantify the financial losses in thousands of dollars (i.e., inputs of \$12 = \$12,000.00) attributable to the trafficking of suspected and confirmed counterfeit versions of electronic products manufactured by your company.

Financial Losses Attributable to Counterfeit Products

	2005	2006	2007	2008 (est)	
Warranty Claims by Retail Consumers					
Refunds to Authorized Distributors					
Refunds to Contract Manufacturers					
Refunds to USG Customers					
Customer Shifts to Competitor/ Lost Contracts					
Deferred or Delayed Contracts					
Other (specify)					
10. Has your company experienced negative impacts on its brand name due to counterfeit activities? If you answer "Yes," explain the impact in the space below.				Yes	
				No	
11. Does your company maintain a database on suspected and/or confirmed counterfeit activities?				Yes	
				No	
If you answered "Yes," identify the variables tracked by your database.	Known/suspected companies and individuals				
	Suspected/confirmed counterfeit products				
	Countries of origin				
	Source of reporting				
	Other				
Comments:					

Section 3**Counterfeit Parts Issues**

12. Of the suspected/ verified counterfeit parts detected by or reported to your company, state the percent of incidents for which there was no product being manufactured by your company.

2005	2006	2007	2008 (est)
%	%	%	%

13. On average, how long have the suspected/verified counterfeit parts detected by or reported to your company been out of production?

Time out of production	2005	2006	2007	2008 (est)
0 – 6 months				
6 – 12 months				
12 – 18 months				
18 – 24 months				
24 – 36 months				
More than 36 months				

14. Of the suspected/ verified counterfeit parts detected by or reported to your company, state the percent of incidents for which there was genuine product manufactured by your company in the United States and in non-U.S. locations.

	2005	2006	2007	2008 (est)
Counterfeits of company product made in the U.S.				
Counterfeits of company product made in Non-U.S. locations				

Comments:

Section 4a		
Inventory Control – General		
1. What does your company do with general product returns and buybacks it receives from its customers?		
	Yes	No
2. Does your company buy back excess inventory from its authorized distributors?		
3. Has your company documented cases of its authorized distributors returning counterfeit products?		
4. Does your company buy back excess inventory from individual customers?		
5. Has your company documented cases of its individual customers returning counterfeit products?		
Comments:		

Section 4b		
Inventory Control – Internal		
1. Does your company perform regular audits of its inventory?	Yes	

		No	
2. Does your company perform audits of its inventory to check for the presence of counterfeit products?		Yes	
		No	
3. If you answered "Yes" to question 2, how often does your company audit its inventory to check for the presence of counterfeit products?	Every 3 months		
	Every 6 months		
	Every year		
	Every 2 years		
	Randomly		
	Not at all		
	Other (specify)		
4. Who conducts your company's inventory audits for counterfeit products?	Independent Auditors		
	Company Staff		
	Other (specify)		
5. Are your company's auditing practices and processes for counterfeit products reviewed by independent authorities?		Yes	
		No	
If you answered "Yes," identify the independent authorities.			
6. Which forms of inventory auditing does your company perform to check for the presence of counterfeit product? <i>[Check all that apply]</i>	Visual Inspection		
	Electronic Testing		
	Physical Evaluation		
	Other (specify)		
Comments:			

Section 4b		Inventory Control - Internal							
7. Identify the number of parts for which your organization ordered the following inspection and/or testing procedures.									
Examination Method		2005		2006		2007		2008 (est)	
Electronic Testing									
Physical Evaluation									
8. Identify the level of testing your company performs to check for the presence of counterfeit products by sampling level									
Visual Inspection			Electronic Testing			Physical Evaluation			
1-in-10,000 units			1-in-10,000 units			1-in-10,000 units			
1-in-1,000 units			1-in-1,000 units			1-in-1,000 units			
1-in-100 units			1-in-100 units			1-in-100 units			
Other (specify)			Other (specify)			Other (specify)			
9. Identify the forms of package-level visual inspection your company performs to check for the presence of counterfeit product.						Trademarks			
						Part Number			
						Serial Number			
						Surface Texture			
						Hologram			
						Bar Coding			
						Place of Manufacture			
						Date of Manufacture			
						Marking Techniques			
						Covert Markings			
						RFID			
Other (specify)									
Comments:									

Section 4b		Inventory Control - Internal	
8. State the number of testing facilities your company operates and the number of contractor-operated testing facilities it uses to detect counterfeit products at locations in the United States and at Non-U.S. Locations.		U.S.	Non-U.S.
	Company Operated		
	Contractor Operated		
9. Has your company detected any problems with contractor-operated testing facilities?		Yes	
		No	
If you answered "Yes," describe these problems in the space below.			
10. Identify the U.S. locations where your company operates testing facilities for screening potential counterfeit product.			
Facility Name	Street	City	State
11. Identify the Non-U.S. locations where your company operates testing facilities for screening potential counterfeit product.			
Facility Name	Street	City/Province	Country
Comments:			

Section 4c **Inventory Control – Authorized Distributors**

1. Does your company audit its authorized distributors to check for the presence of counterfeit products?		Yes	
		No	
2. If you answered "Yes" to question 1, state how often your company audits its authorized distributors for the presence of counterfeit products.		Every 3 months	
		Every 6 months	
		Every year	
		Every 2 years	
		Randomly	
		Not at all	
		Other (specify)	
3. Who conducts your company's audits of its authorized distributors for the presence of counterfeit products?		Independent Auditors	
		Your Company Staff	
		Authorized Distributor Staff	
		Other (specify)	
4. Are your company's auditing practices of its authorized distributors reviewed by independent authorities?		Yes	
		No	
If you answered "Yes," identify the independent authorities.			
5. State the forms of auditing your company performs on its authorized distributors' inventory to check for the presence of counterfeit product. <i>[Check all that apply]</i>		Visual Inspection	
		Electronic Testing	
		Physical Evaluation	
		Other (specify)	
6. Does your company have a legal agreement with its authorized distributors regarding counterfeit products?		Yes	
		No	
If you answered "Yes" to question 6, state what the legal agreement requires of the authorized distributors.		Perform Inventory Checks	
		Keep Logs of Counterfeit Products	
		Notify Your Company of Counterfeit Products	
		Notify Federal Authorities of Counterfeit Products	
		Other (specify)	
Comments:			

Section 4d

Inventory Control – Counterfeit Handling

1. Once your company has physical possession of suspected/confirmed counterfeit parts, what steps does it take? <i>[Check all that apply]</i>	Issues credit to distributor or manufacturing end-user upon receipt of suspect counterfeit parts.		
	Retains samples of counterfeit parts for future reference.		
	Disposes of parts almost immediately after customer ships them back to the company.		
	Leaves disposal of the counterfeit part to the party filing the complaint.		
	Quarantines parts away from regular inventory; awaits direction from law enforcement agents.		
	Turns counterfeit parts over to law enforcement authorities for analysis.		
	Turns counterfeit parts over to law enforcement authorities after performing an analysis of samples.		
Other (specify)			
2. Identify the steps your company takes once it is notified that counterfeit versions of its products are being circulated. <i>[Check all that apply]</i>	Wait for additional complaints		
	Warn authorized distributors		
	Trace part supply chain path		
	Perform random testing		
	Pull back inventory for check		
	Locate select inventory		
	Notify federal authorities		
	Notify industry associations		
Other (specify)			
		Yes	No
3. Has your company detected contract manufacturers producing significant part overruns beyond what your company ordered?			
4. Does your company have written procedures in place to prevent unauthorized production overruns?			
5. Does your company prescribe in writing how “manufacturing seconds” and defective parts are to be destroyed?			
Comments:			

1. When your company encounters a counterfeit product in its inventory, do your personnel know what authorities to contact?		Yes	
		No	
2. Once your company identifies a counterfeit product or potential counterfeit good, what authorities does your staff notify? <i>[Check all that apply]</i>	Defense Criminal Investigative Service (DCIS)		
	Defense Microelectronics Activity (DMEA)		
	Defense Supply Center Columbus (DSCC)		
	Department of Energy (DOE)		
	Dept. of Homeland Security – U.S. Customs & Border Protection (CBP)		
	Department of Justice (DOJ)		
	Department of Transportation (DOT)		
	Federal Aviation Administration (FAA)		
	Federal Bureau of Investigation (FBI)		
	Federal Communications Commission (FCC)		
	Federal Trade Commission (FTC)		
	Government-Industry Data Exchange Program (GIDEP)		
	National Aeronautics & Space Admin. (NASA)		
	National Security Agency (NSA)		
	Naval Criminal Investigative Service (NCIS)		
Nuclear Regulatory Commission (NRC)			
State & Local Authorities			
None at All			
3. State the number of incidents of counterfeit products for which your company notified federal authorities.		2005	
		2006	
		2007	
		2008	
4. State how long it typically takes your company to report counterfeit products to federal authorities.		1 to 5 days	
		6 to 10 days	
		11 to 30 days	
		More than 1 month	
		Do not report	
Comments:			

Section 4d

Inventory Control – Counterfeit Notification

6. If your company reports suspected/confirmed counterfeit products to the Government-Industry Data Exchange Program (GIDEP), indicate your level of reporting.	All suspected counterfeits	
	All confirmed counterfeits	
	Only products for federal contracts	
	Only product for DOD contracts	
7. If your company does not report suspected/confirmed counterfeit products to GIDEP, explain why in the space below.		
8. What organization(s) does your company instruct its authorized distributors to contact when they encounter suspected/confirmed counterfeit products?	My company only.	
	The federal authorities only.	
	My company and the federal authorities.	
	My company does not issue instructions on this issue.	
	Other	
9. What authorities do you instruct your authorized distributors to notify? <i>[Check all that apply]</i>	Defense Criminal Investigative Service (DCIS)	
	Defense Microelectronics Activity (DMEA)	
	Defense Supply Center Columbus (DSCC)	
	Department of Energy (DOE)	
	Dept. of Homeland Security – U.S. Customs & Border Protection (CBP)	
	Department of Justice (DOJ)	
	Department of Transportation (DOT)	
	Federal Aviation Administration (FAA)	
	Federal Bureau of Investigation (FBI)	
	Federal Communications Commission (FCC)	
	Federal Trade Commission (FTC)	
	Government-Industry Data Exchange Program (GIDEP)	
	National Aeronautics & Space Admin. (NASA)	
	National Security Agency (NSA)	
	Naval Criminal Investigative Service (NCIS)	
	Nuclear Regulatory Commission (NRC)	
State & Local Authorities		
None at All		
Comments:		

Section 4d		Inventory Control – Counterfeit Notification	
10. Is your company aware of any legal requirements for the <u>management and/or disposal</u> of suspected/confirmed counterfeit products?	Yes		
	No		
11. Is your company aware of any written instructions or guidance from federal agencies on <u>reporting</u> suspected/confirmed counterfeit products?	Yes		
	No		
12. Is your company knowledgeable of liabilities related to the distribution, storage, and disposal of suspected/confirmed counterfeit products?	Yes		
	No		
13. Does your company need clear guidance from federal authorities with regards to civil and criminal liability, and penalties pertaining to the distribution, storage, and disposal of suspected/confirmed counterfeit products?	Yes		
	No		
14. Indicate whether your company reports counterfeit products to any of the following industry organizations. <i>[Check all that apply]</i>	Aerospace Industries Association		
	Alliance for Gray Market & Counterfeit Abatement		
	Association of Connecting Electronic Industries (IPC)		
	Electronic Components, Assemblies & Materials Association (ECA)		
	Electronic Industries Association		
	ERAI		
	Government Electronic Industries Association		
	Independent Distributors Electronics Association (IDEA)		
	National Association of Manufacturers		
	National Electronic Distributors Association		
	Quality Brands Protection Committee (China)		
	Semiconductor Industry Association		
	Society of Automotive Engineers		
U.S. Chamber of Commerce			
Other (Specify)			
15. If your company reported to any of the organizations listed above, what actions did these organizations take?			
Comments:			

1. Does your company find it difficult to identify counterfeit parts?	Yes	
	No	
2. Is your company better able today to control counterfeiting than it was five years ago?	Yes	
	No	

3. Elaborate on your answers in questions 1 – 2 in the space below.

4. What are the reasons why visible identification of counterfeit parts has become more difficult for your company? <i>[Check all that apply]</i>	Better, more OCM-like external packaging	
	Improved marking of external body of the counterfeit electronic device.	
	Emulation of holograms, invisible serial numbers, multi-layer authentication labels.	
	Hidden numerical identifiers/linked with encryption is easier to circumvent/replicate	
	Other (specify)	

Please explain other problems not identified in the space below.

5. Identify if your company discovered counterfeit product as a result of unauthorized activities in the following locations:	Yes	No	N/A
U.S. production design centers			
Non-U.S. production design centers			
U.S. manufacturing centers			
Non-U.S. manufacturing centers			
U.S. warehouses			
Non-U.S. warehouses			

Comments:

Section 5 Reasons for Counterfeit

5. Please identify the prime reasons for	Less stringent inventory management by OCMs.	
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<p>greater numbers of counterfeit products entering supply chains in the United States. Provide written comments in comment box below, if necessary.</p> <p><i>[Check all that apply]</i></p>	Return of OCM product from authorized distributors that co-mingled genuine inventory with gray market product unknowingly acquired from customers.	
	Less stringent inventory management by Authorized distributors.	
	Authorized distributors are buying more gray-market goods.	
	Less stringent inventory management by Independent Distributors.	
	Independent distributors have become less careful in establishing the pedigree of surplus parts they purchase.	
	Greater reliance by original equipment manufacturers on gray market parts purchased from distributors.	
	Greater reliance by contract manufacturers on gray market parts purchased from distributors.	
	Less stringent inventory management by Parts Brokers.	
	Parts Brokers have become less careful in establishing the pedigree of surplus parts they purchase.	
	Inadequate parts purchase planning by original equipment manufacturers that fail to anticipate part production termination.	
	Inadequate parts purchase planning by contract manufacturers that fail to anticipate part production termination.	
	Inadequate production of parts by OCMs.	
	Insufficient notice to customers of part production termination.	
	Increased prices and/or delays in production by after-market manufacturers.	
Other		
<p>Comments:</p>		

Section 6		Costs of Counterfeit			
1. State the number of full-time equivalent personnel* assigned specifically to matters related to addressing counterfeit issues.		2005	2006	2007	2008 (est)
Number of personnel* assigned to counterfeit product issues:					
Total company employment:					
2. State the number of legal actions your company has undertaken to combat counterfeiting.		2005	2006	2007	2008 (est)
Number of counterfeit product legal actions:					
Counterfeit-related actions as a percent of total company legal actions:					
3. If your company filed no legal actions to combat counterfeiting of your products from 2005-2008, please identify the reasons why it did not. <i>[Check all that apply]</i>		Do not want to make the problem public			
		Legal costs and time requirements excessive			
		Perpetrator(s) could not be found			
		Chance of success was low			
		Insufficient support from U.S. federal authorities			
		Extent of problem is not large enough to bother			
		My company did not identify any counterfeits			
		Other (Specify)			
4. State the legal costs in thousands of dollars (i.e., inputs of \$12 = \$12,000.00) your company incurred related to addressing counterfeit product issues.		2005	2006	2007	2008
Total costs for counterfeit product related legal actions					
Counterfeit-related legal costs as a percent of total company legal costs:					
5. State the Total Costs** in thousands of dollars (i.e., inputs of \$12 = \$12,000.00) your company incurred related to addressing counterfeit product issues.		2005	2006	2007	2008
Comments:					
*Full-time equivalent is 35 hours per week or greater.					
**Includes investigators, site inspectors, auditors, management resources and all related expenses.					

Section 7		Anti-Counterfeit Best Practices	
<p>1. What is your company doing internally to prevent infiltration of counterfeit electronics into its inventory?</p> <p style="text-align: right;"><i>[Check all that apply]</i></p>	Training staff on the negative economic and safety impacts of counterfeit product	<input type="checkbox"/>	
	Revising company procedures for disposal of “seconds,” defective part, and production overruns	<input type="checkbox"/>	
	Tightening contractual obligations of contract manufacturers with regard to disposal of “seconds,” defective parts, and preventing production overruns	<input type="checkbox"/>	
	Prohibiting authorized distributors from buying back excess inventory from their customers	<input type="checkbox"/>	
	Prohibiting authorized distributors from buying excess inventory on the gray market	<input type="checkbox"/>	
	Embedding new security measures in your new product lines	<input type="checkbox"/>	
	Embedding new security measures in existing product lines	<input type="checkbox"/>	
	Adding security markings to existing inventory	<input type="checkbox"/>	
	Other (Specify) <input style="width: 100px;" type="text"/>	<input type="checkbox"/>	
<p>2. What is your company doing externally to combat counterfeit electronics from getting into its inventory and customers’ supply chain?</p> <p style="text-align: right;"><i>[Check all that apply]</i></p>	Educating customers about risks associated with gray-market product	<input type="checkbox"/>	
	Referring customers to authorized After-Market manufacturers for parts discontinued by my company	<input type="checkbox"/>	
	Referring customers to companies that could identify suitable substitute product or re-engineer system components	<input type="checkbox"/>	
	Training customers on the negative economic and safety impacts of counterfeit product	<input type="checkbox"/>	
	Other (Specify) <input style="width: 100px;" type="text"/>	<input type="checkbox"/>	
<p>Comments:</p> 			

Section 7 Anti-Counterfeit Best Practices		
1. Does your company routinely register its patents and trademarks with the U.S. Customs Protection & Border Patrol?	Yes	
	No	
2. Does your company make timely international patent and trademark filings?	Yes	
	No	
3. What are the five most important best practices original component manufacturers should adopt to limit counterfeit product from entering the supply chain?		
A.		
B.		
C.		
D.		
E.		
4. Does your company use outside organizations or consultants to help determine best practices for handling counterfeit products?	Yes	
	No	
If you answered "Yes," please list the organizations and consultants in the space below.		
5a. Does your company have a set of best practices to thwart the production, sale or use of counterfeit products?	Yes	
	No	
5b. Does your company provide its customers with a list of best practices to thwart the production, sale or use of counterfeits?	Yes	
	No	
If you answered "Yes" to questions 5a or 5b, describe these best practices in the space below.		
6. Beyond current efforts, what should the federal government do to help prevent counterfeit products from entering the supply chain? Explain your answer in the space below.	Yes	
	No	
Comments:		

Section 8**Certification**

The undersigned certifies that the information herein supplied in response to this questionnaire is complete and correct to the best of his/her knowledge. It is a criminal offense to willfully make a false statement or representation to any department or agency of the United States Government as to any matter within its jurisdiction. (18 U.S.C.A. 1001 (1984 & SUPP. 1197))

Company Name		
Company's Internet Address		
Name of Authorizing Official		
Title of Authorizing Official		
E-mail Address		
Phone Number <u>and</u> Extension		
Date Certified		
<i>If POC is different than above-named, include below.</i>		
Point of Contact Name		
Title of Point of Contact		
E-mail Address		
Phone Number <u>and</u> Extension		
Would you like a free copy of the final report?	Yes	
	No	

Section 9**Comments (optional)**

In the box below, please provide any additional comments or any other information you wish to include regarding your experience with counterfeit products or other related issues.

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Please approximate how many hours it took to complete the Counterfeit Electronics survey.

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