

## **Process Counterfeit Parts Prevention Procedure**

### **Sigatek LLC**

#### **Purpose**

1. The purpose of this document is to describe the process performed to prevent the purchase or use of Counterfeit Parts and meet the requirements of the SAE AS5553 Fraudulent-Counterfeit Electronic Parts Avoidance, Detection, Mitigation and Disposition and SAE AS6174, Counterfeit Material, Assuring Acquisition of Authentic and Conforming Material.

1. Use only authentic parts.
2. Procure parts from reliable sources.
3. Verify authenticity and conformance of procured parts.
4. Control parts identified as counterfeit.
5. Report counterfeit parts to other potential users and Government authorities.

#### **Definitions:**

2. What is a Suspect Part – A part in which there is an indication by visual inspection, testing, or other information indicating the item may have been misrepresented by the Supplier or Manufacturer and may in turn meet the definition of a Counterfeit Part.

3. Counterfeit Part – A suspect part identified as a copy or substitute without the legal right or authority to do so or a part whose material, performance, or characteristics are knowingly misrepresented by a Supplier in the Supply Chain. The Counterfeit Parts include but are not limited to:

4. Parts not containing the proper internal construction consistent with the ordered part.

Used, refurbished, or reclaimed parts represented as new product.

5. Parts with a different package style, type, or surface plating-finish than the required or order product.

6. Parts not successfully completing the full production or test flow of the Original Component Manufacturer (OCM) that are represented as completed product.

Aftermarket Manufacturer – A manufacturer meeting one or more of these criteria:

7. A manufacturer authorized by the OCM to produce or provide replacement parts. The parts supplied originate from the OCM to the aftermarket manufacturer or an aftermarket manufacturer using the OCM tooling or intellectual property produces the parts.

8. The manufacturer produces parts using tooling or equipment manufactured by and traceable to an OCM that was properly stored until use. The parts are subsequently assembled, tested, and qualified using processes meeting the technical specifications without violating the intellectual property rights, patents, or copyrights of the OCM

9. The manufacturer produces parts by emulation, reverse engineering, or redesign using processes matching the OCM specification. The parts must meet the Customer needs without violating the OCM intellectual property rights, patents, or copyrights.

**Note 1: The Aftermarket Manufacturer must label or otherwise identify a part to ensure the “as shipped” product is not mistaken for the product manufactured by the OCM.**

10. Approved Supplier – Suppliers who are formally assessed and determined to have a low risk of providing counterfeit product.

11. Authorized Supplier – Aftermarket manufacturers and OCM authorized sources of supply for a specific part.

12. Broker – In the independent distribution market, brokers are professionally referred to as an Independent Distributor.

13. Franchised Distributor – A distributor with which the OCM has a contractual agreement to buy, stock, re-package, sell and distribute its product lines. When a distributor does not provide products in this manner, then for the purpose of AS5553, the distributor is considered an independent distributor for those products. Franchised distributors normally offer the product for sale with fully manufacturer flow-through warranty. Franchised contracts may include clauses that provide for the OCM’s marketing and technical support inclusive of, but not limited to, failure analysis and corrective action, exclusivity of inventory, and competitive limiters.

14. Independent Distributors – A distributor that purchases new parts with the intention to sell and redistribute them back into the market. Purchased parts may be obtained from original equipment manufacturers (OEM’s) or contract manufacturers (typically from excess inventories), or from other independent distributors. Re-sale of the purchased parts (re-distribution) may be to OEM’s, contract manufactures, or other independent distributors. Independent distributors do not have contractual agreements or obligations with OCMs.

15. Certificate of Conformance (C of C) – A document provided by the supplier formally declaring the purchase order requirements are met. The document may include information relative to the manufacturer, distributor, Quantity, date code, inspection date that is signed by a responsible associate for the supplier.

**Responsibility:**

16. All personnel purchasing, engineering, materials, and other associates as appropriate or required are responsible to comply with the requirements and processes identified in this document.

17. Purchasing is responsible to procure from the qualified vendors the correct electronic part using the applicable drawing, specification, description, or other information to meet the intended use.

18. Engineering is responsible to ensure the drawing, specification, process, or other description identifies the applicable type, class, style, part number, manufacturer, or other related information so the correct part or product is identified.

1. Receiving Inspection may be responsible to examine, inspect, and maintain the parts to identify or mitigate the receipt or use of counterfeit parts.

**Procedure:**

20. Part Availability: The processes shall maximize availability of authentic, originally designed and/or qualified parts throughout the product’s life cycle, including management of parts obsolescence.

21. Purchasing must examine a potential source of supply to assess the risk of receiving counterfeit parts. Assessment may be a survey, audit, product alert review, and a review of the supplier quality data to determine performance.

22. Purchasing must maintain a list of suppliers to minimize the risk associated with the supply and / or receipt of counterfeit parts.

23. Purchasing should focus buying efforts to obtain parts directly from an OCM, approved distributor, authorized resell organization, or franchised aftermarket supplier. These companies are reviewed and approved by the original component manufacturer.

24. Assure that approved/ongoing sources of supply are maintaining effective processes for mitigating the risks of supplying counterfeit parts. Assurance actions may include surveys, audits, review of product alerts, and review of supplier quality data to determine past performance.

25. In general, product with electronic components Sigatek LLC destined for commercial use may not require the certification or traceability documents. The electronic component requirements for the product may be identified from a review of the Customer purchase order, specification, or flowdown requirements. It is always prudent for purchasing to request certification and traceability data as a deliverable item.

26. Purchasing must specify the flow-down requirements from the Counterfeit Parts Procedure applicable to the supplier or subcontractor. Purchasing must perform some level of risk assessment if the supplier or subcontractor does not maintain a documented counterfeit part control plan compliant to the AS5553 Standard.

27. The purchase document must specify the applicable requirements of the Counterfeit Part Procedure to the supplier to minimize the risk of receiving counterfeit parts. In order to minimize the risk of procuring counterfeit parts the purchasing document should include requirements to ensure conforming, original, and authentic parts are provided.

28. Persons receiving, inspecting, or processing parts must examine the product to ensure the drawing, specification, type, class, style, part number, manufacturer, Certificate of conformance or other related information is present to detect or identify suspect or counterfeit parts. Suspect or counterfeit parts are placed on a nonconforming material document so the items may be identified and segregated to a nonconforming part location. Control of Nonconforming Material.

29. This procedure shall assure that all occurrences of counterfeit parts are reported, as appropriate, to internal organizations, customers, government reporting organizations (e.g., GIDEP), industry supported reporting programs (e.g., ERAI), and criminal investigative authorities. Information and guidelines for reporting counterfeit parts are provided in Appendix G, Reporting of AS5553, Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition Standard.

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