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POLICY TOWARDS FRAUDULENT/COUNTERFEIT ELECTRONIC PARTS: AVOIDANCE, DETECTION, MITIGATION, AND DISPOSITION

Intercomp USA, Inc. understands and appreciates the ever-growing concern to the significant and increasing volume of fraudulent/counterfeit electronic parts entering the aerospace supply chain, posing significant performance, reliability, and safety risks. Because of the growing number of fraudulent/counterfeit electronic parts entering the supply chain, Intercomp USA Inc. has established requirements and practices to mitigate the risk of buying, receiving, and selling fraudulent/counterfeit electronic parts. Some of which are related to supplier management, procurement, inspection, test/evaluation, as well as response strategies when suspect or confirmed fraudulent/counterfeit electronic parts are discovered.

To begin, Intercomp USA, Inc. is currently certified to a comprehensive quality management system STANDARD SAE AS9120A, accredited by NSF-ISR, expiration date June 3, 2018 (Certification #C0228113-AS1).

Secondly, Intercomp USA, Inc. has initiated the process of complying with the new STANDARD SAE AS6081, as well as SAE AS5553.

Currently, our policy to prevent the purchase, acceptance, and distribution of fraudulent/counterfeit electronic parts is in the documentation stage. There is also a strict policy on the disposition and reporting of parts determined to be suspect, fraudulent, and/or confirmed counterfeit. Management is ensuring that its policy is communicated, understood, implemented, and maintained at all levels of the Organization.

Intercomp USA Inc., maintains a register of Approved Suppliers, including the scope and criteria for approval. Approval includes: historical experience with procuring product from that particular source, a listing or reference to any unresolved documented problems noted by external sources (ERAI, GIDEP, IDEA), Statistical techniques are used in the approval process.

First (and best) step of mitigation, items that are procured for our customers are obtained directly from either an authorized, franchised source, or directly from the Original Component Manufacturer (OCM). Our processes will require the retention of records providing supply chain traceability back to the OCM.

In the event our customers purchase electronic products from us where there is no supplied traceability available, then the following procedures may be implemented to mitigate any fraudulent/counterfeit electronic parts:

Minimum required tests for ACTIVE Components

- Documentation and Packaging (non-destructive)
- External Visual Inspection
- Remarking and Resurfacing (destructive) o Solvent
- Test for Remarking
- Radiological (X-Ray) Inspection
- Lead Finish Evaluation
- Delid/Decapsulation Internal Analysis (destructive) Minimum required tests for PASSIVE Components
- Documentation and Packaging (non-destructive)
- External Visual Inspection
- Solvent Test for Remarking
- Lead Finish Evaluation

After all such tests, the test report is to be accompanied with the material. The country of purchase will also be disclosed.

Another extremely important aspect of controlling the counterfeit issues in our industry is the disposition of non-conforming product. All non-conforming products will be destroyed to prevent it from re-entering the market place. Under no circumstances will non-conforming product ever be returned to the Supplier. It is understood that fraudulent/counterfeit electronic parts have no value, and any Limitations of Warranties provision contained in the Supplier's Terms and Conditions will be declared null and void if it is later determined that fraudulent/counterfeit electronic parts or suspect fraudulent/counterfeit electronic parts were received by Intercomp USA, Inc. from the supplier.

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