

CEPEDA Associates, Inc.

Number: Q-55

Revision: 1/19/2023

Title: **COUNTERFEIT MATERIAL / COUNTERFEIT WORK PROHIBITION**

- Clause:
- A. For purposes of this clause, Work consists of those parts delivered under this Contract that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies).
 - B. Seller agrees and shall ensure that Counterfeit Electronic Parts and/or Suspect Counterfeit Electronic Parts (defined in DFARS 252.246-7007) are strictly prohibited and will not be tendered for acceptance, shipped-in-place, delivered to, or be incorporated into deliverables to Electric Boat or its designee under this Purchase Order. **COUNTERFEIT ELECTRONIC PARTS AND SUSPECT COUNTERFEIT ELECTRONIC PARTS ARE NONCONFORMING TO PURCHASE ORDER REQUIREMENTS AND ARE UNACCEPTABLE REGARDLESS OF THEIR OTHERWISE ACCEPTABLE CONDITION, QUALITY, PERFORMANCE, FUNCTIONALITY, AND/OR SUITABILITY FOR PURPOSE.** The term Suspect Counterfeit Electronic Parts also includes electronic parts that the U.S. Government designates as suspect including, without limitation, electronic parts listed in Government Alerts such as those under the Government Industry Data Exchange Program (GIDEP).
 - C. SELLER shall only purchase products to be delivered or to be incorporated into deliverables to BUYER directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by the BUYER.
 - D. SELLER shall maintain and make available to BUYER and/or Government documentation that authenticates traceability of the affected electronic parts throughout the supply chain to the applicable OEM/OCM, which SELLER shall provide to BUYER upon request. Documentation shall be maintained for a minimum of ten years after the later of final delivery of all items on the purchase order or final payment of all items on the purchase order.
 - E. SELLER shall notify BUYER in writing immediately, but in no event later than 10 days, if SELLER becomes aware or suspects that it has delivered Counterfeit Electronic Parts or Suspect Counterfeit Electronic Parts.
 - F. BUYER reserves the right to quarantine/impound any and all Counterfeit Electronic Parts or Suspect Counterfeit Electronic Parts it receives, and to notify the BUYER's Customer, GIDEP, and other relevant Government agencies. BUYER has the right to turn over the impounded Counterfeit Electronic Parts and Suspect Electronic Parts to the appropriate authorities and to withhold payment for the parts pending the results of the investigation. Impounded electronic parts may not be returned to the SELLER or SELLER's source.
 - G. In the even that Work delivered under this Contract constitutes or includes Counterfeit Electronic Parts and/or Suspect Counterfeit Electronic Parts, SELLER shall, at its sole expense, promptly replace such Counterfeit Electronic Parts and Suspect Counterfeit Electronic Parts with genuine Electronic Parts conforming to the requirements of this Purchase Order.
 - H. Notwithstanding any other provisions in this Purchase Order, SELLER shall be

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liable for all costs relating to the tendering or delivery of the Counterfeit Electronic Parts and Suspect Counterfeit Electronic Parts including, without limitation, those associated with the removal, inspection, testing, investigation, retention, impoundment, and replacements of Counterfeit Electronic Parts and Suspect Counterfeit Electronic Parts, as well as any testing necessitated by the reinstallation of Work after Counterfeit Electronic Parts/Suspect Counterfeit Electronic Parts have been exchanged.

- I. Also, notwithstanding any other provision in this Purchase Order, the BUYER shall be under no obligation to pay for any such items determined to be counterfeit or unacceptable. All such costs shall be deemed to be direct costs and direct damages. The remedies contained in this clause are in addition to any other remedies BUYER may have at law, equity or under other provisions of this Purchase Order.
- J. This clause shall survive the completion, expiration or termination of this order.
- K. **Flow Down Requirement** – SELLER shall include paragraphs (A) through (I) and this paragraph (K) of this clause or equivalent provisions in all lower tier subcontracts for the delivery of items that are electronic parts as well as those which require the delivery of components or subcomponents containing electronic parts that will be included in deliverables or otherwise furnished to BUYER or its designee in performance of this order.

For more information, refer to [QCP300.2, Supplier Quality Assurance Requirements](#).