

# **ASCDI and NATD Standards to Prevent the Resale of Counterfeit IT Products**

**Draft #1 - August 11, 2009**

IN GENERAL. The ASCDI and NATD is developing a voluntary certification program containing standards for resellers of IT Product(s) that have taken specific measures to strengthen and protect their supply chains to prevent the resale of counterfeit IT Product(s).

## 1.0 Definitions:

- a. Authorized Independent Inspector means a neutral third party who has the technical expertise to determine the authenticity of Product(s) sold by Participating Companies.
- b. ASCDI means the Association of Service and Computer Dealers International.
- c. Checklist means the checklist described in Section 4.0 and shall become the record of the inspection and testing of the Product
- d. Customer means the end/user purchaser or lessee of a Product(s).
- e. NATD means the North-American Association of Telecommunications Dealers.
- f. New Product(s) means Product(s) sold directly by an OEM or through its authorized reseller channel.
- g. OEM means the original equipment manufacturer.
- h. Participating Company means a reseller of Product(s) who has agreed to abide by the Certification Program and who has agreed to be bound by the Code of Ethics of the ASCDI or NATD and to respond to any complaint alleging violation of the Code of Ethics and participate in all proceedings prescribed by the Board of Directors of either the ASCDI or NATD.
- i. Product(s) means systems, Information Technology (IT) Product(s) generally and including, but is not limited to, peripherals, features and upgrades, parts, subassemblies and supplies but shall not include board level transistors, diodes and other such based level components.
- j. Unused Product means new Product(s) purchased for resale from authorized OEM resellers or independent resellers for resale by the buyer. Such sales are legal but generally outside of OEM reseller's OEM contract specifications typically requiring resale to a Customer.
- k. Used Product means Product(s) purchased or sourced from a previous user, lessor, dealer, broker or importer.

## 2.0 Certification Program:

This Certification Program defines the standards by which IT resellers can safely acquire authentic IT Product(s) including systems and peripherals, features and upgrades, parts, subassemblies and supplies (hereafter Product(s)) for resale into the public and private sectors of commerce. These standards pertain to whole units, features and upgrades and the parts contained therein. This Certification Program is not meant to address stand-alone components such as transistors, resistors and diodes.

This Certification Program is called the ASCDI/NATD Certification Program (henceforth referred to as the “Program”). The terms and conditions described herein shall be set forth in a Certification Application. Each Participating Company shall sign the Application which shall also contain the ASCDI/NATD Code of Ethics which the Participating Company agrees to be bound and abide by.

3.0 Supply Chain Requirements: Participating Companies purchase Product(s) from OEM’s, end/users, resellers, etc. hereinafter referred to as the Product(s) supplier (“Supplier”). This is the beginning of the supply chain. Participating Companies will require the Supplier to sign an Authentic Product Agreement (APA) which will permanently remain in the custody of the Participating Company. The APA will be prepared by ASCDI and NATD legal counsel and will provide as follows:

- i. Suppliers must present documents such as licenses and tax ID/VAT numbers as evidence of legitimate licensed businesses.
- ii. Suppliers must indicate if they are authorized or non-authorized to sell New Products by the OEM.
- iii. In the event the authenticity of a Product(s) is questioned by a Customer, the Supplier agrees to an independent verification of authenticity by an Authorized Independent Inspector selected by the ASCDI or NATD, as the case may be, if requested by the Participating Company.
- iv. Should Product(s) sold be determined to be counterfeit, Supplier will not receive said equipment back and will forfeit payment.

4.0 Product(s); Product Inspections: Upon receipt of a Product, the Participating Company shall inspect the Product(s) as more fully discussed below and prepare a checklist identifying the condition of the Product(s) as called for in the guidelines set forth in this standard. The checklist shall be maintained with the Product(s) and inserted in the outbound shipping packaging material to the Customer.

(a) New Product(s)-Exempt from Inspection:

New Product(s) sold by Participating Companies who are OEM authorized resellers are required to be visually inspected including exterior packaging, tape, logos, bar coding etc., but shall not be subject to internal inspection and/or testing if resold in the original packaging materials packed, sealed and shipped by the OEM and the seal remain intact, unless the Customer requests internal inspection and testing. In such event, the OEM seal will be broken and the inspection and testing process will proceed following the guidelines outlined in this standard.

(b) Used and Unused Product(s):

All used and unused Product(s) sold by Participating Companies are required to be inspected and tested upon receipt and before shipment, following the guidelines outlined in this standard.

5.0 Product Inspection and Testing:

- (i) All Product(s), except new Product(s) sold by authorized OEM resellers, must be visually inspected and tested by the Participating Company prior to resale. Visual inspection and testing guidelines will be outlined in the Program to verify authenticity and to demonstrate ability to run diagnostics and meet published specifications.

(ii) Product Inspections will include, but will not be limited, packaging, holograms, labels (placement, format), workmanship, quality, physical attributes, comparisons to photographic images, known criteria and other Product data. Inspection profiles will be developed and maintained by Product type, model and manufacturer. See the following images as limited examples to be maintained in a reference database.

(iii) Inspection Standards will be developed by Product type, model and manufacturer similar to the following information applicable to HP and Cisco:

(x) HP: HP Solutions provides covert codes written in infrared or ultraviolet inks that are invisible unless seen under an IR or UV lamp, when they will fluoresce. By comparing the covert and overt codes, investigators can determine whether a Product(s) is authentic. (Direct from the HP website).

(y) Cisco: Sites having examples of Cisco Counterfeit parts and how to identify them:  
<http://www.coastnetwork.com/ciscocounterfeitarticles/counterfeitciscopartnumbers.html>  
[www.andovercg.com/services/cisco-counterfeit-wic-1dsu-t1.shtml](http://www.andovercg.com/services/cisco-counterfeit-wic-1dsu-t1.shtml)

(iv) Testing Standards will be developed to ensure full operational capability of the Product(s) before shipment. These diagnostic and operational test standards will vary by Product type, model and manufacturer. Assistance from the OEM's will be solicited to help develop these standards.

(v) ASCDI and NATD will post on-line the latest information available to its sources on the status non-authentic OEM Product(s) on the market to be shared with all Participating Companies.

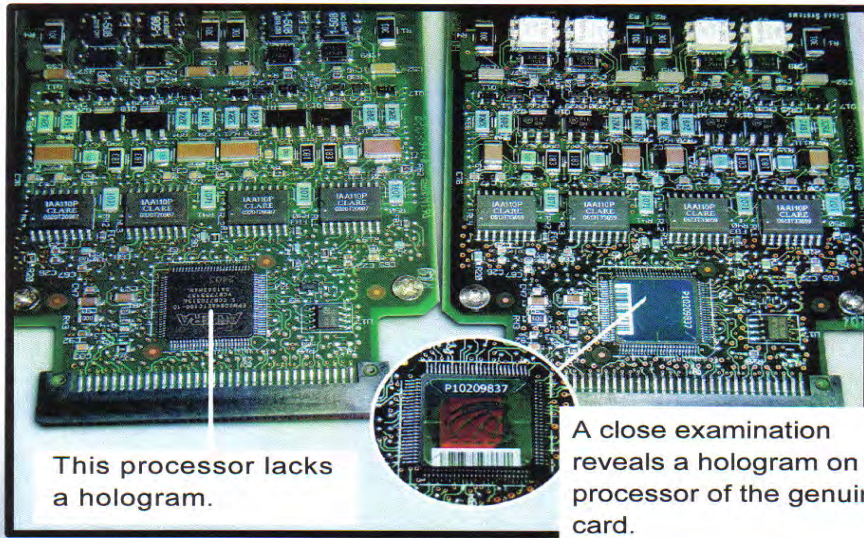
(vi) Reports of inspections and test results will be maintained in written or electronic form for review by interested parties which include, but may not be limited to, the Customer, the reseller and the ASCDI or NATD in the event of controversy arising at a later date.

Please see the following six (6) images as exemplars used to assist in identifying counterfeit Product(s). Please also see the screen shot from [www.ascdi.com](http://www.ascdi.com) used as an aid to identify counterfeit IBM Product(s).

**[Intentionally left blank]**

# Can you spot the fake?

Home in on the hologram



This processor lacks a hologram.

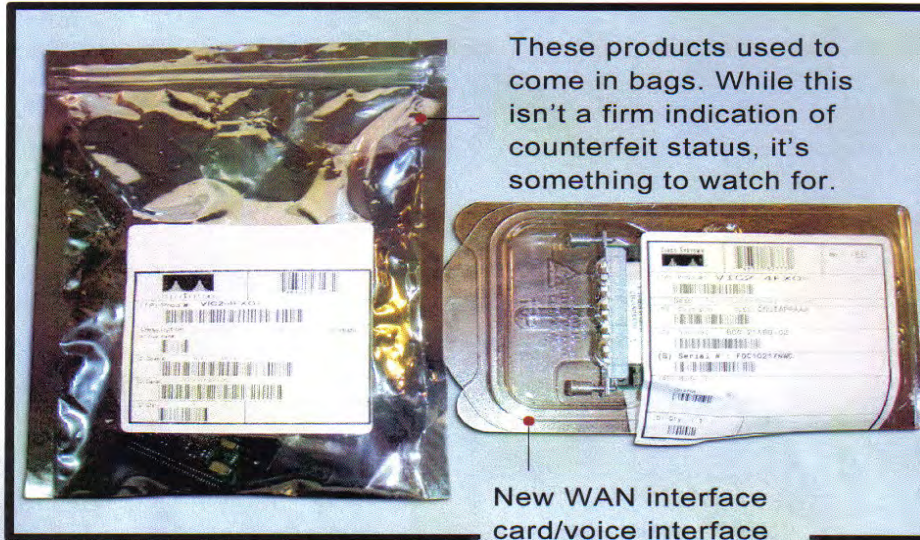
A close examination reveals a hologram on the processor of the genuine card.

**Next**

EXHIBIT 3

# Can you spot the fake?

## Packaging particulars



These products used to come in bags. While this isn't a firm indication of counterfeit status, it's something to watch for.

New WAN interface card/voice interface cards are packaged in plastic clamshells.

**Next**

EXHIBIT 4



# Can you spot the fake?

Thinking out of the box



The top box is made of thick, dark cardboard. Its label has thick, dark lines, and it has the tell-tale hologram. The bottom box looks and feels inexpensive, and the serial number datecode predates the release of the VIC2-4FXO.

**Next**

EXHIBIT 5

# Can you spot the fake?

Now you give it a shot. Which is the real deal?



The flat plain box on the right is a fake, while the thicker, shorter box with the holographic Cisco globe sticker contains the genuine article.

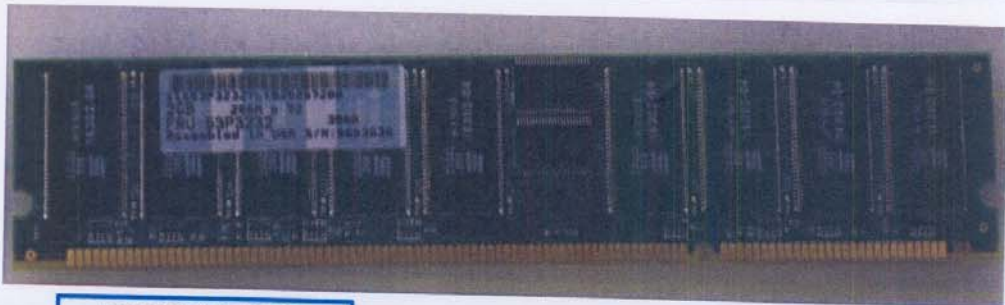
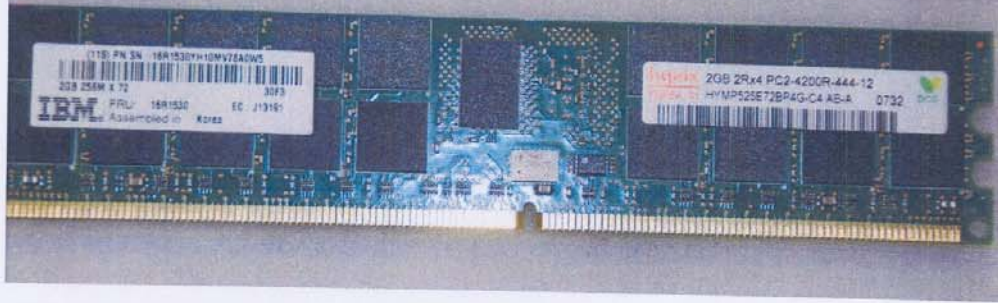
[Answer](#)

[Replay](#)

EXHIBIT 6



**PN 16R1530 YH10MV78A0W5**



**PN 53P3232 YL1025267260**



PN12R8255 YH7777771010

(113) PN SN: 12R8255YH7777771010 1GB 128M X 72 312B  
HYS72T128720BR -3.7-A1 FRU: 12R8255

PN53P3230 YL1086421555

(113) PN SN: 53P3230YL1086421555 309F  
1GB 128M X 72 FRU: 53P3230  
WARRANTY VOID IF REMOVED

PN 12R8247 YH10MS632250

11512R8247YH10MS632250  
4GB 512m72.PC2-533MHz  
FRU: 12R8247 312B

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### IBM Fraud Information

Dimms are being sold and installed in IBM machines that are not IBM produced.

The following information will help to identify counterfeit memory. Although this is not 100% foolproof, it is a good start.

The following is the procedure to help identify (non) IBM manufactured parts.

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#### MEMORY DIMMS

1) There must be an IBM logo on the barcode label (only exceptions are YL105 and YL107 headers may not have IBM logo)

(See *NoIBMlogo.jpg*)

2) There must be 11 characters after the Y Example only has 10 characters after the Y

(See *10charactersafterYOther.jpg*)

3) There must NOT be a statement similar to "Warranty Void If Removed"

(See *WarrantyVoid.jpg*)

4) The 11S indicator must be in parenthesis and not contiguous part of human readable bar code. The barcode should start with part number.

(See *11SnotinparenthesisNoIBMlogo2.jpg*)

5) The serial numbers after the "YH" or "YL" do not appear to be realistic.

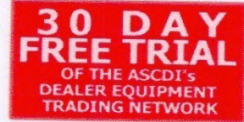
(See *Serialnumberrangebad.jpg*)

6) Example of Good DIMM

(See *GoodDIMM.jpg*)

Member Log In:

Username:  Password:



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6.0 Minimum Terms and Conditions of Sale: Participating Companies agree that the following minimum terms and conditions of sale are applicable to all Product(s) s sold hereunder:

(a) **Warranty:**

Reseller represents and warrants that upon the sale of a Product to a Customer, Reseller will be the lawful owner thereof, free and clear of any liens and encumbrances (other than those which may arise from this Agreement) and will have full right, power, and authority to sell, deliver or provide the same to Customer. All Product(s) sold hereunder are warranted to be genuine OEM branded and serialized, if applicable. All Product(s) are free of defects in material and workmanship, reasonable wear and tear excepted in the case of used Product(s) or as is if marked "AS IS."

**Product and Service Warranty Term**

**(i) Used/Unused Product(s):** Reseller's statement of applicable warranty, and the remedy, if any, appears on the front of the Sales Agreement or Schedules identified to Master Sales Agreement.

**(ii) New:** In the case of new Product(s) sold by an OEM authorized reseller, reseller will pass through to Customer the benefit of any original equipment manufacturer ("OEM") warranty, if any, on the Product(s) at the time of sale. Warranty terms may vary depending upon when In the case of Reseller installed Product(s), hardware is warranted for a term of one (1) year from the date of installation and software is warranted for a period of ninety (90) days from the date of installation. In the case of Customer installed Product(s), the warranty period commences on the date of receipt.

**(iii) Services:** Services are warranted for thirty (30) days from the date of completion to be performed: (i) in accordance with the relevant Agreement, statement of work or other written specifications agreed upon in writing between the parties; and (ii) in a professional and workmanlike manner by qualified personnel

**Remedy:** If a Product fails to operate or comply with the applicable warranty during the warranty period, if any, Customer shall promptly notify reseller describing in detail how the Product failed or fails to operate or conform to the warranty. Reseller shall, at its sole option, repair or replace the Product without charge to the Customer or refund the purchase price upon return of the non-conforming Product to Reseller or, in the case of a counterfeit Product, promptly provide a replacement. In the case of Software, Customer must also provide Reseller during the warranty period information in sufficient detail to enable Reseller or the OEM to reproduce and analyze the failure and provide remote access to the affected Software. Returned Product(s) that have been replaced by reseller will become reseller's property. Replacement Product(s) are warranted as above for the remainder of the original Product warranty period. In the event Customer has a complaint about the Services during the warranty period, Customer shall promptly notify Reseller. Reseller, at its option, shall re-perform the Services.

**This warranty does not cover repair for damages to Product(s) or Product components or malfunctions caused by: (i) misuse, neglect, power failures or surges, lightning, fire, flood or accident; (ii) use of products or facilities supplied by others; (iii) failure to follow installation, operation or maintenance instructions.**

(b) **Limitation of Liability:** Reseller's liability hereunder shall be limited, at its option, to repair or replacement of the Product or refund of purchase price.



- 7.0 Shipping: Sealing tape will be provided to Participating Companies under the condition that all Product(s) should be properly packaged and sealed with ASCDI/NATD tamper proof sealing tape. The original Product Inspection and Testing checklist shall be packed with the Product and delivered to the customer with the Product(s).
- 8.0 Dispute Resolution: Upon arrival, should a Product(s) be suspected to be counterfeit, the Customer should immediately notify the Participating Company and the ASCDI/NATD, as the case may be. The Participating Company shall replace the counterfeit Product(s) under its warranty or, in the event a controversy exists as to whether the Product(s) is counterfeit, either party may file an ASCDI/NATD Ethics Complaint to resolve the dispute. In the event an ASCDI/NATD Ethics Complaint is filed, the Customer and the Participating Company are required to cooperate in the process for handling such Complaints under Association guidelines.
- (i) The Participating Company will be required to supply all information pertaining to the source and handling of Product(s)
  - (ii) The Customer shall be required to provide support for its claim that the Product(s) is counterfeit.
  - (iii) At the request of the ASCDI Ethics Chair, the Product(s) in controversy will be submitted to an Authorized Independent Inspector selected by the Ethics Chair and agreed to by the parties for authentication. Cost, if any will be born by the Participating Company. Should the Product(s) in question prove to be authentic, the cost shall be borne by the Customer. Authorized Independent Inspectors must agree to share specific details of said inspections with the ASCDI and NATD for posting and dissemination to Participating Companies.
  - (iv) In the event the Participating Company is found to have delivered a counterfeit Product(s) and furthermore fails to honor its warranty and is found to have exercised negligence or lack of care in the inspection of the Product(s) upon receipt, it may be required to: (i) honor its warranty; (ii) be subject to expulsion from the ASCDI or NATD; and (iii) be subject to loss of its status as a Participating Company.
  - (v) Results of said investigation will be made public.