



NRC Perspectives on Dedication and Counterfeit Products

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TOPIC AREAS

1. Dedication: The NRC's Role and Expectations
2. Vendor's Role
3. Generic Communications
4. Recent Counterfeiting Concerns



Dedication: The NRC's Role and Expectations

- The NRC continues to expect that a Commercial-Grade Dedication (CGD) Program will effectively assure the quality of vendor products.
- The NRC recognized the increased reliance on CGD.
- The NRC is evaluating information sources on counterfeit products.



VENDOR'S ROLE

- There is a greater reliance in the industry on commercial-grade dedication.
- NRC has observed a greater reliance on outsourcing of parts.
- Vendors must ensure that Commercial-Grade Dedication is properly executed.
 - Awareness of NRC requirements and guidance
 - 10 CFR Part 21
 - Generic Letters 89-02 and 91-05
 - Inspection Procedure 43004(Programs) and 38703 (Process Implementation)
 - EPRI 5652



VENDOR'S ROLE (cont'd)

“[Regarding counterfeit parts in nuclear power plants,] the NRC depends on industry to be the first line of safety. It is well-known adage around my office that if there is something amiss at a commercial nuclear power plant, the plant owners and operators should find it first.”

- NRC Chairman Dale Klein



Generic Communications: Generic Letter 89-02 “Actions to Improve the Detection of Counterfeit and Fraudulently Marketed Products.”

- Focused on effectiveness of licensees’ **commercial grade dedication programs.**
- Shared NRC’s perspectives on ways to address concerns with **dedication** and **counterfeit** products:
 - Engineering involvement in the procurement process.
 - Product acceptance programs.
 - Dedication programs.



Generic Communications: IN 89-70, “Possible indications of Misrepresented Vendor Products.”

- IN 89-70 listed **common characteristics** of misrepresented products. Examples included:
 - Low cost and fast delivery: Too good to be true
 - The OEM is no longer in business
 - Product is marketed by one supplier and drop shipped from another
 - Unusual packaging
 - Missing or non-matching tag
 - Improper dimensions
 - Wear marks



Recent Counterfeiting Concerns: Sources of Counterfeits in Non-Nuclear

- Theft or unauthorized use of O.E.M. design documents
- Illegal Manufacturing
- Salting/Peppering of Parts and Returns
- Open door Return Policy
- Inventory auctions and scrap salvaging



Recent Counterfeiting Concerns: Proactive approaches

- **Robust Procurement Controls**
 - Communicate and maintain a relationship with the O.E.M.
 - Perform vigilant receipt inspections
 - Question the supplier's design control and return policies
 - Trust but verify
- **Staying current**
 - Monitor counterfeiting news
 - Participate in related industry committees
 - Share information
- **Taking action**
 - Report known or suspected Counterfeiting
 - Guard Intellectual Property
 - Take appropriate legal actions

Recent Counterfeiting Concerns

- Ladish Valves
- Square D Molded-Case Circuit Breakers
- Many recent non-nuclear examples in the news every day
- Issues highlighted in Information Notice 2008-04 “Counterfeit Parts Supplied to the Nuclear Power Plants.”



A Good Dedication Program is Vital.

Ladish Valve



Counterfeit



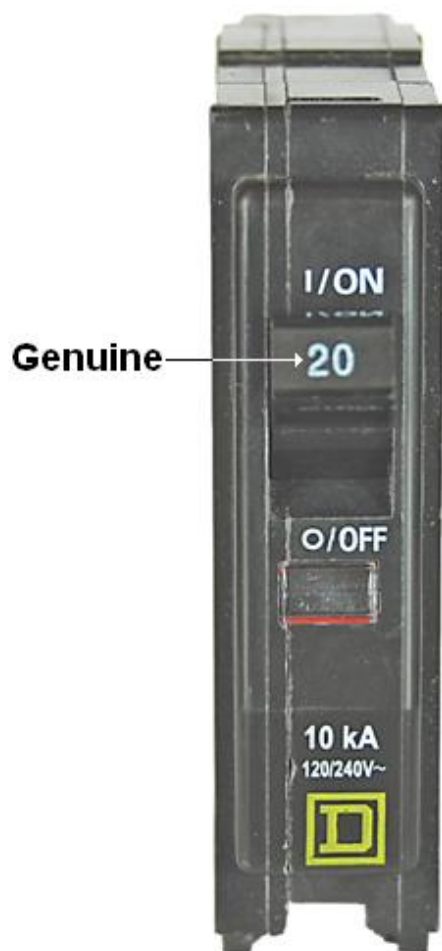
Ladish Valve



Counterfeit



Square D Breakers

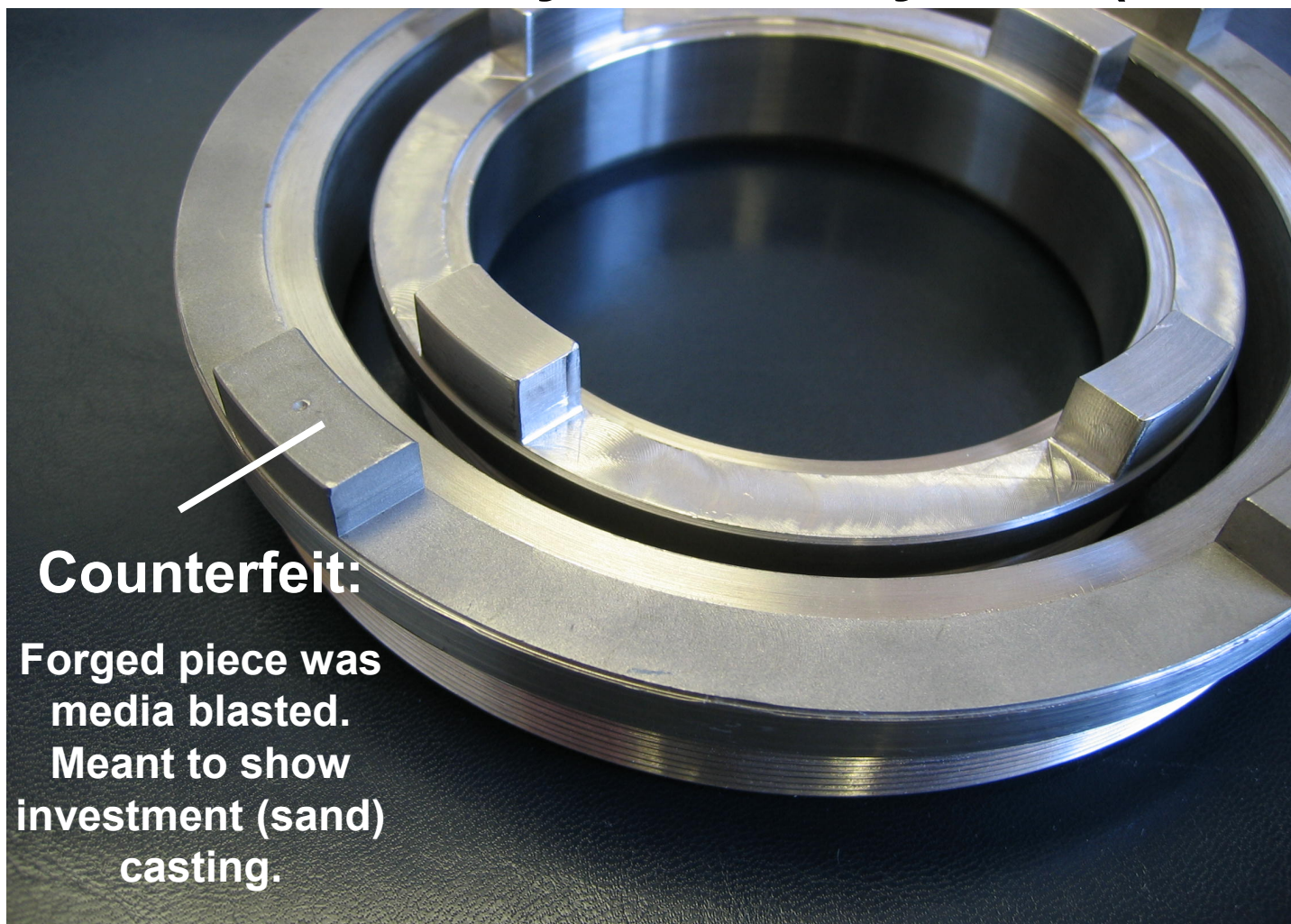


Press Release:

U.S. Consumer Product
Safety Commission
December 27, 2007,



Seat Ring from Masoneilan Dresser Valves destined for Safety Related system (1980's)





Generic Communications Listed in GL 89-02

Counterfeit Products	
Bulletin 87-02 (with supplements)	Fastener Testing to Determine Conformance with Applicable Material Specifications
Bulleting 88-05 (with supplements)	Nonconforming Material Supplied by Piping Supplies, Inc., at Folsom, New Jersey and West Jersey manufacturing Company at Williamstown, New Jersey
Bulletin 88-10	Nonconforming Molded-Case circuit Breakers
Information Notice 88-19	Questionable Certification of Class 1E Components
Information Notice 88-46	Licensee Report of Defective Refurbished Circuit Breakers
Inadequate Dedication	
Information Notice 87-66	Inappropriate Application of Commercial-Grade Components
Information Notice 88-35	Inadequate Licensee Performed Vendor Audits



Other Generic Communication on Counterfeiting

Information Notice 88-48 (with supplements)	Licensee Report of Defective Refurbished Valves
Generic Letter 89-02	Actions to Improve the Detection of Counterfeit and Fraudulently Marked Products
Information Notice 89-03	Potential Electrical Equipment Problems
Information Notice 89-39	List Of Parties Excluded From Federal Procurement Or Non-Procurement Programs
Information Notice 89-45 (with supplements)	Metalclad, Low-Voltage Power Circuit Breakers Refurbished With Substandard Parts
Information Notice 89-56	Questionable Certification Of Material Supplied To The Defense Department By Nuclear Suppliers
Information Notice 89-59 (with supplements)	Suppliers Of Potentially Misrepresented Fasteners
Information Notice 89-70 (with supplements)	Possible Indications Of Misrepresented Vendor Products



Other Generic Communication on Counterfeiting

(cont'd)

Information Notice 90-46	Criminal Prosecution Of Wrongdoing Committed By Suppliers Of Molded-Case Circuit Breakers And Related Components
Information Notice 90-57 (with supplements)	Substandard, Refurbished Potter & Brumfield Relays Represented As New
Generic Letter 91-05	Licensee Commercial-Grade Procurement and Dedication Programs
Information Notice 91-09	Counterfeiting Of Crane Valves
Information Notice 92-22	Criminal Prosecution And Conviction Of Wrongdoing Committed By A Commercial-Grade Valve Supplier
Information Notice 92-56	Counterfeit Valves In The Commercial Grade Supply System
Information Notice 92-68 (with supplements)	Potentially Substandard Slip-On, Welding Neck, And Blind Flanges
Information Notice 93-43	Use Of Inappropriate Lubrication Oils In Safety-Related Applications



Other Generic Communication on Counterfeiting

(cont'd)

Information Notice 93-73	Criminal Prosecution Of Nuclear Suppliers For Wrongdoing
Information Notice 95-12	Potentially Nonconforming Fasteners Supplied By A&G Engineering II, Inc.
Part 21 1995-212	Aerofin - Cardinal Industrial Products capscrews
Part 21 1996-06-4	Aerofin - Cardinal Industrial Products capscrews
Information Notice 96-40	Deficiencies In Material Dedication And Procurement Practices And In Audits Of Vendors
Part 21 1997-06-0 through 1997-06-3	Limatorque - counterfeit component
Information Notice 07-19	Fire Protection Equipment Recalls And Counterfeit Notices
Information Notice 08-04	Counterfeit Parts Supplied to Nuclear Power Plants



Questions or Comments?

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References can be found on the NRC website:

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