

# The UPDATE Report



CONGRATULATIONS  
TO THE FOLLOWING  
COMPANIES ON THEIR  
ASA-100 ACCREDITATION:

**Turbine Engine Support**  
Mesa, AZ

• AND •

**Aero Parts & Services**  
Hammond, LA

**Aero8, Inc.**  
Winston-Salem, NC

**Avion Global**  
Irvine, CA

**Paulman International**  
Middlesex, United Kingdom

**Sino-American Aviation**  
City of Industry, CA

FOR THEIR REACCREDITATION  
TO THE ASA-100 STANDARD

## U.S. Government Continues to Address Counterfeit Electronic Parts in Defense Applications

The United States Senate issued a report on May 21 examining counterfeit parts, and what can be done about them.

The Report, entitled Inquiry Into Counterfeit Electronic Parts In The Department Of Defense Supply Chain (available online at <http://armed-services.senate.gov/Publications/Counterfeit%20Electronic%20Parts.pdf>), discusses the Senate's investigation into counterfeit electronic parts entering the Department of Defense supply chain. This is an issue that has received a significant amount of attention in recent years. The primary focus has been on discrete electronic parts being procured by the Department of Defense, but proposed remedies have included much broader-based solutions that potentially could affect civil aviation procurement as well as non-electronic parts procurement for the U.S. Government; this is therefore an issue worth following even if you do not sell electronic parts to the U.S. Government.

The Report describes a number of situations where counterfeit electronic parts have entered the U.S. Government procurement system. Problems described in the report include:

*(Continued on page 3)*

### INSIDE THIS ISSUE:



U.S. Government Continues to  
Address Counterfeit Electronic Parts  
in Defense Applications ..... 1

FAA Releases Proposed Repair  
Station Rule Affecting Ratings ..... 5

ASA Members Enjoy the ASA Pavilion at the  
London Airline Purchasing Conference ..... 7

EASA Issues Warning About  
Cracking Hardware ..... 8

Former FAA Administrator Babbitt:  
NOT GUILTY! ..... 9

## MESSAGE FROM ASA'S PRESIDENT

### THE UPDATE REPORT

is the newsletter of the Aviation Suppliers Association.

### OUR COMMITMENT

ASA is committed to providing timely information to help members and other aviation professionals stay abreast of the changes within the aviation supplier industry.

**The UPDATE Report** is just one of the many benefits that ASA offers members. To learn more about our valuable educational programs, please contact ASA.

### THE UPDATE REPORT STAFF

*Publisher . . . . Michele Dickstein*  
*Editor . . . . . Jason Dickstein*  
*Production . . . . Squaw Design*

### QUESTIONS ?

**EMAIL** questions to:  
[jason@washingtonaviation.com](mailto:jason@washingtonaviation.com)

**MAIL** questions to:  
**Jason Dickstein**  
Aviation Suppliers Association  
2233 Wisconsin Ave., NW  
Suite 503  
Washington, DC 20007  
Voice: (202) 347-6899  
Fax: (202) 347-6894

### OFFICERS:

**Mitch Weinberg**  
(954) 441-2234  
*Corporate Treasurer*

**Jason Dickstein**  
(202) 347-6899  
*Corporate Secretary*

**Michele Dickstein**  
(202) 347-6899  
*President*

**Mike Mollie**  
*Committee to Safeguard Impartiality*

Dear Colleagues,

It is less than a month to the annual conference, and the ASA team is busy finalizing the conference plans. With attendance being higher than years past and the sell-out for the Boeing tour, we are excited to get to Seattle. There is still time to register for the conference.

ASA is holding its conference with the Aircraft Fleet Recycling Association (AFRA). Registration for one event allows you to attend functions at both events.

The conference agenda topics are focused on business, legal/regulatory, and quality issues. There are two strong general session mornings with speakers from Boeing, Avitas, Alaska Airlines, Aviation Week, ICF SH&E, Ater Wynne, and Team SAI. Over the course of two afternoons, there will be 16 workshops held. ASA's Business Executive series will continue with workshops on banking/finance, executive management, disruptive innovation and gaining a competitive edge. There will be several workshops dealing with disassembly and recycling issues. Also, there will be a workshop from the FAA and US Department of Commerce Exports. There will be additional workshops on counterfeit parts, power by the hour contracts, ISO/AS audits, ASA-100, process v. procedure auditing, and how to incorporate ITAR into your business process.

On the Saturday prior to the conference, there will be a golf tournament held at the Golf Club at New Castle. The Quality Committee will be meeting on Sunday, June 24th. There is no additional fee for attending this meeting but registration is required. A copy of the agenda will be posted on ASA's website. On Monday night there is a banquet dinner for ASA and AFRA. The recipient of the Edward J. Glueckler Award will be announced that night.

Look forward to seeing you in Seattle,  
Michele

### BOARD OF DIRECTORS

**Richard Levin** . . . . . (818) 842-6464  
A.J. Levin Company

**Greg McGowan** . . . . . (206) 898-8243  
Boeing Commercial Airplanes

**Sheri Murray** . . . . . (305) 235-5401  
Air Parts & Supply Company (APSCO)

**David Susser** . . . . . (631) 667-4000  
Seal Dynamics, LLC

**Brent Webb** . . . . . (972) 488-0580  
Aircraft Inventory Management & Services Ltd.

**Mitch Weinberg** . . . . . (954) 441-2234  
International Aircraft Associates, Inc.

**Jimmy Wu** . . . . . (818) 881-8911  
Infinity Air, Inc.

### LIST OF ADVERTISERS

ASA 2012 Conference . . . . .	4
Regulatory Workshop Series . . . . .	6
ILS . . . . .	7
ASA Social Media . . . . .	8
ASA Audit Services . . . . .	9
ASA Blog . . . . .	10

*Want to expand your marketing opportunities?*

Advertise in  
**The UPDATE Report!**

For more information, e-mail:  
[michele@aviationsuppliers.org](mailto:michele@aviationsuppliers.org)  
or call (202) 347-6899.

## REGULATORY UPDATE

(Continued from page 1)

- Mis-identification of the course of electronic parts
- Complex supply chains that mask the true origin of parts
- Failure to promptly alert proper authorities after counterfeits were known to have been sold to the government
- Testing labs that failed to test the electronic parts

The Report notes that 70% of the counterfeits were produced in China, and describes China as "the epicenter of the global trade in counterfeits." The Report accuses the Chinese Government of failing to take steps to stop counterfeiting. The next two largest sources of counterfeits were the United Kingdom and Canada.

The Report emphasizes the value of the GIDEP system, which permits reporting of counterfeits in a manner analogous to the FAA's Unapproved Parts reporting system. It strongly encourages increased use of this program.

The Report notes that section 818 of last year's National Defense Authorization Act for Fiscal Year 2012 (available online at <http://www.gpo.gov/fdsys/pkg/PLAW-112publ81/pdf/PLAW-112publ81.pdf>) provided a number of solutions designed to mitigate the counterfeiting issues facing the government. The text of this legislative section is repeated at the bottom of this article, for reference.

Section 818 requires the Secretary of Defense to implement a program to require contractors to detect and avoid counterfeit electronic parts. This program, if poorly implemented, could have the effect of undermining the ability of independent distributors to serve in the supply chain for electronic parts. The program is required to include, at a minimum, the following elements:

### Elements of a Program to Detect and Avoid Counterfeit Electronic Parts

- (i) the training of personnel;
- (ii) the inspection and testing of electronic parts;
- (iii) processes to abolish counterfeit parts proliferation;
- (iv) mechanisms to enable traceability of parts;
- (v) use of trusted suppliers;
- (vi) the reporting and quarantining of counterfeit electronic parts and suspect counterfeit electronic parts;
- (vii) methodologies to identify suspect counterfeit parts and to rapidly determine if a suspect counterfeit part is, in fact, counterfeit;
- (viii) the design, operation, and maintenance of systems to detect and avoid counterfeit electronic parts and suspect counterfeit electronic parts; and
- (ix) the flow down of counterfeit avoidance and detection requirements to subcontractors.

(Continued on Page 4)



**Not AC 00-56  
Accredited Yet?**

Learn more about  
the audit services provided  
by ASA and ASACB.

(202) 347-6899 *Phone*

[www.aviationsuppliers.org](http://www.aviationsuppliers.org) *Web*

[michele@aviationsuppliers.org](mailto:michele@aviationsuppliers.org) *Email*



## REGULATORY UPDATE

(Continued from Page 3)

In many ways, most of these elements are very similar to the existing requirements for popular quality systems like ASA-100 and AS 9120. It is therefore conceivable that existing quality assurance programs that have been very successful in the civil aviation industry could serve as the backbone for the regulation that is likely to be issued to define and support this program; but in order to make that a reality, the industry will need to ensure that such a proposal is not hampered by a "not-invented-here" mentality.

One new term that is introduced is the concept of "trusted suppliers." The basic concept of "trusted suppliers" is not new to the commercial aviation parts distribution industry - for many years people have colloquially referred to the AC 00-56 program as a trusted supplier program. The concept of "trusted suppliers" in the new legislation would be limited to independent distributors who obtain electronic parts exclusively from the original manufacturers of the parts or the original manufacturers' authorized dealers. The legislation would limit the sources of electronic parts only to original manufacturers, authorized dealers, and trusted suppliers. A future rule making activity will likely provide further definition to the term "trusted supplier."

Section 818 also increased the penalties for counterfeiting of military goods and services.

Parts distributors who deal in electronic parts, and sell these for use in government programs, will want to examine section 818 in order to see whether this law affects their business model. A copy of the law is available in the ASA Blog as well as at the link shown in this article. 

# ASA Distribution 360° SEATTLE



2012 ASA Annual Conference  
June 24-26, 2012  
Seattle, WA

Grand Hyatt Hotel  
[www.aviationsuppliers.org/Annual-Conference](http://www.aviationsuppliers.org/Annual-Conference)

## FAA Releases Proposed Repair Station Rule Affecting Ratings

On May 21, the FAA issued a significant new proposed rule for repair stations. The proposed rule can be viewed on line at <http://www.gpo.gov/fdsys/pkg/FR-2012-05-21/pdf/2012-11984.pdf>.

The proposed rule would change the ratings system for repair stations. This change could affect distributors who use repair stations to perform component overhauls.

The following table comes from the new proposed rule, and illustrates the proposed way that the ratings system is expected to change.

Current Ratings	Proposed Ratings
Airframe Class: 1. Composite Small 2. Composite Large 3. All-Metal Small 4. All-Metal Large	Airframe Category: 1. Aircraft certificated under part 23 or 27. 2. Aircraft certificated under part 25 or 29. 3. All other aircraft.
Powerplant Class: 1. Reciprocating Engines of 400 HP or less. 2. Reciprocating Engines of more than 400 HP 3. Turbine Engines.	Powerplant Category: 1. Reciprocating engines. 2. Turbine engines. 3. Auxiliary Power Units. 4. All other powerplants.
Propeller Class: 1. All Fixed and Ground-Adjustable 2. All other propellers.	Propeller Category: 1. Fixed-pitch & ground-adjustable propellers. 2. Variable-pitch propellers. 3. All other propellers.
Radio Class: 1. Communication. 2. Navigation. 3. Radar.	Component.
Instrument Class: 1. Mechanical. 2. Electrical. 3. Gyroscopic. 4. Electronic.	
Accessory Class: 1. Mechanical. 2. Electrical. 3. Electronic.	
Limited Rating Specialized Service. Limited Ratings (§ 145.61(b) lists 12 possible limited ratings).	Specialized Service. Eliminated.

*(Continued on page 6)*

## REGULATORY UPDATE

(Continued from Page 5)

The most significant difference is that FAA is proposing a new “Component” rating that would replace the Radio, Instrument, and Accessory ratings.

The proposed “Component” rating would allow repair stations to work components that are not installed on an airframe, powerplant, or propeller (bench work). A repair station with a Component rating would be required to have an Airframe, Powerplant, or Propeller rating to install components or appliances. The FAA expects that such a product-level rating would be limited to only installation and removal, and in many cases would not convey any additional privileges.

The preamble to the rule states that the FAA expects that Component-rated repair stations would have a list of their components in their operations specifications. The decision to place the list of permitted components in the operations specifications, rather than in a capabilities list, is a significant decision that we feel should be changed.

Many repair stations have complained in recent years about the difficulty of amending their operations specifications. This is the same legal process as a change to the certificate. Keeping the component list in the operation specifications would likely make it very difficult for a component repair station to add new components to their list of permissible components, which in turn would probably cause many smaller component shops to stagnate as new products come out but the operations specification amendment process limited their ability to add them as capabilities. It could also overwhelm the FAA's FSDOs, who would be responsible for reviewing and approving these operations specifications changes.

There is an argument to be made that the entire rating system is no longer needed, and should be scrapped. In today's system, repair stations are required to use their quality systems to validate that they have the right personnel, training, manuals and data, tooling and equipment, and facilities in order to accomplish the work before they begin the work. As a consequence, the historic purpose of the ratings system (permitting the FAA to ensure that the repair station was qualified to perform a broad range of work) has been superseded by a more particular analysis. If the proposed system will cause more problems than it solves, then perhaps the entire ratings system should be scrapped and the FAA should focus more resources on supporting adequate systems for using the capabilities list system under Part 145.

The FAA will accept public comments on the proposed rule through August 20, 2012. Comments should reference FAA Docket Number “FAA–2006–26408.” 

### *ASA Regulatory Workshop Series*



## Stay Legal.

**September 18, 2012**  
**Dallas, TX**

**September 20, 2012**  
**Chicago, IL**

**November 12, 2012**  
**Singapore**

Register at  
[www.aviationsuppliers.org/Workshops](http://www.aviationsuppliers.org/Workshops)

# Win an ILS Smart Banner!

Target buyers searching for **YOUR** parts and repair services



Have a specific message for a targeted audience within the ILS marketplace? Try an ILS Smart Banner Ad.

The Smart Banner is displayed only when the customer searches for a specific part number(s) associated with the banner. Metrics for click through rates and views are available so you know whether your messaging is reaching the right audiences.

Position your message where it needs to be seen, when it needs to be seen with ILS Banner Ads.

***Win a 5-part number smart banner for one month. Visit the ILS booth at the ASA Conference June 24-26.***

## ASA Members Enjoy the ASA Pavilion at the London Airline Purchasing Conference

ASA and six of its members shared a pavilion at the 2012 AP&M Expo in London. This trade show is a popular airline purchasing conference that is held each year in London. Many European and Middle-Eastern air carriers attend, as well as maintenance organizations, parts distributors and others servicing the European and Middle-Eastern air carrier community.

The two-day show was well attended and each of the ASA members seemed to keep busy for the entire day talking to customers and potential business partners. ASA was able to answer quite a number of burning questions for members and other attendees who were at the show, and it also provided us with an opportunity to discuss issues like EASA's proposed 145 regulations.

The ASA participating members were:

- **A.J. Levin Company, Inc.**
- **Aero Instruments & Avionics, Inc.**
- **Aircraft Inventory Management & Services, Ltd.**
- **Global Aviation Co.**
- **International Aircraft Associates, Inc.**
- **Magnum Air Dynamics, Inc.**

Each of the participating members enjoyed its own space in the pavilion, as well as access to the segregated meeting space. The pavilion experience allowed members to have a presence on the show floor at an advantageous rate, in a large space that was attractive to conference-goers, without incurring many of the normal burdens of conference exhibition (like purchase of exhibit booth furniture and display materials, cost of shipping such furniture and display materials, etc.).

ASA was also given an opportunity to speak in the "Meet the Experts" sessions. ASA General Counsel Jason Dickstein spoke about the EASA proposed Part 145 regulation for providing oversight to suppliers, and the EASA guidance material that endorses distributor accreditation.

This year's experience was so positive for the ASA members who participated, that ASA has already booked pavilion space for 2013 and in fact has already received firm commitments from several members to participate. The 2013 pavilion space will sell-out fast - ASA members interested in participating should contact Stephanie Brown. 



**ASA Social Media**

: [www.facebook.com/AviationSuppliersAssociation](http://www.facebook.com/AviationSuppliersAssociation)

: [@aviationsupp](https://twitter.com/aviationsupp)

: [www.linkedin.com/company/aviation-suppliers-association](http://www.linkedin.com/company/aviation-suppliers-association)

## EASA Issues Warning About Cracking Hardware

The European Aviation Safety Agency (EASA) has published a bulletin concerning defective hardware, known as EASA Safety Information Bulletin No. 2012-06. The Bulletin is available online at [http://ad.easa.europa.eu/blob/SIB\\_201206\\_Defective\\_Standard\\_Hardware.pdf/SIB\\_2012-06\\_1](http://ad.easa.europa.eu/blob/SIB_201206_Defective_Standard_Hardware.pdf/SIB_2012-06_1)

The bulletin concerns defective standard hardware identified as

- MS21042 Self-Locking Nuts
- NAS1291 Self-Locking Nuts
- LN9338 Self-Locking Nuts, and
- NAS626 Bolts

EASA explains that they have received reports of defective standard hardware installed on aircraft. In particular, many self-locking nuts have been found cracked, parallel to the nut axis, in some instances only a short time after installation. Broken bolts have also been found.

Certain countries have already issued ADs in relation to this issue. In 2010, Israel issued an AD that applied to the Israel Aircraft Industries Models GALAXY and Gulfstream 200 because cracked nuts were found in the aircraft production line. A copy of the Israeli AD is available online at <http://ad.easa.europa.eu/blob/57100618.pdf>. In October 2011 CASA (Australia) issued an Airworthiness Bulletin (available online at [http://www.casa.gov.au/wcmswr/\\_assets/main/airworth/awb/14/002.pdf](http://www.casa.gov.au/wcmswr/_assets/main/airworth/awb/14/002.pdf)) concerning nuts that had been identified as compromised as a consequence of hydrogen embrittlement which appeared to have been caused by improper heat treatment.

EASA has explained that their investigation is ongoing, and insufficient evidence is currently available to determine whether an unsafe condition exists that would warrant the issuance of an Airworthiness Directive. EASA will continue to investigate the reported occurrences to determine whether (and if so, what) further action is necessary. An EASA source revealed to us that the investigation has revealed "several issues with the suppliers of this hardware, such as CoC not matching the supplied batch, CoC not identifying the manufacturer, hardware supplied with obvious damage."



# ASA Audit Services



Since 1996, ASA has been providing audits to the ASA-100 Standard and FAA AC 00-56A. ASA operating under the trade name of ASACB can offer accredited ISO 9001:2008 certifications!

**Offering the following QMS Certifications:**

ASA-100 • FAA AC 00-56A • ISO 9001:2008 (ANAB Accredited)

Joint audit certifications are available.  
We also offer PreAssessments to ISO 9001:2008, AS 9100, AS 9110, and AS 9120.  
Interested in transferring your ISO 9001:2008 certification to ASACB? Contact us today!  
**Visit [www.aviationsuppliers.org/ISO-Registrar](http://www.aviationsuppliers.org/ISO-Registrar) for details.**

**QUESTIONS? E-mail: [info@aviationsuppliers.org](mailto:info@aviationsuppliers.org)**

(Continued from Page 9)

While the investigation is pending, EASA has recommended that those who use parts meeting the standards described above to perform a close visual inspection for surface irregularities, such as gouges or cracks, of all such parts before being installed on a product.

EASA has asked that suspect parts be quarantined until conformity to the manufacturing standard can be verified. They have also asked that suspect parts be reported to the appropriate government body (e.g. UK-CAA in the United Kingdom, FAA in the United States, etc.). 

## Former FAA Administrator Babbitt: NOT GUILTY!

Many of you followed with interest the resignation of FAA Administrator Randy Babbitt after he was accused of driving while intoxicated in Virginia. This case was particularly interesting to the aviation community because Babbitt had been held in such high regard by his peers.

On May 10, Judge O'Flaherty dismissed the case against Administrator Babbitt. There appear to have been two factors worth mentioning in the dismissal.

The first deciding factor in the dismissal was the fact that the police officer had no reasonable suspicion to pull Mr. Babbitt over. In the United States, the standard for a traffic stop has a fairly low threshold: reasonable suspicion. The arresting officer, Officer Mike Morris, said that he pulled Administrator Babbitt over for driving on the wrong side of the road. The police car's dashboard camera, however, showed that the car had NOT been on the wrong side of the road. The police may not pull over a car on a mere hunch, even if that hunch turns out to have been right. Because there was no reasonable suspicion justifying the traffic stop, any evidence gained as a consequence of the stop was inadmissible.

In addition, however, the evidence showed that the first breath-alcohol test showed a blood alcohol level of .07. Virginia's legal limit is .08. A total of four tests were taken and it was only the subsequent tests that showed a blood alcohol level above the legal limit. The inference is that, while he was driving, Administrator Babbitt was not actually driving while intoxicated (although the increasing levels suggest that if he had continued driving then his blood alcohol level might have increased above the legal threshold during the trip). 



## ASA is blogging!

Check out the two blogs on the ASA website:

- **Cavu Café: Royboy's Prose & Cons**  
*and the*
- **ASA Web Log** by Jason Dickstein

**CALENDAR OF EVENTS**

**ASA 2012 Annual Conference**

June 24-26, 2012 .....Grand Hyatt Hotel • Seattle, WA

**ASA Workshop Series/Training**

September 18, 2012 ..... REGULATORY WORKSHOP • Dallas, TX

September 20, 2012 ..... REGULATORY WORKSHOP • Chicago, IL

November 12, 2012 ..... REGULATORY WORKSHOP • Singapore

**CONTACT US!**

ASA Staff is always interested in your feedback. Please contact us with any comments or suggestions.

**Michele Dickstein**  
*President*  
michele@aviationsuppliers.org

**Stephanie Brown**  
*Director of Programs*  
stephanie@aviationsuppliers.org

**Diane Leeds**  
*Account Services*  
diane@aviationsuppliers.org

**Jason Dickstein**  
*General Counsel*  
jason@washingtonaviation.com

**Dawn Carberry**  
*Coordinator, Member Services*  
dawn@aviationsuppliers.org

**Arthur Schweitzer**  
*Programs & Membership Assistant*  
arthur@aviationsuppliers.org

Subscriptions to **The UPDATE Report** are FREE. To subscribe, please send your request to [info@aviationsuppliers.org](mailto:info@aviationsuppliers.org).

