



# DLA Supply Chain Alliance Conference & Exhibition



## CALL YOUR ATTORNEY (CYA)

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## OVERVIEW

- Criminal organizations continue to target DLA's supply chains, particularly the industrial hardware supply chain
- They are increasingly inserting themselves in DLA's supply chains as subcontractors





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## THE SCHEME

- They set up sham domestic businesses as front companies for foreign manufacturers
- They will approach prime contractors (typically small business dealer/distributors) or 3<sup>rd</sup> party consultants with offers to supply items DLA is seeking to procure at very low prices
- They ultimately deliver non-conforming, foreign-manufactured goods, rather than conforming, domestically manufactured goods
- Typically, the material looks correct upon casual observation. It may pass a kind, count, and condition visual inspection, but fail any sort of rigorous testing



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## THE PAYOFF

- Tender cheap, non-conforming goods at a substantial markup
- Defeat various domestic preference programs





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## INDICATORS

- Relatively new company with little past performance history
- Unwilling to meet in person or to allow you to visit their manufacturing facility at your leisure
- Constantly miss deadlines on some contracts (when they must manufacture something), while shipping impossibly early on others (when something on hand will suffice)
- Consistently unavailable when you call or request updates
- Don't understand the product they are selling or basic contract requirements



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## INDICATORS

- Broken English (Bad Grammar, Spelling Mistakes)
- Principals are commonly out of the country
- Lag in voice communications
- Documentation clearly indicates the material was manufactured overseas or shipped from overseas
- Unable to verify authenticity of various certificates (e.g., ISO-9001)
- Admit to being a part of a network of commonly controlled companies
- Failure to observe corporate formalities





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## ADVICE

- Perform your own due diligence of your suppliers
- Do not rely upon the fact that the company may hold a CAGE code or Joint Certification Program certificate
- Implement your own quality controls
- Never surrender your SAM, DIBBS, or cFolders credentials to anyone

**IF YOU SEE  
SOMETHING,  
SAY  
SOMETHING.**

