

COUNTERFEIT GOODS - ELECTRONIC PARTS

- a. The definitions in DFARS Clause 252.246-7007(a) apply to this clause.
- b. Seller shall permit Buyer to review and audit Seller's Counterfeit Electronic Part Detection and Avoidance System ("System") procedures, practices, processes and related documents to determine whether Seller's System meets the requirements of DFARS Clause 252.246-7007(b)-(c).
- c. If Seller or its subcontractor deliver Goods that contain Counterfeit Electronic Parts to Buyer and as a result the Government withholds any payment due under Buyer's prime contract, Buyer may withhold from Seller an amount equal to the withhold of the prime contract. Furthermore, if, as a result of Seller's or its subcontractor's foregoing conduct, the Government imposes a penalty on or charges Buyer interest, Buyer may recover from Seller the amount of that interest or penalty. Buyer will release such withhold once the Government releases the withhold under Buyer's prime contract, less (i) Buyer's reasonable expenses associated with any testing or validation necessitated by the installation of authentic Goods after Counterfeit Electronic Parts have been replaced, and (ii) any interest or penalty imposed or charged.