ASA QC Meeting

Dallas, TX

Thursday, December 7th, 2023

Agenda

TIME	TOPIC	LEADER
9:00 AM - 9:15 AM	WELCOME AND INTRODUCTIONS	COMMITTEE AND LEADERSHIP
9:15 AM – 10:15 AM	ASSOCIATION UPDATE ASACB/ISO UPDATE ASA-100 UPDATE	M DICKSTEIN O'CONNOR
10:15AM – 10:30 AM	BREAK	
10:30 AM – 11:00 AM	FAA UPDATE	HAMILTON, FISHER, BENNETT
11:00 AM – 12:00 PM	GOV AND INDUSTRY UPDATE	J DICKSTEIN
12:00 PM – 1:00 PM	LUNCH	
1:00 PM – 1:30 PM	SWOT ANALYSIS	O'CONNOR
1:30 PM – 2:00 PM	GROUP DISCUSSION FOR STRATEGIES FOR IDENTIFYING FRAUD & FALSE PAPERWORK -What can ASA do? Training? Auditing? ASA-100? Other? -What can government agencies do? -What can companies do?	ASA STAFF
2:00 PM – 2:30 PM	Topics Impacting Quality and Operations	QC Leadership
2:30 PM – 3:00 PM	QC Elections for Secretary	Knights

Introductions

- ASA Members
- ASA Staff
- ASA Auditors
- FAA Guests – John Fisher, Dean Hamilton, Robert Bennett

House Rules

- Turn off Cell Phone Ringers

- Do not talk over each other

- Limit side bar discussions

- Parking Lot to Capture Follow up or Action Items

ASA News

- Hard to believe all the changes since we met in June.

- 30 Years…

- AOG Technic – shameful

- Strong support amongst the ASA Directors for Quality and Operations leadership

- Training – Export Week and Documentation (325+ ppl)

- Training – Butterfly

- Annual Conference – 23-25 June 2024 in Scottsdale

Since Annual Conference

- CAVU Café: Royboy's Blog
  - SPEC 106 Revision
  - Lack of Root Cause Analysis For Audit Findings
  - Trace to Government or Military
  - Airlines: Now Is The Time To Choose Lessors Who Accommodate PMA and DER Repairs

- ASA Blog, Jason Dickstein (sampling)
  - EU Metals (2)
  - UPN (2)
  - Pegas Touristik Update
  - SFO
  - Anti-Boycotting
  - FAA Draft "Destroyed Aircraft Guidance" Comments

Recognizing Accepted FAA 00-56B Standards

REPRINT FROM MEMBER BULLETIN

We are issuing a warning to be very careful about companies that claim to be accredited to AC 00-56B.

Recently a member company contacted ASA because they were told a company was accredited but the member couldn't find that company listed on the FAA AC 00-56 database. The reason the company was not on the Voluntary Industry Distributor Accreditation Program database is because the company was not *really* accredited as per FAA AC 00-56B. The company provided a certificate that was not from an Accreditation Organization recognized by the FAA. It also referenced a standard that was not an acceptable Quality System Standards as per Table 1 in AC 00-56B.

Many companies use accreditation to FAA AC 00-56 as part of their supplier approval process. AC 00-56 is very clear that "Accreditation becomes effective when the distributor is listed in the Voluntary Industry Distributor Accreditation Program database." (page 9, Section 10 of AC 00-56B). Thus, a company that is not eligible to be listed on the AC 00-56B database cannot be an accredited company under FAA AC 00-56B.

We investigated the member claim and found that the certificate had been issued by a business known as Aviation Distributors Association (ADA), based in Lake City, Florida. It appears that Aviation Distributors Association issues certificates claiming compliance with ADA-3000 Quality System Standard and with AC 00-56B. Aviation Distributor Association is not an Accreditation Organization recognized in FAA Advisory Circular 00-56B (Voluntary Industry Distributor Accreditation Program). Their standard is also not recognized in FAA AC 00-56B.

The language from their website states: "We ADA certify that the Quality Systems for companies listed below have been audited and meet the requirements of the Aviation Distributors Association's Quality System Standard "ADA-3000" in accordance with guidance provided by FAA Advisory Circular 00-56B. The companies below have been certified as FAA AC 00-56B compliant and accredited. The certification shall remain in force unless sooner surrendered, expired, suspended or revoked for non compliance." Based on the plain language of AC 00-56B, ADA does not have the power to use their own standard to accredit a business to AC 00-56B.

Check your supplier approval process and make sure your team understands each requirement. If you rely on the FAA's AC 00-56B database, then make sure you are double-checking whether your business partners remain on that list.

ASA-100

Strengthening Our Audit Staff

- Jorge Ortuzar

- Nin George

- Will Trikha

- China – working with 2 auditors in China

- Europe – in discussion with 3 auditors

- US – outreach to 2 additional auditors

UNITED STATES

ASIA

EUROPE

MIDDLE EAST

CANADA

AUSTRALIA

EASTERN EUROPE

AFRICA

PANAMA

INDIA

REGION	LOCATIONS
AFRICA	6
ASIA	113
AUSTRALIA	9
CANADA	12
EASTERN EUROPE	9
EUROPE	101
INDIA	1
MIDDLE EAST	24
PANAMA	2
UNITED STATES	477
Grand Total	**754**

ASA-100 Audit Statistics

	2022	2023
Number of Audits by Unique Tracking ID	460	561 thru 12/31 525 thru 11/29
Number of Audits with Findings	257	310 through 12/1
Number of NCRs Written	959	932 through 12/1
% Audits with Findings	56%	59%
Avg NCRs / Audit	2.1	1.8

TAKEAWAY:
- 2023 % Audits with Findings and Avg NCRs/ Audit Tracking with 2022 Numbers

ASA-100 Audit Statistics
NCRs by ASA-100 Clause

ASA-100 Clause	2022 # NCRs	2022 % NCRs	2023 # NCRs	2023 % NCRs
1. Quality System and Quality Manual	151	16%	150	16%
2. Self-Audit/Evaluation & Accreditation Programs	91	9%	90	9%
3. Facilities	10	1%	12	1%
4. Training and Authorized Personnel	167	17%	141	15%
5. Procurement	143	15%	140	15%
6. Receiving Inspection	50	5%	77	8%
7. Measuring and Test Equipment	10	1%	16	2%
8. Material Control	94	10%	106	11%
9. Shelf-Life Control	28	3%	22	2%
10. Certification and Release of Materials	59	6%	58	6%
11. Shipping	89	9%	81	8%
12. Records	18	2%	20	2%
13. Technical Data Control	1	0%	2	0%
14. Corrective Action Process	8	1%	17	2%
15. Hazmat Control and Transport	40	4%	25	3%

REVISION TO AS9100/AS9110/AS9120

The IAQG-1 issued an email notifying the Standards Management Committee Voting and Liaison Members,

- That it received during the week of November 27 the ISO 9001:2015 revision timeline.
- The IA9100-Series Team unanimously decided to align the IA9100-series standards timeline with the ISO 9001 schedule
- The ISO 9001 schedule is accelerated in comparison to previous revisions with a 15 November 2025 planning date.
- To avoid IA9100 revisions being relatively close together it makes sense for industry to align with the ISO 9001 schedule and have one revision versus two.
- This will most likely result in the release of IA9100-series sometime in mid to late 2026.
- The IA9100 Coordination Draft was sent out for review and comment on 10 November 2023. The team is keeping with a due date of 7 December 2023 to allow sector teams to review and submit comments prior to their meetings in March.
- Also comments to IA9100 will also need to be considered for IA9110 and IA9120 standards.

REVISION TO AS9100/AS9110/AS9120

The benefits of staying aligned to the ISO 9001:2015 revision dates include,

- Alignment with ISO 9001 will avoid an amendment/revision shortly after the originally planned IA9100-series publication in 2024
- Create less burden for organizations' response to changes
- Reduce auditor transition activity
- Allow IAQG and COT time to complete the 9104-1, -2, -3 revisions and to support the IA9100 revision
- The IA9100 Key Change presentations have been updated on the IAQG 9100 Support Material website at
  - https://iaqg.org/standard/9100-qms-requirements-for-aviation-space-and-defense-organizations/.

OASIS V3 Resolution 167

As of 11/27/2023 all certification bodies must perform all audits and enter all the audit data into the OASIS V3 platform without exception.

All certification bodies must upload all audit data for audits performed outside of the OASIS V3 platform during its limited release within 60 days from the release of the resolution. The resolution was released on November 27, 2023 and the deadline for upload is January 26, 2024. ASACB performed 86 audits during the limited OASIS V3 release and has uploaded 29 audits. The remaining audits are being finalized and managed for prior to the upload deadline.

There a current OASIS V3 platform issues known to the IAQG and new ones being brought to their attention on a daily basis. ASACB recognizes that the OASIS V3 platform currently may seem to have less functionality than OASIS NextGen. As the platform issues are rectified the full capabilities of the new platform will be functional. In the meantime if any certified organization needs confirmation of its certification status for a client please have them contact ASACB directly. (sam@aviationsuppliers.org or Wyndie@aviationsuppliers.org)

The IAQG has identified that during the limited release of the OASIS V3 platform no OASIS fee invoices were being issued. Invoices have begun to be issued as of November 27, 2023.

UPDATE OF ACCREDITATION EXPANSION and INCREASE in AUDITOR RESOURCES

ISO 27001:

ASACB has signed two ISO 27001 lead auditors, one located in Texas and the other located in Nigeria. A third lead auditor is pending return of the contract agreement and is located in Florida.

ASACB has secured one of its clients to be the oversight accreditation witness audit. The timeline for this witness audit is first quarter 2024 as requested and confirmed with the client.

ISO 14001:

ASACB is in final negotiations with an ISO 14001 lead auditor located in the Midwest. The search continues for a second lead auditor. ASACB must have a minimum of two ISO 14001 lead auditors on contract.

AUDITOR RESOURCES for AS9000 and ISO 9001 standards:

ASACB has contracted additional AEA's to ensure it will have the resources for client and program growth. An auditor has been added in the United States, United Kingdom, Germany and Turkey. We are currently looking o add an auditor in ASIA Pacific.

QMS CERTIFICATION BY STANDARD

ISO 9001	AS9100	AS9110	AS9120	TOTAL
27	83	25	83	218

QMS CERTIFIED LOCATIONS

ISO 9001	AS9100	AS9110	AS9120	TOTAL
40	95	33	125	293

TOP CLAUSES BY ASACB FOR NCR ISSUANCE

Normally ASACB would provide an overview of NCR Issuance by the following topics

- Top Clauses by ASACB for NCR Issuance
- Top Clauses by Sector for NCR issuance
- Top Clauses Globally for NCR issuance

The new OASIS V3 currently does not have these reports activated to provide the data to CB's

Proposed change to ASA-100, Section 8J

- SEE DRAFT LOI

- FOR DISCUSSION NOW AND AFTER LUNCH

Government and Industry Affairs Update

ASA Quality Committee Meeting

December 7, 2023

Irving, Texas

Agenda

- Russian Sanctions

- Documentation

- International Cooperation

- False Documentation

Russia Sanctions

EU Metals Sanctions

- EU has increased its focus on Russia-sanction compliance

- This includes new standards that apply to certain imports
  - Based on the Combined Nomenclature (CN)
    - Analogous to the HTSUS
  - Iron and steel parts under certain CN 72 and CN 73 headings
    - CN 72 Iron and Steel
    - CN 73 Articles of Iron and Steel
  - Includes steel wires, steel fasteners, steel tanks used for compressed gasses, air heaters and hot-air distributors made of iron or steel and certain iron or steel lavatory fixtures
  - Does not include <u>most</u> aircraft parts, which tend fall under CN 84 or CN 88

What If Your Parts are Affected by the EU Metals Sanctions?

- The new standards require the EU importer to obtain evidence that the metals were not sourced from Russia

  "For the purposes of the application of this point, at the moment of importation, importers shall provide evidence of the country of origin of the iron and steel inputs used for the processing of the product in a third country."

  - This imposes a *de facto* requirement for the exporter to provide that certification
  - Distributors who are affected by this standard should consider obtaining metals certifications from the manufacturers with whom they work, to facilitate export to the EU (for affected CN 72 and CN 73 goods)

Date-Based Exclusion

- EU published a FAQ about compliance with this sanctions rule

- The FAQ explains

  "The prohibition applies to imports of iron and steel products incorporating inputs originating from Russia that enter the Union as of 30 September 2023, provided that they were manufactured or produced after 23 June 2023"

- To take advantage of the grandfathering provision for parts produced before 23 June 2023, you should retain evidence of prior production (e.g. trace showing that the part existed before that date)

The Russia-Rule (Belarus, too)

- 15 C.F.R. § 746.8
- Restricted Items cannot be exported to Russia or Belarus without a license
  - "Restricted Items" means anything classified in *any* ECCN on the CCL
  - This encompasses most aircraft parts
  - If an aircraft part is not restricted under the BIS rules then it is probably restricted under someone else's rules
- ***Be wary of intermediaries who might accept in a third country for the benefit of a forbidden target***
- The Russia Rule also limits availability of license exceptions

Can I Use a License Exception?

- There are a limited set of license exceptions that can be used for transactions subject to § 746.8, and the ones most useful for exporting aircraft parts are:

- GOV (for supporting U.S. government operations)

- AVS (for exporting aircraft parts)
  - Excluding any aircraft registered in, owned by, controlled by, or under charter or lease to Russia or to a national of Russia (or any other D:1 nation)
  - You may be able to export an aircraft part to Russia to support a non-Russian aircraft that was AOG at a Russian airport

Note: RPL is <u>not available</u> for exports restricted under the Russia Rule

Combining the General Rule (§ 744.7) with the New Russia Rule (§ 746.8):

- We may not export an aircraft part subject to the EAR for use <u>on a foreign aircraft</u>,
  - If the aircraft is located in Russia, or
  - If the aircraft is registered in Russia, or
  - If the aircraft is controlled, leased, or chartered by Russia or a national of Russia;

  unless the export is covered by a license or a license exception.

- Most exports to Russia cannot be licensed … it is *possible* for "safety of flight" (aircraft parts) transactions to be licensed on a case-by-case basis

Temporary Denial Orders – Pay Special Attention

- Aeroflot
- Aviastar-TU
- Azur Air
- Belavia Belarusian Airlines
- Nordwind Airlines
- Pobeda Airlines
- Rossiya Airlines
- Siberian Airlines (S7)
- Ural Airlines
- UTair Aviation

Temporary Denial Orders – Extended Application Can Include Imports

- It is important to read the entire TDO

- <u>Acquisition</u> of parts from TDO parties can be illegal
  - Typically tied to exports due to the limits of BIS jurisdication
    - Parts previously exported
    - Parts subsequently exported
    - Parts intended to be exported
  - There is an opportunity to obtain a license to support flight safety, but even then, the license is needed

- Providing services to TDO parties can be illegal
  - This can include maintenance on parts owned by a TDO

Export Compliance and the Russian Sanctions

- **We continue to recognize numerous efforts to circumvent the Russian sanctions programs**
  - We have discussed with members a number of transactions that are problematic, including those where the members are affirmatively mislead about the destination
  - Conversations with DHS revealed that they are investigating multiple freight forwarders
- Export training and education continues to be a priority for ASA
  - This includes other sanctions programs, as well

Anti-Boycott: Don't Participate in a Foreign Boycott that Violates US Policy

- You MUST comply with US embargos

- You may NOT comply with certain non-US embargoes
  - U.S. anti-boycott rules forbid a U.S. person from participating in a foreign boycott that is *inconsistent with U.S. policy*
  - Anti-Israel boycotts are the most common, but you may encounter others, such as:
    - India-Pakistan
    - Ethiopia-Eritrea
    - China-Taiwan
    - Bahrain-Bangladesh
    - Oman-Qatar-Saudi Arabia

Anti-Boycott: You May Need to Report Boycotts Even If You Do Not Participate

- If you are approached about an embargo or boycott, then you may need to report it to the US government!
  - Pratt & Whitney Component Solutions ("PWCS") found this out the hard way, with a BIS enforcement action that resulted in PWCS paying a settlement of $48,750
  - Qatar Airways Purchase Order stated

    "Please note that parts made in Israel is prohibited to be imported into State of Qatar and such shipments will be held up in customs."

- US Government interpreted this as a boycott request and fined PWCS for failure to promptly report it (reporting is necessary even if you refuse the request)

ASA Continues to Provide Export Compliance Support

- ASA taught an *Export Week!* series of five compliance lectures earlier this Fall

  - Laid out the basics for how to comply, or how to build a compliance program

  - Discussed due diligence recommendations

  - Included Q&A each day; questions also addressed other issues outside of the lectures, like the EU metals rule

  - *This is available to members online!!*

- ASA continues to post frequent blog articles with compliance advice

Documentation

FAA Order 8130.21H

"Except as provided in paragraphs 2-2 and 2-6 of this order, products and articles <u>not produced</u> under an FAA production approval are <u>not eligible</u> to receive an FAA Form 8130-3."

- Exceptions for prototypes and pre-positioned parts

Make Sure 8130-3 Tags Are Legal

- Importance of knowing circumstances that allow for issuance of 8130-3 – some 8130-3 tags may be issued in unauthorized circumstances:
  - Issued for Airbus or other foreign PAH parts
    - FAA-PMA could be an exception
  - Issued for standard parts or other non-PAH parts
    - If the standard parts are run through a production approval system (like PMA or TSOA), then they should be eligible for an 8130-3 tag
    - But then they should get a part number associated with the FAA approval, to distinguish them from standard parts that are not run through such a PAH system

- One of the reasons that it is difficult to "fix" the broken parts of the system is that we mask the breaks with kludges like 8130-3 tags issued for parts that are ineligible

If You Identify a "Wrong" 8130-3 Tag

- Investigate
  - Communicate with your business partner to identify the facts
  - Communicate with the issuer to find out if there are extenuating circumstances

- Educate
  - Communicate with the applicant and/or issuer to correct the mistake

- Report
  - For unapproved parts, a SUPs report may be filed with the FAA
    https://www.faa.gov/aircraft/safety/programs/sups
  - For fraud, consider reporting to both FAA and law enforcement
  - For wrong 8130-3 tags that are not fraud nor reflect unapproved parts, consider reporting the issue to the appropriate FAA oversight office

Chinese Traceability Requirements from AC-120-FS-058 R4

- CAAC experienced a document fraud in China (EASA Form 1 for "72" parts was altered to state "720" parts)

- CAAC has insisted on a "clarification" of the documentation standards for parts coming from distributors (codified in AC-120-FS-058 R4 (Sept 27, 2023)):

  - New parts must have birth records (*sources not treated as distributors*)
    - Certification document from PC, PMA or TSOA holder
    - Certificate of conformity document from standards parts manufacturer
    - Certificate of conformity document from raw material producer
    - Direct shipment documentation issued by a CAAC-approved/accepted production system

Chinese Traceability Requirements from AC-120-FS-058 R4

- CAAC standards codified in AC-120-FS-058 R4:
  - Each distributor in the chain of commerce must have been ASA-100
    - PAH distribution needs ASA-100 for third-party-produced parts, but not for its own PAH parts
  - Documentation must be <u>stamped</u> by every past distribution point who has owned or possessed the parts
  - Parts removed from aircraft under accident investigation are prohibited

More Documentation Requirements from AC-120-FS-058 R4

- Distributors are required to provide the shipment packing list, invoices or other delivery certification documents enabling the traceability of the suppliers

- Distributors are also required to provide:
  - Airworthiness Directive Implementation Status;
  - Service Bulletin Implementation Status;
  - Time limit/Cycle life limit (include operation hours, time since overhaul, cycle since overhaul, records and documents justifying its history if the parts are used items/not brand-new);
  - Shelf-life limitation, include manufacturing date or vulcanization duration;
  - Routine work completion status according to the ICAs while in storage;
  - Assemblies or modification kits missing item status;
  - Any other abnormal circumstances, like overload, accidental stoppage, overheat, significant system fault or incident/accident etc.

ASA as an AFRA auditor & China

- AFRA continues to work with CAAC on a program under which AFRA-accredited companies would be allowed to apply for CCAR-145 with limited *disassembly* privileges

- AFRA and CAAC signed a MOU pledging to work together to implement this program in September

- CAAC hopes to begin audits in 1ˢᵗ Half of 2024

- AFRA is developing a database for supporting parts traceability

The AFRA database

- Part of CAAC's risk mitigation strategy is to require removed parts to be listed in a database by the CCAR-145 that removed them

- Subsequent CCAR-145s that intend to work on the parts would be required to validate the traceability by reference to the database

- Subsequent Chinese operators that intend to install the (overhauled) parts would be required to validate the traceability by reference to the database

- We've discussed this with other authorities, and industry parties, who see it as potentially serving a global risk mitigation purpose

International Cooperation

Maintenance Agreements

- When we get parts overhauled, we need to anticipate the customers and seek appropriate maintenance releases

- International cooperation among the authorities can make it easier for parts to have "the right paperwork"

- Thus maintenance agreements can be very important to our business when we are seeking overhaul of inventory

Government Cooperation in the Maintenance Realm

- FAA (US), EASA (EU), TCCA (Canada) and ANAC (Brazil) have been meeting as part of a Maintenance Management Team (MMT)

- The MMT met last week in Cologne, Germany

- Discussed ways to share maintenance oversight

- Some are agreeing to mutual acceptance, especially for components

Trends in Mutual Acceptance

- Mutual acceptance is the norm for new parts
- A part that was produced in the United States under an FAA production approval, typically is accepted in most jurisdictions with an 8130-3 tag to prove that it came from an FAA-PAH
- Foreign TSOA holders used to need letters of TSO design from the FAA in order for their components to be acceptable in the US; that was scrapped in favor of mutual acceptance with the Certification Management Team members

- Mutual *maintenance* acceptance can be seen at 14 C.F.R. § 43.17

Bilateral Relationships for Mutual Acceptance of *Component Maintenance*

Brazil (ANAC)

Canada (TCCA)

European Union (EASA)

United States (FAA)
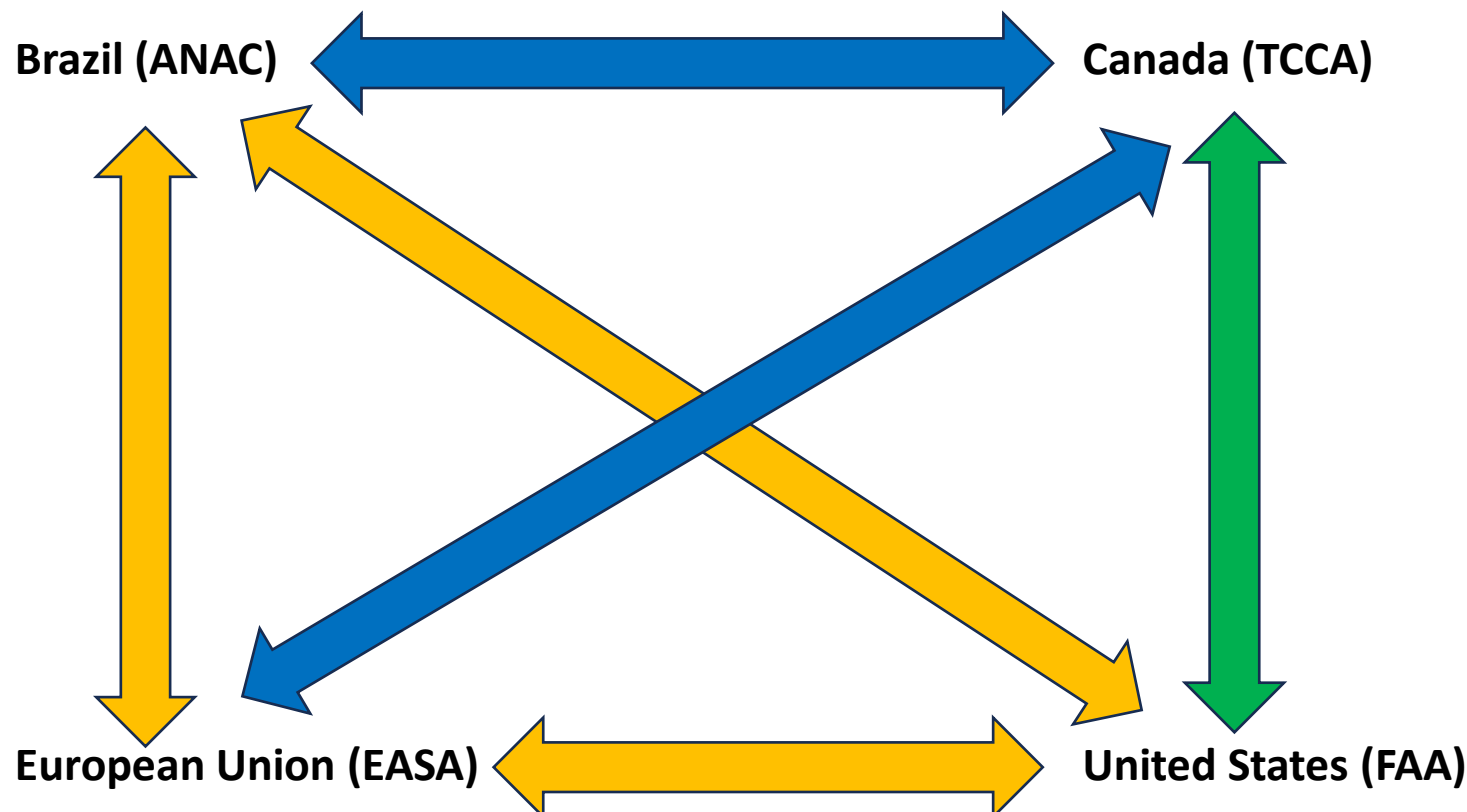
Key

☐ **Mutual Acceptance Implemented**

☐ **Mutual Acceptance Agreed; will be implemented soon**

☐ **Exchange of oversight but dual release still required**

1. Approving Civil Aviation Authority/Country	2. AUTHORIZED RELEASE CERTIFICATE FORM ONE		3. Form Tracking No.
Transport Canada			

4. Organization Name and Address					5. Work Order/Contract/Invoice

6. Item	7. Description	8. Part No.	9. Qty.	10. Serial/Batch No.	11. Status/work

12. Remarks

13a. Certifies that the items identified above were manufactured in conformity to:	14a. ☐ CAR 571.10 Maintenance Release
☐ approved design data and are in condition for safe operation	☐ Other regulation specified in block 12
☐ non approved design data specified in block 12.	Certifies that unless otherwise specified in block 12, the work identified in block 11 and described in block 12, has been performed in compliance with the *Canadian Aviation Regulations*.

13b. Signature	13c. Approved Organization Number	14b. Signature	14c. Approved Organization Number
13d. Name	13e. Date (dd/mmm/yyyy)	14d. Name	14e. Date (dd/mmm/yyyy)

(Previously form 24-0078)
on reverse side

Important: See notes

Installer Responsibilities

This certificate does not constitute authority to install.

Installers working n accordance with the national regulations of a country other than that specified in block 1 must ensure that their regulations recognize certifications from the country specified.

Statements in blocks 13a or 14a do not constitute installation certification. In all cases, the technical record for the aircraft must contain an installation certification issued in accordance with the applicable national regulations before the aircraft may be flown.

Other MMT Detail: Safety Management Systems

- EASA SMS for Part 145 will be fully implemented by December 2, 2024

- EASA will make SMS a special condition

  - This means that US-based repair stations with EASA privileges will have to have SMS programs
  - EASA has stated that they will accept SMS programs accepted by the FAA under their voluntary program
  - FAA voluntary program will be spooling up from less than 20 repair stations to over 1000
  - EASA and FAA asked the trade associations to alert the repair station community that this SMS requirement is coming, and will be coming quite soon!

Other MMT Detail: Information Security

- EASA Part-IS
  - Information Security
  - Due to be fully implemented in February 2026
  - EASA is looking into whether this will be the subject of a special condition
    - EASA has asked the FAA to provide a plan for information security management
    - EASA will make a decision on whether to make Part-IS a special condition
  - EASA stated that if you have an SMS then one of your hazards is "cyber" and you must implement mitigations to reduce the risks for this hazard, so EASA's position is that information security is already required under SMS

Government and Digital Documentation

- At this year's annual meeting, there was a recognition of the need to support digital documentation in various forms (not just parts)

- Government is examining ways to harmonize their approach to digital documentation

  - All four authorities have digital signature guidance, but in some cases the guidance may be aging rapidly

  - In the EU, different states have different electronic signature regulations, which causes inconsistency even within the EU

Implementing Digital Documentation

- What does this mean?
  - Many people have been calling for the use of block chain to address the AOG Technics issue
  - Most of them ignore the obvious problems:
    - Most of the AOG Technic Parts appear to have been unserialized, so they could have just as easily been falsely associated with an existing block chain record)
    - The US still does not require manufacturers to issue standardized "birth records" for parts
  - It is likely that AOG Technics will nonetheless invigorate the discussion of digital documentation

Digital Documentation – a Big Discussion

- Part of our problem is the complexity of the issue
  - There are lots of records that can be digitized and some – like aircraft health monitoring data – are seen as more important places to start
  - But there are also issues like maintenance and lease return that get a lot of attention and could rely on parts documentation as an important element of their larger concerns, so everyone sees a need to address parts (but not necessarily in a context that benefits aircraft parts safety)
    - None of them seem to have a solution for tracking unserialized parts
    - The ASA Board has been investigating alternative ways of uniquely tracking parts so they can be correlated to a unique electronic record
    - China's solution for 'removed' parts: only retain data on serialized parts and other parts cannot be overhauled and reused in the marketplace (but such parts can be repaired and returned to the same aircraft)

False Documentation

Government Affairs Update

UK News Release, December 6, 2023

SFO launches criminal investigation into global aviation supplier with dawn raid in London

The Serious Fraud Office (SFO) has today raided an address and arrested one individual, as it announces the launch of a new criminal investigation into fraud at AOG Technics Ltd, an aircraft parts supplier that serviced several major airlines in the UK and abroad.

SFO investigators, accompanied by officers from the National Crime Agency, seized material from a site in Greater London and one individual is currently being questioned.

Headquartered in the UK, AOG has supplied parts globally for the world's best-selling passenger aircraft engine (the CF56) and most-used cargo aircraft engine (the CF6) since 2015. The parts were mostly sold to overseas companies that install airline parts, as well as some UK airlines, maintenance providers and parts suppliers. The aircraft, engine and parts manufacturing industry is worth £34.5bn to the UK economy.

The UK Civil Aviation Authority (CAA), the United States' Federal Aviation Administration and the European Union Aviation Safety Agency issued alerts earlier this year to aviation businesses who may have bought or installed AOG's parts and continue to manage the safety implications involved. Some planes have been grounded in the UK and US.

The SFO is working closely with the CAA and other regulators to examine the information obtained as it advances its criminal investigation into suspected fraud at this firm and determines whether there are grounds for prosecution.

This is the third new investigation launched since Director Nick Ephgrave QPM joined the UK's specialist anti-fraud agency in September.

Nick Ephgrave QPM, Director of the Serious Fraud Office, said:

"This investigation deals with very serious allegations of fraud involving the supply of aircraft parts, the consequences of which are potentially far reaching.

"The SFO is best placed to take this investigation forward vigorously and we are determined to establish the facts as swiftly as possible."

AOG Technics, Ltd

- An issue was discovered when a TAP Portugal receiving inspector looked at an inbound part with "new" documentation, and noticed that it appeared to be in used condition
- Checked the Safran documentation with Safran – Safran confirmed that they had not issued it
  - According to sources, some of the documents bore the names of members of the 1997 French World Cup Team
- This lead to examination of other documentation and discovery of other discrepancies
- GE reports that this is a few hundred forms reflecting over ten thousand parts

AOG Technics – What We Know

- What we know:
  - AOG Technics sold engine parts (CFM56 and CF6)
    - EASA called the documentation "falsified" and referenced CFM56 engine parts (SUP Notice issued August 4, 2023)
    - FAA called the documentation "falsified" and referenced CF6 engine parts (UPN issued Sept 21, 2023)
  - AOG Technics had been accredited under TAC 2000 (removed from AC 00-56 database in June 2022 due to certificate expiration)
  - AOG Technics was a member of ASA (not audited by ASA) and ASA removed the membership upon notification
  - UK arrested AOG Technics' Director Juan Alejandro Zamora Yrala

Scope (Gleaned From GE Sources)

- 98% of the forms examined by GE were EASA Form 1; only a small percentage were 8130-3 tags

- GE has identified some authentic forms; so not all of AOG Technic's transactions bore false paperwork

- Details
  - 121 part numbers for CFM56 engines
  - 3 part numbers for CF6 engines
  - Mostly bushings and hardware (nuts, bolts and washers)
    - Note that other sources have identified blades and vanes

AOG Technics and Distributor Accreditation

- ASA has met with government agencies to discuss what this means for distribution and for accreditation programs
  - FAA continues to support efforts to prevent false documentation
  - Transport Canada still wants to talk to ASA in early 2024 about using an accreditation program in their system
  - China has already changed its requirements on documentation; still believes in accreditation
  - EASA is interested in what the Quality Committee decides, and appreciates what ASA has already done to support **detection**, which they agreed is a useful focus
- Consensus: while we cannot prevent bad actors, we can continue to improve and support fraud detection mechanisms

Strategic Questions in Response to the AOG Technics Situation. To be Discussed

- **Education**: Before COVID, ASA provided regional workshops that addressed topics like unapproved parts and receiving inspection and reminded members to examine parts as well as documentation. In recent years, ASA has produced webinars on receiving inspection. What else should ASA do?

- **Standards**: How can ASA be a positive force in supporting digital documentation standards, like use of blockchain or other means of digitizing data? Are there other things we should be doing through ASA-100?

- **Government Policies**: There is an opportunity to amend AC 00-56. Are there standards or requirements that ASA should be pursuing? This is not limited to FAA as there maybe changes put forth by EASA, TC, CAAC, UK CAA, etc.

Thank You!

Jason Dickstein

Aviation Suppliers Association General Counsel

2233 Wisconsin Avenue, Suite 503

Washington, DC 20007

Tel: (202) 628-6776

Jason@WashingtonAviation.com

Strengths	Weaknesses
- FAA AC 00-56 self-accreditation program requiring - Receiving inspection for confirmation of articles and documentation per appendix 1, Documentation Matrix - Training of personnel - Administrative processes that identifies and records qualifications of employees authorized to make quality determination - Nonconforming material process, segregation, and resolving of the issue to prevent a sale or transfer prior to appropriate disposition - A process to establish accountability of duplicate approval tags or other traceable documents - Process for controlling the creation of document copies - Process for maintaining documentation - Process for training of purchasing and receiving personnel about the identification of counterfeit parts and suspected unapproved parts - ASA-100 accreditation program inclusive of the AC requirements with the additional requirements - Supplier approval process - Flow down requirements to the accredited organizations supply chain that includes Distributors/Suppliers/OEMs of purchased items - Expansion of counterfeit parts and SUPs to include personnel involved in material control - ASA's core auditors have over 25+ yrs industry exp - identify potential issues with parts & related documentation - ASA issues member alerts on matters relating to counterfeit parts, SUPS and/or fraud. - Communications amongst member companies to bring awareness and corroborate issues both in and out of association functions	- ASA-100 audit is a snapshot in time and limited to the samples checked during an audit. - Industry will never be able to prevent a participant in the distribution industry from intentionally create fraudulent documentation - ASA's lobbying efforts - An organizations self-audits don't dive deep into the process of prevention and/or identification of fraudulent documentation - The AC allows numerous paths to become listed on the self-accredited database which may not be equal in deployment and maintenance to ensure conformance to the AC requirements - Lack of industry understanding of the differences in the above-mentioned paths to self-accreditation - Processes required for controlling creation of document copies lack clear guidance and best practices from current CAA AC and Orders - Requirements for original Airworthiness documents vs copies vs "certified true copies" or split tags vary by distributor and are not clarified by CAA - No requirements for new article documentation under US laws - No requirements for documents t remain with parts until installation on assembly

Opportunities	Threats
- Revise ASA-100 standard for recurrent training of counterfeit parts & suspected unapproved parts - Increase training on the topic of documentation at defined intervals throughout each year via webinar, in-person workshops and/or ASA's LMS platform - Create more specific documentation training relevant to purchasing and inspection personnel - Create a database that has sanitized examples of fraudulent documentation which may be used as a training tool for members and accredited organizations - Promote the movement from paper documents to a digital format with CAA and Industry acceptance and/or mandates for transition - Work with CAA to potentially update applicable AC's and orders - Promote best practices for supplier vetting and approval processes	- Negative publicity of the aviation supply chain by the media when issues such as AOG arise - Perception that the distribution of aviation articles may not be regulated - Potential of new Government imposed regulations based on incomplete facts - Rush to judgement on making changes to ASA-100 which may not be needed - New unaccredited distribution organizations entering the industry with no experience or quality system - Lack of industry understanding of the difference in the above-mentioned paths to self-accreditation - Increased potential for counterfeit parts manufactured in Russia via non-sanctioning countries