

Suspect Counterfeit Electronic Parts Can Be Found on Internet Purchasing Platforms

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GAO report: GAO-12-375, Feb 21, 2012 [Highlights](#) [Full report](#)

Surprise: GAO purchased bogus parts from low bidders in online marketplace web sites!

My thoughts:

1. Vendors will sell you anything you want – even parts that don't exist. Asking a vendor for a quote gets their attention. Letting the vendor know that you are ready to buy, under a time crunch and have limited alternatives; gets vendors excited. A vendor will work very hard to find something to sell you – even if they aren't exactly sure what you want.
2. Online web sites can and will make any business look legit. Putting together a flashy and attractive web presence today is trivial. We all look alike in email. On the web we can look like anyone we want. Combat this problem by looking for details which could reveal a pretender. Web site registration is new but the literature says the company has been around for years. Misspellings or errors that aren't fixed immediately when discovered. Inconsistencies in the various documents and references. Lack of a physical address and phone number. Read more [here](#)
3. A vendor's certification that the part is correct – is only as good as your verification process.
4. Online Sourcing web sites make money from both sides of the transaction. That is they make money, if they can get more vendor to register and get more buyers to buy from those vendors. Thus they will register just about any vendor they can drag up and make that vendor look as good as they can to prospective buyers. Do a Google search for "procurement platform" or "online marketplace" and they will sprout like weeds. Read more [here](#) and an old [PowerPoint](#)
5. Reverse auction and web portal sites are only as good as the vendor registration process they use. Most - don't perform any business validation and have little information to offer about the vendors who are registered. That isn't the secondary issue – vendor validation has to be the most important aspect of any system or process. Even so, buyers have a huge amount of due diligence to perform in validating that the vendors are legit, honest, capable and responsible. In the GAO sting operation, they set up a bogus buying company and even register it in the government Central Contractor registry. If an auditor can do it – anyone can. Read more [here](#)

Morale of the story: Anyone, from anywhere, will sell you anything – if you let them.

Combat this problem by getting to know your vendor, establish a relationship of trust and add a little vendor-validation-due-diligence just for good measure. Read more [here](#)

Waiving a fist full of dollars in an online auction or marketplace will attract a lot of flies.