



SMT Overview

- Established in 1995.
- Independent Stocking Distributor of Electronic Components and Peripherals.
- Located in S.W. Connecticut approximately 1.5 hours from N.Y.C. and 2.5 hours from Boston.
- Woman Owned Small Business



Facility Overview

- 72,000 sf. facility specifically engineered for the proper storage, inspection, and distribution of ESD and humidity sensitive electronic components.
- Over 100,000 line items in-stock from over 600 manufacturers.
- Actives, Passives, IC's, Discrete's, Connectors, LCD's and Peripherals









Facility Security









Dehumidification System









ESD Floor Treatments















SMT Corporation Certifications & Memberships

• ISO9001:2000

AS9120:2002

ISO14001:2004

OHSAS 18001:2007

ANSI/ESD-20.20:2007

WBENC

IDEA

ERAI

GIDEP

AIA

EPA

CERTIFIED

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MEMBER

MEMBER

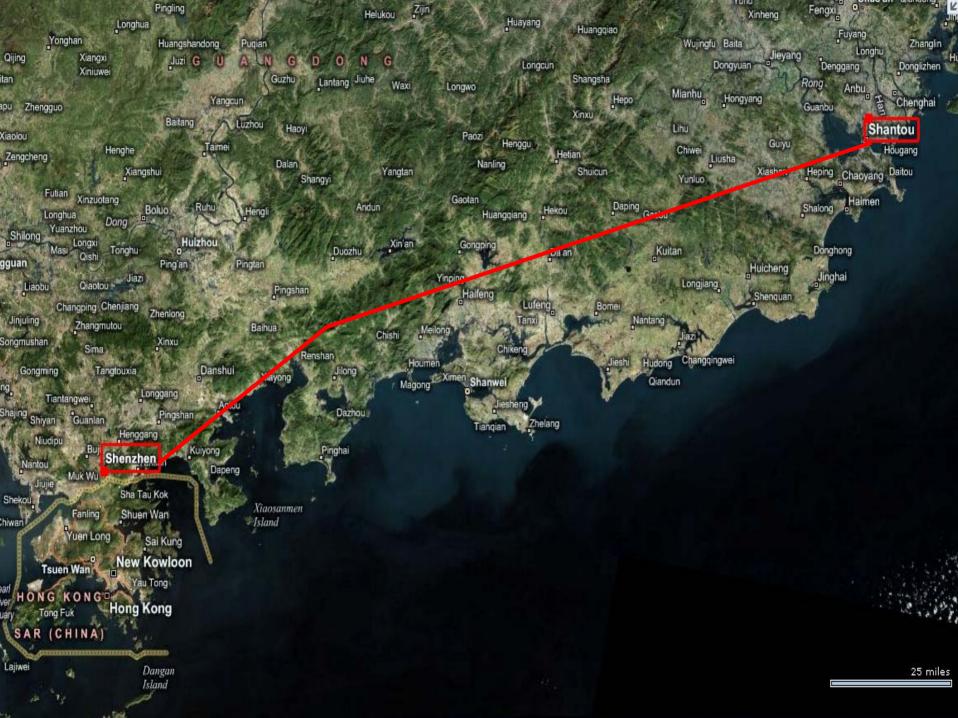
MEMBER

MEMBER

REGISTERED

China Trip 2008







Vehicle Inspection Point Just Outside City of Shantou





Entering City of Shantou





Electronic Debris Stored in Front and Back Yards seen while driving through city streets













Shantou warehouse: Boards stacked, waiting for chip removal.







Components being washed in the river & laid on bank to dry.







Pulled components drying on city sidewalks, then separated by type.









Pulled components stored in bags, being delivered and awaiting processing.







Pulled components sorted by sifting







Pulled components prepared for counterfeiting process











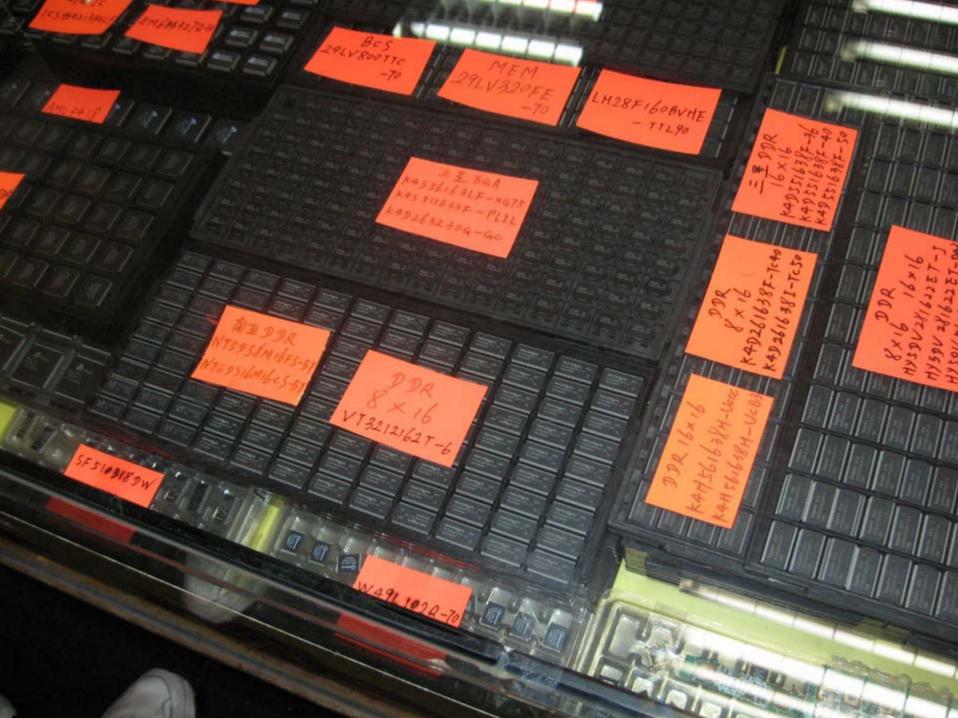


Counterfeiting District where Refurbishing, Remarking, and Repackaging occurs. Residence housing is located above.





Remarked Components Ready for counterfeit packaging and distribution thru Shenzhen's Global Market





City of Shenzhen

China's main entry point of counterfeit electronics into the global marketplace

















Scope of Counterfeit Problem

 ERAI Inc, has confirmed more than 2800 brokers selling counterfeit components



Counterfeit factory box





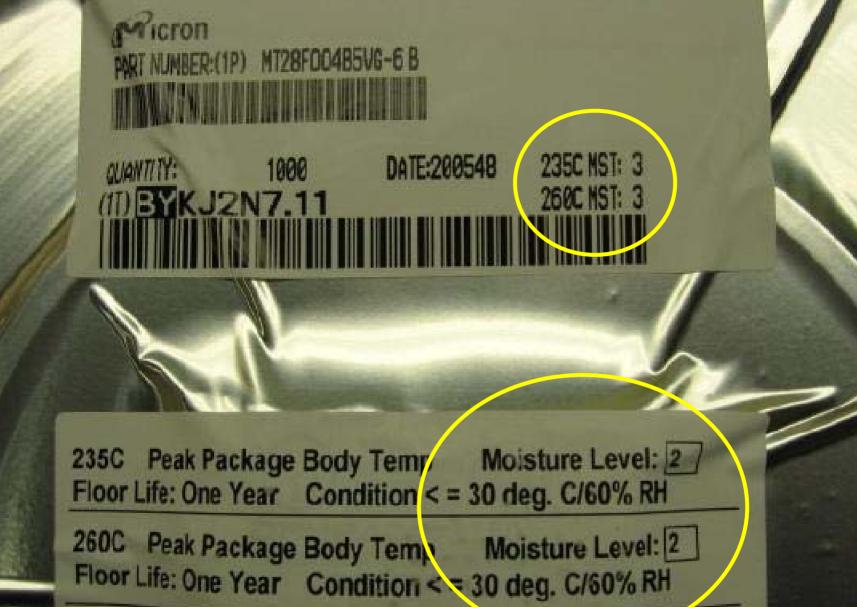
LOGO AUTHENTICATION

FAKE



REAL





Package Seal Datl: Del 02 2005

Operator: JDOE



Operator: JD0E



MILITARY CERTIFICATE OF COMPLIANCE

Thereby certify that the products in this shipment are part of

Signature and the Control

which are enclosed. All products have been received, stored, and shipped in accordance with Hilbirg Syandard 34, E1A625 and IEP 109.

5-23-0

Date

Xuphopped Signature

Milatry Product Controller

Q Form [48 Rev 2 6/26/0]



MIL-STD 883 ATTRIBUTES TEST DATA

| Customer | | | Special/Generic ADS/ICMP 86.314 | | | | QC Lot # | | | |
|-------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-----------------|----------|---------------|--|--------------------------------|--|--|
| ETEC | | | 5962 - 8787104KA | | | | F285 47265 | | | |
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| | 1964 - 8757104xA 0410 MZ6-452K | | | | | | | | | |
| Λp | Approved By: Dale: 05-28-07 | | | | | | | | | |



RT. 1 INDUSTRIAL PARK, NORWOOD, MA 02062

| DATE | P.O. # | _ PART # | | | | | | | |
|--|----------------|----------|--------------|--|--|--|--|--|--|
| CUSTOMER: | SALES ORDER | | DATE CODE | | | | | | |
| DOCUMENTS ENCLOSED | | | | | | | | | |
| INCOMING QUALITY CONTROL INSPECTION DATA | | | | | | | | | |
| THESE DOCUMENTS MUST | | | | | | | | | |
| ACCOMPANY SHIPMENT | | | | | | | | | |

THERMALLY BROWNING HUMIDITY INDICATOR . 60% 50% 30% 20% 10%

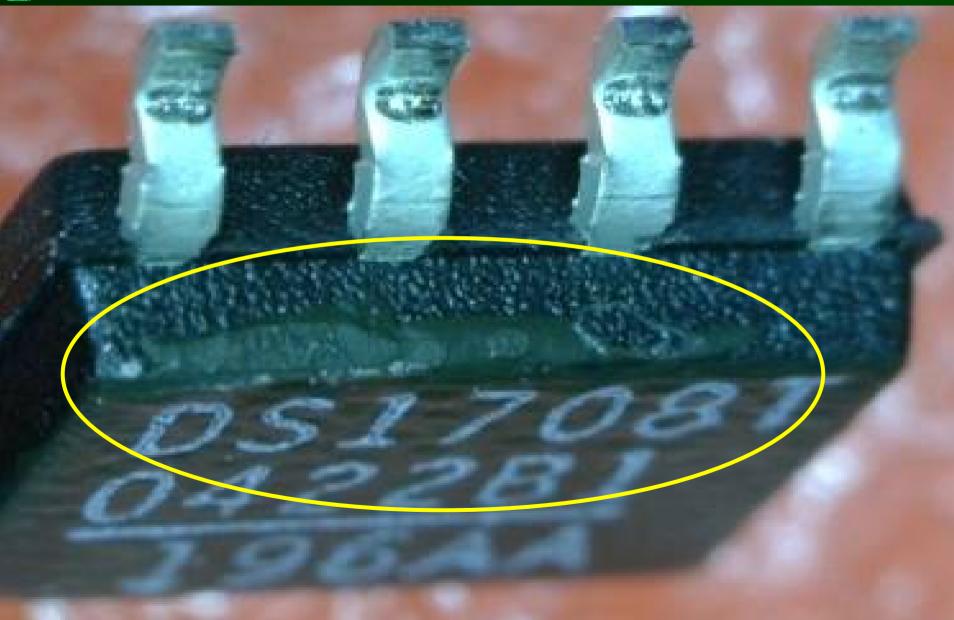
BETWEEN PINK & BLUE

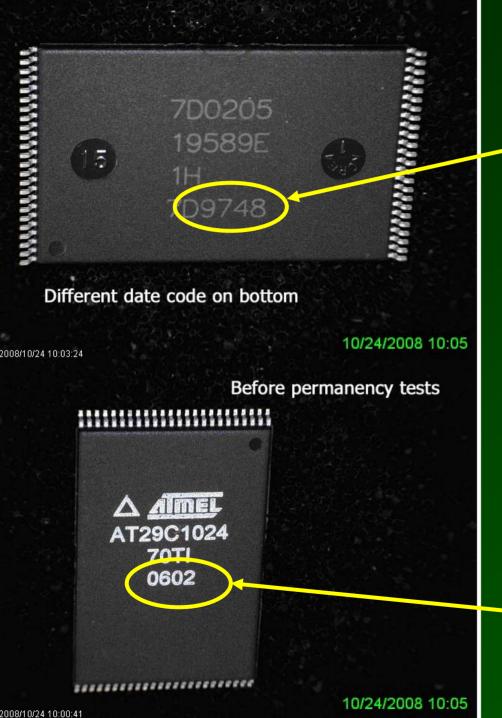






SMT SLOPPY BLACK-TOPPING







1997 parts remarked as 2006: Nine years difference



Different Part Number and Date code



After part permanency test



Before part permanency test



Laser-Etch remarking still visible after black topping has been removed







Baked-On Black-Topping

Scraping required to remove finish





Chip Sales to Drop 24% in 2009

"Chip sales are on track to fall 24% in 2009." says Gartner Inc. The industry research group also said the industry will not be able to return to 2008 revenue totals through 2013.



Is the "Perfect Storm" Approaching?

- · Historically, severe component shortage and allocation events begin at the end of recessionary periods.
- Currently we are in the worst recessionary period of our generation.
- Is this industry preparing to face this very real possibility?



Development of a Stringent Counterfeit Mitigation Process



Equipment Required for Component Authentication & Quality

- Real Time X-ray
- Acid Etch Decapsulation
- Microscopy Equipment
- XRF Tester (RoHS)
- Solderability Tester
- Baking & Dry packing equipment



Require More!

- Professional liability insurance
- Certifications: Not Compliance
- Verification of financial stability
- Periodic site audits
- Detailed documentation on component authenticity and quality with every order



