

Counterfeit Concerns

Careful Shopping & Research Are Required
To Sidestep Potential Problems

January 28, 2011 . By Dan Heilman

Although buying used or refurbished equipment can be a great way to get good gear while keeping costs down, it can also be a treacherous experience thanks to counterfeiting. It's been reported that fake chips, routers, network modules, and other hardware cost the IT industry as much as \$100 billion per year, but protect yourself and your company from getting bogus goods.

Keep a close eye out. Hardware equipment is especially at risk for counterfeiting, especially that with recognizable, higher-margin brand names. Because of the goodwill built up by those companies, counterfeiters don't mind investing more money into making good fakes, according to Joyce Tang, a principal consultant with CompTIA Security+ (www.comptia.org). "It's not as easy to spot these fakes, particularly if they're branded as refurbished and packaged in generic boxes or bulk plastic casings instead of original packaging," Tang says.

For those that are branded as new and are in their original packaging, Tang says, pay close attention to the quality of the printing and check for spelling errors. Typos and poor printing quality should be a hint.

Know who you're dealing with. An-other reliable hedge against receiving counterfeit equipment is plain old legwork: Researching distributors and retailers can go a long way in keeping from getting burned.

"Make sure you're buying from a reputable company that's been in business awhile," says Joshua Levitt, managing director of UsedCisco.com. "That might seem obvious, but you'd be surprised at how many companies don't do that bit of due diligence. Get references and make sure they stand behind their product, including warranties."

"Researching the reputation of the seller is [priority] No. 1," agrees Rob Holmes, CEO of IPCybercrime.com. "Most companies that sell refurbished equipment have an eBay store. The nice thing about those is that they're reputation-based. I've bought some refurb product for my business, and if a company has an eBay store, it gives you a chance to check out what customers think of them."

For the extra-cautious, however, steering clear of even a regulated but far from foolproof retail environment such as eBay might be worthwhile, says Levitt. "You can always report [counterfeit sales] to the authorities, but if you bought it on eBay or someplace similar, you're buying at your own risk to an extent," he says.

Know the risks and recourses. Unfortunately for customers, in many cases there's little recourse once a counterfeit component has been discovered, aside from junking it and being more careful next time. You can still request a refund from the vendor if the product's bogus status is detected early enough; if the vendor is an honest seller that unwittingly got stuck with bad gear, they will sometimes take the loss to keep your business.

However, says Tang, it may be months before you may run into mysterious stability issues and degraded performance from a counterfeit piece of equipment. "Often times, they still don't know it's a fake," she says. "With low-volume purchases, there's almost hardly any recourse, [but] with high-volume purchases where the source of the counterfeiter or a retailer of counterfeit products can be traced, the FBI may then get involved."