



Homeland Safety Systems, Inc. response to HR 5515 presented to President Donald Trump August 3, 2018.

As a user of Security Surveillance Equipment, do the following names mean anything to you – or do you currently have or are planning on installing any of these products into your facility? Hikvision, Dahua, LT Security, 3x Logic, Advidia, DMP, Honeywell, Sentry Security Systems, Trendnet, ADT, Bosch, FLIR, IC Realtime, Legrand, Panasonic [as an aside – the current owner of VideoInsight], Qsee, Speco, just to name the common ones.

If so, HR 5515, “The John S. McCain National Defense Authorization Act for Fiscal Year 2019¹” is the best kept, most ground-shaking secret that the Security Industry is keeping from their current and future customers. Specifically, this bill, which is currently limited to “Executive Agencies” within the United States Government, specifically bans the procurement of the following products (called covered telecommunications equipment in the legislation) from – “Hytera Communications Corporation, Hangzhou Hikvision Digital Company, and Dahua Technology Company, their subsidiaries and affiliates”. These names may or may not mean anything to you as users of security products, however their affiliates are what have caused you to read on – all of them have one of the above named banned companies produce their equipment².

¹ See Text of HR 5515 located at <https://www.congress.gov/bill/115th-congress/house-bill/5515/text>

² Dahua OEM Directory - <https://ipvm.com/reports/dahua-oem>,
Hikvision OEM Directory - <https://ipvm.com/reports/hik-oems-dir>



There are a few reasons why the Federal Government has taken steps to ban these companies from Federal Government facilities. The first is the majority owner of Hikvision - 42% controlled by the Government of the Peoples Republic of China³. The likely second reason is the poor, and possibly built in back doors on many of these companies products, which was illustrated by the DDOS attack that crippled the World Wide Web in October 2016. Research into the cause found that the firmware boards used by many of these manufactures were hard-coded with usernames and passwords that the end-user can not change⁴. These concerns has caused Congress to push this legislation through, even writing this section of the bill into the Senate version that initially did not contain the ban⁵.

Although at it's core, this bill appears only to affect purchases by the US Government. But looking deeper into the wording on the legislations there are a few key notes to take away. Section 889(a)(1)(a-b) says that the “head of an executive agency may not – procure or obtain or extend or renew a contract to procure or obtain any equipment, system, or service that uses covered telecommunications equipment....” When you look at a list of what agencies are considered “Executive Agencies” you see that the list includes - The Department of State, Treasury, Defense, Justice, Interior, Agriculture, Commerce, Labor, Health and Human Services, Housing and Urban Development, Transportation,

³ <https://www.wsj.com/articles/surveillance-cameras-made-by-china-are-hanging-all-over-the-u-s-1510513949>

⁴ <https://krebsonsecurity.com/tag/dahua/>

⁵ <https://ipvm.com/reports/congress-ban>



Energy, Education, Veterans Affairs, and Homeland Security⁶. Any agency who had direct or indirect ties to any of these “executive” agencies could be indirectly made to conform to this policy through Federal Funding – Schools are overseen by the Department of Education on the Federal Level, Prisons are overseen by the Department of Justice, Roads and Infrastructure works are overseen by the Department of Transportation. It is not a long leap to envision in the near future that any Federal Funds (direct or indirect) for any of these State level agencies to become tied to this legislation. We saw examples of this in 2015 when President Obama threatened to cut \$2.2 billion in Medicaid and hospital funds to force Florida to expand Obamacare⁷.

Another consideration that affects many State Agencies as soon as this bill takes effect is found in Section 889(a)(b) – Prohibition on Loan and Grant Funds. If you intend to use Federal Grant or Loan monies to accomplish your project, when this bill takes effect on January 1, 2019, you will have to find another funding source to continue should you decide to use these banned companies. Keep in mind that this includes service or replacement work!!

Finally, a similar “unofficial” ban was placed on another Chinese manufacturer Huawei in April (who will be included in another ban with ZTE called the “Defending US Government Communications Act” – HR 4747 currently

⁶ <https://www.law.cornell.edu/uscode/text/5/101>

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<https://www.forbes.com/sites/theapothecary/2015/05/13/obama-administration-tries-to-blackmail-states-into-expanding-obamacare/>



in committee). Since this unofficial ban, pressure has been placed in the following ways –

- AT&T and Verizon where both bullied into exiting distribution deals with Huawei after Huawei spent millions in logistics and marketing but only one day before distribution was to begin.
- CFIUS now disallows any U.S. acquisition by Huawei
- The FCC now makes billions in US subsidies off-limits to any company that does business with Huawei.
- Independent electronics distributors such as Best Buy have bowed to pressure and now refuse to carry Huawei devices of any kind.
- Eastern Oregon Telecom and LHTC Broadband are being coerced to swap out already installed Huawei infrastructure.
- U.S. diplomats have been busy abroad killing Huawei deals in Jamaica, South Korea, Australia, the Balkans, well, everywhere that U.S. influence and an airport exists.
- Western Mainstream Media has been destroying Huawei’s reputation by airing reports that the FBI, the CIA, the NSA, the Department of Defense, and so on, are all issuing warnings that Huawei devices are spy-gear and a threat to national security.⁸

In conclusion – it should be considered risky business for any end user – you – to consider using these products in the near future, and even begin considering plans to replace these products should you currently use them. Once this ban takes effect in 2019, it will become increasingly harder and harder to purchase these

⁸ <https://www.quora.com/Why-is-Huawei-banned-in-the-USA>



products, have these products serviced, or even pay for these products should your agency receive any money from the Federal Government directly or indirectly!

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