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NRC FINES UNITED NUCLEAR \$100,000 FOR FAILING TO SET ASIDE FUNDS  
FOR DECOMMISSIONING CHURCH ROCK URANIUM MILL

The Nuclear Regulatory Commission staff has proposed a fine of \$100,000 against United Nuclear Corporation, of Gallup, New Mexico, for failing to properly comply with a January 1992 order to set aside \$16.4 million needed to decommission and decontaminate the Church Rock uranium mill site near Gallup.

The NRC conducted investigations into United Nuclear's financial affairs beginning in 1992 and continuing through 1996 in order to track funds received in the 1992 settlement of a company law suit against the U.S. Government. The proceeds of the settlement were \$67.5 million. The NRC order required that \$16.4 million from the settlement be held by United Nuclear in a special account that could only be tapped with NRC approval for use in the cleanup work at Church Rock.

The NRC's investigation determined that United Nuclear willfully violated this order by transferring the entire \$67.5 million to its corporate parent, UNC, Inc. in Annapolis, Maryland, the day after the settlement was received. In addition, investigators found that an officer of United Nuclear and UNC, Inc., intentionally provided false information to the NRC by stating that the required \$16.4 million was in a bank account owned and controlled by United Nuclear.

In fact, the investigation determined, the money was in an investment account that was owned solely by UNC, Inc., and United Nuclear had no control over the funds. After questions were raised by the NRC, the officer had the investment firm add a designation to the name of the account stating that it was "For the Benefit Of United Nuclear," however this had no legal effect on ownership of the account.

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Later in 1992, UNC, Inc., provided the NRC with legal assurance that the \$16.4 million would be available for the Church Rock cleanup work. That cleanup effort is now underway.

In a letter to United Nuclear, NRC Region IV Administrator L. Joe Callan, said, "Willful violation of an NRC order and the willful submission of incomplete and inaccurate information by a senior licensee official are considered very significant violations." As a result, the NRC has exercised its enforcement authority to propose a penalty of \$100,000.

United Nuclear Corporation must respond to the Notice of Violation in writing within 30 days. The response must document specific actions taken to prevent recurrence of the violations. During this time the company may pay the fine or file a protest.

