

UNITED STATES NUCLEAR REGULATORY COMMISSION

In the Matter of)
)
PAL CONSULTANTS, INC.)
14380 Story Road)
San Jose, CA 95127-3818)
)
and) P.S. Docket No. 01-01-PF
)
NICK PAL)
Pal Consultants, Inc.)
14380 Story Road)
San Jose, CA 95127-3818,)
)
Respondents)
)

SETTLEMENT AGREEMENT

Pal Consultants, Inc., and Nick Pal (Respondents) and the United States Nuclear Regulatory Commission (NRC) hereby agree to the following settlement of the above-captioned proceeding, in which the NRC Reviewing Official has served a complaint upon Respondents under cover of a letter dated April 20, 2001 (the complaint), alleging violations by Respondents of the Program Fraud Civil Remedies Act (the Act), 31 U.S.C. 3801-3812, and NRC's Program Fraud Civil Remedies regulations, 10 C.F.R. Part 13:

(1) The NRC agrees to submit a motion for approval of this agreement and dismissal of the above-captioned proceeding to the Administrative Law Judge (ALJ) who has been appointed to hear the evidence in the proceeding.

(2) The NRC agrees that fulfillment of the terms of this agreement by Respondents shall be in settlement of the above-captioned proceeding and shall satisfy the June 23, 2000 decision of the Department of Energy Board of Contract Appeals (EBCA) on the counterclaim of the NRC in EBCA No. C-9812283.

(3) The NRC and the NRC Reviewing Official agree that, upon fulfillment of the terms of this Agreement by Respondents, the NRC and the NRC Reviewing Official will not reinstitute the complaint in the above-captioned proceeding, or issue any complaint, demand, or other action against Respondents based on the claims listed in the complaint.

(4) The NRC agrees that no interest will be charged to Respondents on any amount owed to the NRC by Respondents based on the June 23, 2000 decision of the EBCA on the counterclaim of the NRC in EBCA No. C-9812283, so long as timely payments of amounts due under this Agreement are received by the NRC.

(5) Respondents agree that they will pay ten thousand six hundred and twelve dollars (\$10,612.00) to the NRC to satisfy the judgment issued by the EBCA in favor of the NRC on the counterclaim of the NRC in EBCA No. C-9812283. Respondents also agree, as part of this Agreement, to forfeit the amount of one thousand two hundred and eight dollars (\$1,208.00) that the NRC owes the Respondents under NRC contract NRC-03-89-033, which the NRC shall apply as settlement of the above-captioned proceeding and send the proceeds to the United State Treasury as miscellaneous receipts. Payment of this sum shall be made as follows:

(a) The sum of four hundred forty six dollars (\$446.00) shall be paid by Respondents at the time of the signing of this Agreement.

(b) The remainder of the amount owing, ten thousand one hundred sixty six dollars (\$10,166.00) shall be paid, in accordance with the attached payment schedule, in

twenty three (23) equal installments of four hundred forty two dollars (\$442.00) each, as described in a Promissory Note attached hereto, the terms of which are incorporated in this Agreement as if fully set forth herein.

(c) All payments shall be made by check payable to the "United States Nuclear Regulatory Commission" and mailed to the following address: United States Nuclear Regulatory Commission, OCFO/DAF/LFARB T-9E10, 11545 Rockville Pike, Rockville, MD 20852-2738.

(6) NRC and Respondents agree that execution of this Agreement by the Respondents is not an admission of liability by Respondents under the above-captioned proceeding.

(7) In consideration of NRC's entering into this Agreement, Respondent Nick Pal agrees to assume personal liability for the payments agreed upon in paragraph (5) of this Agreement.

(8) In the event an installment payment is not made when due and the Respondents fail to make payment within ten (10) days after receipt of verbal or written notification from the NRC of nonpayment, NRC, at its option, may declare this Agreement to be in default settlement and the full remaining unpaid balance shall become immediately due and payable from either or both Respondents.

(9) If default is declared by the NRC under the preceding paragraph, interest shall accrue at the rate established by the Secretary of the Treasury compounded daily from the date of May 17, 2000 on the remaining unpaid principal balance. Upon declaration of default, the NRC shall mail, by first class mail, a notice of said default addressed to each of the Respondents at the addresses provided for them in this Agreement, or a new address for which Respondents have provided notice to the Reviewing Official at the address for the Reviewing Official set forth below.

(10) Respondents agree not to contest the amount due under this Agreement, and not to contest any remedy agreed to under this Agreement. Respondents fully release the NRC, the NRC Reviewing Official, and any NRC employee involved in activities related to the complaint or investigation of the claims listed in the complaint from any liability, claims, demands, grievances, attorney fees, and remedies of any kind that may arise from such activities.

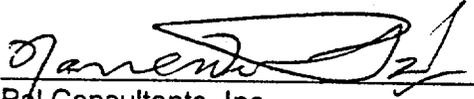
(11) The NRC and Respondents agree that each shall bear their own costs, except that in the event of default, Respondents shall pay all reasonable collection costs, court costs, and attorney fees incurred by the NRC as a result of the default and any appropriate collection actions taken by the NRC.

(12) The NRC reserves the right to seek judicial enforcement of any and all aspects of this Agreement or to seek relief for the breach of any aspect of this Agreement.

(13) This Agreement shall be binding on the heirs, administrators, executors, successors and transferees of Respondents or the NRC.

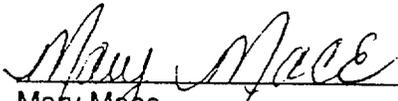
(14) This Agreement contains the entire agreement between the parties hereto, and is entered into in order to avoid the uncertainty and expense of further proceedings upon the complaint in the above-captioned proceeding. Any modifications of this Agreement must be set forth in writing and signed by all parties. Respondents represent that they have entered into this Agreement with knowledge of the events referred to herein, that they were advised by private counsel obtained by them in this matter, and that they voluntarily enter into this Agreement in order to avoid further proceedings upon the complaint, without any degree of duress or compulsion.

IN WITNESS WHEREOF the parties hereto have set forth their
hands and seals as of the dates specified below.


Dated: 7/18/2001
Pal Consultants, Inc.
14380 Story Road
San Jose, CA 95127-3818


Dated: 7/18/2001
Nick Pal
14380 Story Road
San Jose, CA 95127-3818


Dated: 7-19-2001
Stephen G. Burns
NRC Reviewing Official
Office of the General Counsel (MS O-15D21)
U.S. Nuclear Regulatory Commission
Washington, DC 20005


Dated: 7-24-2001
Mary Mace
Contracting Officer
Office of Administration
U.S. Nuclear Regulatory Commission
Washington, DC 20005