



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET SW SUITE 23T85
ATLANTA, GEORGIA 30303-8931**

December 9, 2002

Kochan Consulting Group, Inc.
d/b/a SurvivalKeychain.com
ATTN: David Kochan
President
2895 Olde Town Park Drive
Norcross, GA 30071

SUBJECT: NRC INSPECTION REPORT NO. 999-90012/02-02

Dear Mr. Kochan:

This letter is based on a special joint inspection conducted on November 13, 2002, by representatives of the Nuclear Regulatory Commission (NRC) and the Georgia Environmental Protection Division's Radioactive Materials Program in your Norcross, Georgia home. The enclosed report presents the results of this inspection.

The inspection was an examination of SurvivalKeychain.com's activities associated with the importation, and initial distribution of self-luminescent key-ring light sources known as GlowRings containing licensed material to persons not licensed by the NRC or an Agreement State. The inspection consisted of interviews with you and observations of the devices that you had in your possession in your home.

Based on the results of this inspection, two apparent violations were identified. The apparent violations involved the importation of byproduct material contrary to the general license requirements of 10 CFR 110.27 and the initial distribution of self-luminescent devices to persons exempt from licensing without a specific license authorizing this distribution. The inspection also identified apparent violations of the Georgia Agreement State regulations concerning the possession of these self-luminescent devices. The Georgia Radioactive Materials Program is aware of these apparent violations and will address these issues with you by separate correspondence.

Based on the apparent violations identified during the inspection, a Confirmatory Action Letter was issued on November 14, 2002, which described the following actions that you agreed to take as result of the inspection:

1. As of November 13, 2002, you agreed to discontinue the sale or distribution of the GlowRing devices.
2. As of November 14, 2002, you agreed to remove references to the GlowRing devices from the SurvivalKeychain.com website.
3. Within 10 days of your receipt of this letter, you agreed to notify each of your customers that the GlowRing devices that they have received contain radioactive material that was

inappropriately distributed and inform them that they may return the devices to you if they wish.

4. Within 10 days of your receipt of this letter, you agreed to begin negotiations with Traser UK Ltd., the device manufacturer, to make arrangements to return the GlowRing devices in your possession.

Our review of the circumstances surrounding the apparent violations continues. Since the NRC has not made a final determination in this matter, no Notice of Violation is being issued for these inspection findings at this time. In addition, please be advised that the number and characterization of the apparent violations described in the enclosed inspection report may change as a result of further NRC review.

You will be advised by separate correspondence of the results of our deliberations on this matter. No response regarding these apparent violations is required at this time.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/ADAMS.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Douglas M. Collins, Director
Division of Nuclear Materials Safety

Docket No. 999-90012
License No. Non-licensee

Enclosure: NRC Inspection Report 999-90012/02-06

cc w/encl:
State of Georgia

Distribution: (See page 3)

Kochan Consulting Group, Inc.

Distribution w/encl:

PUBLIC

DNMS Docket file

V. Selewski, RII:OI

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U. S. NUCLEAR REGULATORY COMMISSION

REGION II

Docket No.: 999-90002

License No.: Non-licensee

Report No.: 999-90002/02-06

Licensee: Kochan Consulting Group, Inc.
d/b/a SurvivalKeychain.com

Location: Norcross, Georgia

Inspection Dates: November 13, 2002,

Inspector: John M. Pelchat
Senior Health Physicist
Materials Licensing/Inspection Branch 2
Division of Nuclear Materials Safety

Accompanied by: Vanessa Seleweski
Special Agent
Region II Field Office
Office of Investigations

Irene Bennett
Environmental Radiation Specialist III
Radioactive Materials Program
Georgia Environmental Protection Division

Approved by: Jay L. Henson, Chief
Materials Licensing/Inspection Branch 2
Division of Nuclear Materials Safety

Enclosure

EXECUTIVE SUMMARY

Kochan Consulting Group, Inc.
NRC Inspection Report No. 999-90012/02-06

A joint announced safety inspection of Kochan Consulting Group, Inc. (KCG), was conducted with the Radioactive Materials Program of the Georgia Environmental Protection Division (EPD) at the company president's home in Norcross, Georgia on November 13, 2002. The inspection was supported by the Region II field office of the NRC Office of Investigations. The inspection examined the scope of KCG's activities associated with the importation and the distribution of self-luminescent key-ring light sources known as GlowRings containing licensed material to persons not licensed by the NRC or an Agreement State. The inspection included discussions with cognizant licensee representatives and observations of facilities and devices in the possession of KCG.

The inspection identified the following apparent violations of NRC requirements:

- Importation of byproduct material which KCG was not authorized to possess
- Initial distribution of byproduct material to persons not licensed by the NRC or an Agreement State without a specific license authorizing exempt distribution of licensed materials.

In addition, other apparent violations of Georgia EPD regulations were identified regarding the possession of licensed materials without a Georgia radioactive material license. These violations will be dispositioned separately by the State of Georgia.

Attachment:

Persons Contacted

Inspection Procedure Used

List of Acronyms

REPORT DETAILS

Material Use, Control and Transfer (87111)

a. Scope:

The inspectors evaluated Kochan Consulting Group, Inc. (KCG) activities involving the importation and subsequent initial distribution of self-luminescent key-ring light sources known as GlowRings for compliance with NRC regulations.

10 CFR 30.3 states that except for persons exempt as provided in this part and part 150 of this chapter, no person shall manufacture, produce, transfer, receive, acquire, own, possess, or use byproduct material except as authorized in a specific or general license issued pursuant to the regulations in this chapter.

10 CFR 150.15 (a)(2) states that persons in Agreement States are not exempt from the Commission's licensing and regulatory requirements with respect to the export from or import into the United States of byproduct, source, or special nuclear material, or of any production or utilization facility.

10 CFR 110.27(a) states that a general license is issued to any person to import byproduct, source, or special nuclear material if the consignee is authorized to possess the material under:

- (1) A contract with the Department of Energy;
- (2) An exemption from licensing requirements issued by the Commission; or
- (3) A general or specific NRC or Agreement State license issued by the Commission or a State with which the Commission has entered into an agreement under Section 274b. of the Atomic Energy Act.

10 CFR 30.19(a) details the provisions under which individuals may possess tritium, krypton-85, or promethium-147 in self-luminous products without an NRC or Agreement State license. 10 CFR 30.19(b) requires, in part, that any person who desires to initially transfer luminous products containing tritium pursuant 10 CFR 30.19(a) apply for a license pursuant to 10 CFR 32.22. The license issued pursuant to 10 CFR 32.22 must state that the product may be transferred by the licensee to persons exempt from the regulations pursuant to 30.19(a) or equivalent regulations of an Agreement State.

b. Observations and Findings:

Through written discussions with manufacturer representatives, and review of information available at the manufacturer's web-site, the inspectors determined that the GlowRing is a self-luminescent device designed to operate as a key ring. The GlowRing is constructed of transparent plastic and contains a laser sealed borosilicate glass vial containing about 460 millicurie (mCi) of gaseous tritium (^3H). The GlowRing device is manufactured by Traser UK Ltd., located in Dorset, England. Through discussions with representatives of Traser and members of the NRC's Office of Nuclear Materials Safety and Safeguards, the inspectors further determined that the exempt distribution of GlowRings was not authorized in the United States.

Through discussions with KCG personnel, the inspectors determined that KCG initially contacted Traser regarding the purchase of GlowRing devices in August 2002. The president of KCG stated that he was told by Traser representatives that the devices could not be shipped to the United States or Canada because of differences in unspecified regulations in the various countries. The Traser representative reportedly stated the devices were safe and that they could be imported into many other countries. The president of KCG indicated that he then asked if the devices could be shipped to the Bahamas to coincide with a previously scheduled personal trip and was told that there were no restrictions against shipping the devices to the Bahamas.

The president of KCG stated that he received a shipment of 150 GlowRing devices at the Island Seas Resort Hotel on Grand Bahama Island in September 2002 while there on a personal trip. He then repacked the devices into a plastic shopping bag and carried the bag in carry-on luggage aboard a passenger carrying aircraft back to the United States.

KCG operates a website (URL: <http://www.survivalkeychain.com>) and retails various keychains equipped with small tools, knives and lights, including the GlowRing device. The president of KCG indicated that between September 2002 and the date of the inspection, KCG had sold 17 GlowRing devices to various persons. The president of KCG stated that he did not know if any of these persons were licensed to possess radioactive materials by the NRC or an Agreement State. The inspectors were provided with a list of the customers to whom the devices had been sold.

The inspectors reviewed the specific licensing requirements of the NRC and the State of Georgia for importing, possessing and distributing licensed radioactive materials. The president of KCG told the inspectors that he believed that the devices were inherently safe and that he was not aware of any of the regulatory requirements that applied to the GlowRing devices. The president of KCG stated that he did not have any quality assurance data or contamination reports related to the manufacture of the devices.

The president of KCG advised the inspectors that he would voluntarily:

- cease the distribution of the GlowRing devices immediately;
- remove the references to the devices from the SurvivalKeychain.com website;
- contact the persons to whom the devices had been sold to and offer them an opportunity to return the devices; and,
- return any devices in KCG's possession to the device manufacturer.

At the time of the inspection, the devices were in locked storage in the basement of the private home in which KCG conducted business.

The inspectors determined that KCG was not authorized to possess the GlowRing devices under (1), a contract with the Department of Energy, (2), an exemption from licensing requirements issued by the Commission, or (3), a general or specific NRC or Agreement State license. Therefore, KCG was not authorized to import the devices into the United States. The import of licensed materials, specifically, the GlowRing devices containing tritium, was identified as an apparent violation of 10 CFR 110.27(a)

The inspectors determined that KCG had initially transferred 17 GlowRing devices containing tritium to individuals as if these individuals were exempt from licensing as described in 10 CFR 30.19(a). However, these persons were not in fact, exempt in that KCG was not licensed by the NRC to initially distribute these materials to these persons pursuant to the exemption in 10 CFR 30.19(a). The unauthorized transfer of GlowRing devices to individuals as if these individuals were exempt from licensing was an apparent violation of 10 CFR 30.19(b)

e. Conclusions:

The inspectors concluded that KCG had imported self-luminous products in the form of GlowRing devices containing tritium without a specific or general license that authorized KCG to possess the licensed material. The inspectors further concluded that KCG had initially distributed these devices to persons without a license authorizing KCG to transfer these materials to persons exempt from licensing pursuant to 10 CFR 30.19(a). Two apparent violations of NRC regulatory requirements were identified in this area. In addition, other apparent violations of Georgia EPD regulations were identified regarding the possession of licensed materials without a Georgia radioactive material license. These violations will be dispositioned separately by the State of Georgia.

EXIT MEETING SUMMARY

An exit meeting was conducted with the president of KCG at the conclusion of the inspection. The overall findings from the inspection were discussed and inspectors from the Georgia EPD and the NRC presented their initial conclusions including apparent violations. The president of KCG did not offer any dissenting comments during the exit meeting. KCG did not specify any information reviewed during the inspection as proprietary in nature.

ATTACHMENT

1. PERSONS CONTACTED

Kochan Consulting Group, Inc.

* David Kochan, President

* - present at November 13, 2002, exit

2. INSPECTION PROCEDURE USED

IP 87111 Manufacturing and Distribution

3. LIST OF ACRONYMS USED IN THIS REPORT

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| CFR | Code of Federal Regulations |
| EPD | Georgia Environmental Protection Division |
| KCG | Kochan Consulting Group, Inc. |
| NRC | Nuclear Regulatory Commission |