

UNITED STATES
NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR MATERIAL SAFETY AND SAFEGUARDS
OFFICE OF NUCLEAR REACTOR REGULATION
WASHINGTON, D.C. 20555

September 24, 1997

**NRC INFORMATION NOTICE 97-75: ENFORCEMENT SANCTIONS ISSUED AS A
RESULT OF DELIBERATE VIOLATIONS OF NRC
REQUIREMENTS**

Addressees

All U.S. Nuclear Regulatory Commission licensees.

Purpose

The U.S. Nuclear Regulatory Commission (NRC) is issuing this information notice to remind licensees and their employees of the sanctions that could result from deliberately violating regulatory requirements. It is expected that licensees will review this information notice, distribute it to management and staff involved with licensed activities, including responsible radiation safety staff, and consider actions, as appropriate, to avoid similar problems. This information notice does not constitute any NRC requirements; therefore, no written response is required.

Description of Circumstances

Power Inspection, Inc., was a nondestructive testing firm, licensed by NRC to perform industrial radiography. The licensee acted as a vendor supplying services to nuclear power plants, including the performance of nondestructive testing services, such as eddy current testing of steam generators. This activity required the testing staff to be certified in each of the nondestructive testing techniques being used.

During a 1993 inspection at the licensee's Wexford, Pennsylvania, facility, and a subsequent investigation by the NRC Office of Investigations, it was determined that: (1) false eddy current testing qualification certifications were deliberately generated by the licensee for employees who performed eddy current examinations at nuclear power plants; (2) false eddy current qualification examination results were deliberately generated for employees; (3) false letters regarding the trustworthiness and reliability of Power Inspection employees were provided to NRC reactor licensees when Power Inspection knew that its employees had tested positive for illegal drug use before working at nuclear power plants; and (4) source utilization logs were falsely created by licensee employees to satisfy questions regarding the lack of such utilization logs during a previous NRC inspection. These actions were condoned or directed by the President of the company.

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The licensee and its former President, who has since left the employment of the company, have a past history of engaging in deliberate misconduct. In 1988, the former President and the licensee entered pleas of guilty to false statements and were charged by the U. S. Department of Justice with falsifying eddy current equipment calibration certifications for work performed at a nuclear power plant. The former President was sentenced to a 3-year period of probation and fined \$3000.

Discussion

Licensees are responsible for ensuring the safe performance of licensed activities in accordance with NRC regulations and the requirements of their licenses, and for providing complete and accurate information to NRC in all material respects. In cases that involve vendor activities regarding nuclear power plants, full compliance with certification requirements for nondestructive testing staff is critical because nuclear power plants rely on the results of vendor activities for certification of safety-related systems.

NRC expects licensee employees to be completely candid and cooperative with NRC personnel during the licensing and inspection process. The regulatory process functions on the premise that licensees will, at all times, provide complete and accurate information to NRC in a timely manner. Violations of NRC requirements caused by deliberate acts or efforts to impede the regulatory process may subject wrongdoers to criminal sanctions by the U.S. Department of Justice and civil sanctions by NRC. In the case identified as a result of the 1993 inspection, the U.S. Department of Justice declined criminal prosecution in 1996. Subsequently, NRC issued immediately effective orders to the former President and the former Vice President/Radiation Safety Officer prohibiting them from any involvement in NRC-licensed activities for periods of 10 years and 5 years, respectively. Notices of Violation were issued to two other licensee employees.

While the particular case described above involves deliberate misconduct by radiography licensee employees, the principles involved apply to any NRC licensee or any employee of a licensee; and any contractor (including supplier or consultant), subcontractor, or any employee of a contractor or subcontractor, of any licensee.

Related Generic Communications

The following related communications and correspondence are noted:

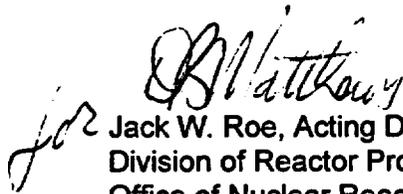
- NRC Information Notice 86-54, "Criminal Prosecution of a Former Radiation Safety Officer Who Willfully Directed an Unqualified Individual to Perform Radiography," dated June 27, 1986.
- NRC Information Notice 92-22, "Criminal Prosecution and Conviction of Wrongdoing Committed by a Commercial-grade Valve Supplier," dated March 24, 1992.

- NRC Information Notice 92-37, "Implementation of the Deliberate Misconduct Rule," dated May 8, 1992.
- NRC Information Notice 93-73, "Criminal Prosecution of Nuclear Suppliers for Wrongdoing," dated September 15, 1993.

No written response is required by this information notice. If you have any questions about this matter, please call the technical contacts listed below or the appropriate NRC regional office.



Donald A. Cool, Director
Division of Industrial and
Medical Nuclear Safety
Office of Nuclear Material Safety
and Safeguards



Jack W. Roe, Acting Director
Division of Reactor Program Management
Office of Nuclear Reactor Regulation

Technical contacts: Nader Mamish, NMSS
301-415-6316
E-mail: nlm@nrc.gov

John McGrath, RI
(610) 337-5069
E-mail: jrm@nrc.gov

Attachments:

1. List of Recently Issued NMSS Information Notices
2. List of Recently Issued NRC Information Notices

Attachments filed in Jacket

LIST OF RECENTLY ISSUED
 NMSS INFORMATION NOTICES

| Information Notice No. | Subject | Date of Issuance | Issued to |
|------------------------|--|--------------------------|--|
| 97-72 | Potential for Failure of the Omega Series Sprinkler Heads | 09/22/97 | All holders of OLs or CPs for nuclear power reactors and fuel cycle facilities |
| 97-65 | Failures of High-Dose-Rate Remote Afterloading Device Source Guide Tubes, Catheters, and Applicators | 08/15/97 | All high-dose-rate remote afterloader licensees |
| 97-64 | Potential Problems Associated with Loss of Electrical Power in Certain Teletherapy Units | 08/13/97 | All U.S. Nuclear Regulatory Commission medical teletherapy licensees |
| 97-61 | U.S. Department of Health and Human Services Letter, to Medical and manufacturers/distributors, on the Year 2000 Problem | 08/06/97 Device Manu- | All U.S. Nuclear Regulatory Commission medical licensees, veterinarians, butors of medical devices |
| 97-58 | Mechanical Integrity of In-Situ Leach Injection Wells and Piping | 07/31/97 | Holders of and Applicants for Licenses for In-Situ Leach Facilities |
| 97-57 | Leak Testing of Packaging Used in the Transport of Radioactive Material | 07/30/97 | Suppliers and users of packaging for the transportation of radioactive material required to perform packaging leak tests |
| 97-56 | Possession Limits for Special Nuclear Material at the Envirocare of Utah Low-Level Radioactive Waste Disposal Facility | 07/28/97 | All licensees authorized to possess special nuclear material |
| 97-55 | Calculation of Surface Activity for Contaminated Equipment and Materials | 07/23/97 | All Uranium Recovery Licensees |

LIST OF RECENTLY ISSUED
NRC INFORMATION NOTICES

| Information Notice No. | Subject | Date of Issuance | Issued to |
|------------------------|---|------------------|---|
| 97-74 | Inadequate Oversight of Contractors During Sealant Injection Activities | 09/24/97 | All holders of OLs for nuclear power reactors except those who have permanently ceased operations and have certified that fuel has been permanently removed from the reactor vessel |
| 97-73 | Fire Hazard in the Use of a Leak Sealant | 09/23/97 | All holders of OLs for nuclear power reactors except those who have permanently ceased operations and have certified that fuel has been permanently removed from the reactor vessel |
| 97-72 | Potential for Failure of the Omega Series Sprinkler Heads | 09/22/97 | All holders of OLs or CPs for nuclear power reactors and fuel cycle facilities |
| 97-71 | Inappropriate Use of 10 CFR 50.59 Regarding Reduced Seismic Criteria for Temporary Conditions | 09/22/97 | All holders of OLs for nuclear power reactors except those who have permanently ceased operations and have certified that fuel has been permanently removed from the reactor vessel |

OL = Operating License
CP = Construction Permit

- NRC Information Notice 92-37, "Implementation of the Deliberate Misconduct Rule," dated May 8, 1992.
- NRC Information Notice 93-73, "Criminal Prosecution of Nuclear Suppliers for Wrongdoing," dated September 15, 1993.

No written response is required by this information notice. If you have any questions about this matter, please call the technical contacts listed below or the appropriate NRC regional office.

Original Signed by

Donald A. Cool, Director
 Division of Industrial and
 Medical Nuclear Safety
 Office of Nuclear Material Safety
 and Safeguards

Original Signed by

Jack W. Roe, Acting Director
 Division of Reactor Program Management
 Office of Nuclear Reactor Regulation

Technical contacts: Nader Mamish, NMSS
 301-415-6316
 E-mail: nlm@nrc.gov

John McGrath, RI
 (610) 337-5069
 E-mail: jrm@nrc.gov

Attachments:

1. List of Recently Issued NMSS Information Notices
2. List of Recently Issued NRC Information Notices

DOCUMENT NAME: 97-75.IN

| OFC | IMOB* | NMSS* | IMOB* | IMAB* |
|------|------------|---------|----------|---------|
| NAME | NMamish/II | EKraus | JPiccone | LCamper |
| DATE | 8/18/97 | 8/18/97 | 8/29/97 | 9/2/97 |

| OFC | NRR* | OE* | NRR* | IMNS* |
|------|---------|------------|--------|---------|
| NAME | RDennig | JLieberman | JRoe | DCool |
| DATE | 8/18/97 | 8/18/97 | 9/2/97 | 9/16/97 |

OFFICIAL RECORD COPY

- NRC Information Notice 93-73, "Criminal Prosecution of Nuclear Suppliers for Wrongdoing," dated September 15, 1993.

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DOCUMENT NAME: G:imns5885.nm

| OFC | IMOB* | NMSS* | IMOB* | IMAB* |
|------|------------|---------|----------|---------|
| NAME | NMamish/II | EKraus | JPiccone | LCamper |
| DATE | 8/18/97 | 8/18/97 | 8/29/97 | 9/2/97 |

| OFC | NRR* | OE* | NRR* | IMNS |
|------|---------|------------|--------|-----------------------------|
| NAME | RDennig | JLieberman | JRoe | <i>[Signature]</i> DCool |
| DATE | 8/18/97 | 8/18/97 | 9/2/97 | 9/16/97 |

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DOCUMENT NAME: G:imns5885.nm *sh*

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|------|-------------------------|---------|-----------------------|-----------------------|
| OFC | IMOB | NMSS | IMOB | IMAB |
| NAME | <i>JM</i> NMamish/II | EKraus | <i>JP</i> JPiccone | <i>AL</i> ALcamper |
| DATE | 8/18/97 | 8/18/97 | 8/29/97 | 9/12/97 |

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|------|---------|------------|---------|-------|
| OFC | NRR | OE | NRR | IMNS |
| NAME | RDennig | JLieberman | JRoe | DCool |
| DATE | 8/18/97 | 8/18/97 | 9/12/97 | 1/197 |

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