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**Attachment A**

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**United States  
Nuclear Regulatory Commission**



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# **Report of Investigation**

**SAFETY LIGHT CORPORATION:**

**DELIBERATE VIOLATION OF LICENSE  
CONDITION AND FAILURE TO PROVIDE  
COMPLETE AND ACCURATE INFORMATION**

**Office of Investigations**

**Reported by OI: RI**

Title: SAFETY LIGHT CORPORATION

DELIBERATE VIOLATION OF LICENSE CONDITION AND FAILURE TO  
PROVIDE COMPLETE & ACCURATE INFORMATION

Licensee:

Safety Light Corporation  
4150 - A Old Berwick Road  
Bloomsburg, PA 17815

Docket No.: 03005982

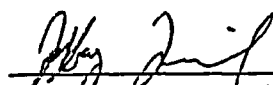
Case No.: 1-2003-056

Report Date: March 9, 2004

Control Office: OI:RI

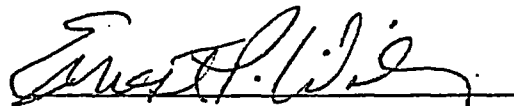
Status: CLOSED

Reported by:



Jeffrey Ferich, Special Agent  
Office of Investigations  
Field Office, Region I

Reviewed and Approved by:



Ernest P. Wilson, Director  
Office of Investigations  
Field Office, Region I

WARNING

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ADVERSE ADMINISTRATIVE ACTION AND/OR CRIMINAL  
PROSECUTION.

## SYNOPSIS

This investigation was initiated by the Nuclear Regulatory Commission (NRC), Office of Investigations (OI), Region I (RI), on November 25, 2003, to determine: 1) if officials of Safety Light Corporation (SLC), Bloomsburg, PA, deliberately failed to make required deposits into a NRC Trust Fund, as specifically required by license condition, and 2) whether the same officials violated the requirements to provide complete and accurate information to the NRC when they failed to timely notify the NRC of the missed payments.

Based upon evidence developed during this investigation, OI concludes that 1) officials of SLC deliberately violated a condition of its license by failing to make the required monthly deposits to the NRC trust fund (missed 13 payments over a three year period), and 2) although SLC officials made a conscious decision not to affirmatively notify the NRC of the missed payments until November 2003, SLC is not in violation of completeness and accuracy of information requirements.

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## LIST OF INTERVIEWEES

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## DETAILS OF INVESTIGATION

### Applicable Regulations

#### License Conditions

10 CFR 30.9: Completeness and accuracy of information (2003 Edition)

10 CFR 30.10: Deliberate misconduct (2003 Edition)

### Purpose of Investigation

This investigation was initiated by the Nuclear Regulatory Commission (NRC), Office of Investigations (OI), Region I (RI), on November 25, 2003, to determine if Safety Light Corporation (SLC), Bloomsburg, PA, deliberately failed to make required deposits into a trust fund, as required by license condition, and the reasons SLC failed to notify the NRC, in a timely manner, that the deposits were not being made (Exhibit 1).

### Background

On November 21, 2003, Marie MILLER, Senior Health Physicist, NRC, Division of Nuclear Materials Safety (DNMS), Region I, King of Prussia, PA, was notified by Larry HARMON, Plant Manager, SLC, Bloomsburg, PA, that SLC had not been making the required payments to a trust fund, which was a license condition. SLC was granted an exemption from the financial assurance requirement in Part 30, and the exemption was predicated on making the monthly deposits into the trust fund. On November 24, 2003, an Allegation Review Board (ARB) was convened at NRC R1 to discuss the information that was discovered on November 21, 2003. Through the ARB, it was agreed that OI would investigate SLC's failure to make the required payments to the fund (Exhibit 2).

### Coordination with Regional Staff

OI conferred with D. VITO and DNMS staff. MILLER participated in an interview of a SLC principal. A meeting was held with NRC Region I DNMS and HQ, to include staff from Office of General Counsel (OGC) and Office of Enforcement (OE), after the majority of the investigation was completed.

### Review of Documentation

SLC's 2003 Accounts Payable information, to include the accounting general ledger for accounts payable, a summary schedule of the activity, the vendor check registers and the historical aged trial balances for each month (2003) is available for review. These records will be maintained in the OI case file.

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Allegation: Deliberate Violation of License Condition and Failure to Provide Complete & Accurate Information

Review of Relevant Documents

NRC Materials License 37-00030-02 (Amendment 53) issued to SLC on September 16, 2002, was reviewed. Condition 16 of the license mandates that SLC follow a predetermined schedule for making deposits into a trust fund (Exhibit 3).

SLC letter, dated August 3, 1999, indicating SLC's proposed contributions to the trust fund (Exhibit 4).

Evidence

Interview of DNMS's Marie MILLER, Senior Health Physicist (Exhibit 5)

MILLER was interviewed on December 11, 2003, and stated the following:

In November of 2000, MILLER was assigned the SLC project. SLC's license dictated that monthly payments be made to a trust fund for the remediation of nuclear waste at the SLC facility, Bloomsburg, PA. MILLER's research after being told that the required payments were not being made determined for 2001, SLC failed to make the required payments for May, June, July, and August. SLC made a double payment in October of 2001 and a triple payment in September of 2001, however, SLC remained short approximately 1-2 deposits for the 2001 year. During 2001, MILLER was never contacted by SLC to advise that payments were not being made. During 2000/2001, MILLER's primary contact was with Larry HARMON, Plant Manager, SLC, Bloomsburg, PA, which included several inspections at the Bloomsburg site. During 2000/2001, MILLER had minimal contact with Bill LYNCH, Vice President, SLC - Headquarters, Berwyn, PA.

In 2002, SLC did not make the required payments for February and May, however made double payments for April and October. Even though SLC did not notify the NRC of the missed payments (February and May), SLC deposited the required amount of money for 2002.

For 2003, SLC made payments of \$8000.00 for the months of January and February even though the payments were to have been for \$9000.00 per month. MILLER later determined that these payments were for 2002. SLC made the required \$9000.00 payment for the month of March, and from April to August (inclusive), SLC failed to make any of the required payments. For September, SLC made the payment of \$9000.00, and failed to make the payments for October and November. During 2003, MILLER spoke to LYNCH on approximately ten occasions and personally met with him three times. Also in 2003, MILLER spoke with HARMON on approximately 20 occasions, and met with him eight times. On November 20, 2003, a meeting

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was held to determine how much money was available for waste removal, and it was noted that the account had a projected short fall of \$180,000.00. Nothing was mentioned about the arrears. On November 21, 2003, HARMON finally informed MILLER that he was "cleared" to notify the NRC that the required payments were not being made. MILLER asked HARMON what he meant when he stated "cleared" and HARMON replied that he didn't want to say anything during the November 20, 2003, meeting because he didn't want to embarrass the NRC. MILLER asked HARMON to clarify what he meant by "embarrass" and HARMON stated the fact that the NRC was not checking the account to determine if the payments were being made.

#### Interview of William LYNCH (Exhibit 6)

LYNCH was interviewed on December 15, 2003, and stated the following:

LYNCH is the Vice President of SLC and has held that position at SLC for seven years. LYNCH advised SLC has several NRC licenses and is aware that one license requires monthly deposits to a trust fund. LYNCH also stated he was aware that some of the required payments were not being made, and that he (LYNCH) makes the decision, in conjunction with Larry HARMON (General Manager, SLC, Bloomsburg, PA), whether to make the required monthly payments to the trust fund. LYNCH decides whether a payment will be made to the fund by examining SLC's payables and determining what has to be paid in order to keep the product going out to the customers. LYNCH noted that if payments were made to the trust fund ahead of vendors, SLC would have problems staying in business. LYNCH noted there were discussions regarding what would happen if the payments were not made to the NRC but it was SLC's intention to get caught up. LYNCH stated SLC didn't notify the NRC that payments were not being made because it was always their intention to catch up but business didn't allow it. SLC finally informed the NRC in November of 2003 that the payments were not being made. LYNCH stated that SLC's notification to the NRC that the required payments were not being made may not have been timely, but SLC eventually came forward and advised the NRC that the payments were not being deposited. LYNCH stated in HARMON's defense, that he (HARMON) wanted to bring the fact that the payments were not being made to the attention of the NRC, but he (LYNCH) had hoped "... to bring the cash in here to make it current so let's not rock the boat" (pp. 1-12).

#### Interview of Larry HARMON (Exhibit 7)

HARMON was interviewed on December 16, 2003 and provided the following:

HARMON is the SLC, Bloomsburg, PA, Plant Manager and has been employed at SLC for approximately 24 years. HARMON stated that he was aware that SLC's license specifies that money is to be deposited into a trust fund for site clean up and the reason why the payments were not being made is that SLC didn't have the money to do so. HARMON was aware that the payments were not being made because he obtains a "H trial" balance once a week, and can

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determine when the payments are not being made. HARMON noted that it was basically LYNCH's decision whether the payment was or was not made to the trust fund and it also depended on what SLC had to do with payables to vendors to keep SLC going. HARMON advised that the NRC was considered just another vendor on the payables. HARMON stated he would tell LYNCH how much money was needed to keep the business going, the money was deposited in the account, but if there was not enough money, then SLC has to juggle to determine who was paid and who didn't get paid. HARMON related that the months where the NRC was not paid, SLC did make payments to vendors so the business would keep running (pp. 5-9).

HARMON noted that on November 20, 2003, he attended a meeting in which NRC's MILLER, and representatives from several other agencies were present. The purpose of the meeting was to determine how much money was in the trust fund for waste removal and during the meeting it was determined that the account would be approximately \$180,000 short. During this meeting HARMON failed to inform MILLER that SLC had not been making the required payments, and according to HARMON, he didn't say anything because he did not want to embarrass the NRC. HARMON stated that on November 21, 2003, he called MILLER, stated he was "cleared" to tell her, and told MILLER that the payments were not being made. HARMON stated what he meant by "cleared" was that he talked to LYNCH before releasing the information that the payments were not being made. HARMON noted that there were no discussions between himself and LYNCH regarding what would happen if the payments were not made to the NRC fund. HARMON stated there was dialogue between himself and LYNCH that the payments were not being made. HARMON related that although the payments were a license condition, he (HARMON) viewed the trust fund payments as a payment to just another vendor. HARMON reported if a vendor (NRC) was not really after him to pay the bill right away, "we can take care of keeping the place open, generating some cash, and when we get some excess cash, SLC can catch up on the payments." HARMON advised that his belief was when the NRC determined that the payments were not being made, LYNCH, SLC owner WHITE, or the "powers to be," would have to determine what has to be done next (pp. 9-12).

HARMON advised that LYNCH agreed to the terms of the license which included the schedule of payments into the trust fund. HARMON stated that he didn't notify the NRC about the missed payments prior to November 21, 2003, because it was always SLC's contention that catch up payments would be made (pp. 13-15).

HARMON indicated that if SLC was able to ship all of the waste, he (HARMON) probably would not have called MILLER about the missed payments into the trust fund. HARMON opined that even though SLC failed to make the required deposits into the fund, the site doesn't represent a public safety issue. HARMON related that the EPA doesn't feel the site rates high enough to be a Superfund site, the monitoring of off site wells failed to show any migration, and there has not been any increase in contamination in the off site wells that would indicate the levels are over the EPA drinking water limits (pp. 17 and 18).

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HARMON felt that if all of the payments were made to the trust fund on time, then SLC would have gone out of business. The trust fund was never paid in a timely fashion and HARMON looked at the payments as any other invoice that SLC receives from a vendor, 30 day payment. HARMON noted that he never looked at the payments as a license condition. If there were radiological health issues, then that was something that had to be reported to the NRC immediately, not necessarily the missed payments. HARMON questioned why the NRC wasn't checking to determine if the payments were being made (pp. 20-24).

#### Interview of Charles R. WHITE (Exhibit 8)

WHITE was interviewed by OI and DNMS on February 13, 2004, and provided the following:

WHITE described his position with SLC as President and Vice President of Isolight Corporation and advised he receives a salary from SLC. WHITE advised that he is an investor, owns 51% of SLC, does not get involved in the day to day operation of the company, and has interests in several other companies. WHITE also revealed that SLC is not affiliated with Isolight Corporation; that Isolight Corporation is a buyer of product from SLC. WHITE related that HARMON and LYNCH handle the day to day financial matters with LYNCH having "carte blanche" when it comes to making SLC's financial decisions. WHITE stated that LYNCH and HARMON make the decision whether the payments are made to the trust fund, based on the availability of cash, and he (WHITE) did not know until the Fall of 2003 that the payments were not being made. WHITE noted that when LYNCH told him that the payments were not being made to the fund, he told LYNCH to notify the NRC (pp. 5-11).

WHITE realized that SLC had several licenses issued by the NRC but was unaware that part of the license condition was to make the prescribed payments to the trust fund. WHITE also reported that without the financial assurance exemption, as listed in the license, SLC would not be able to meet the required (estimated \$30-\$100 million dollars) financial assurance guarantee. WHITE noted that when SLC received their NRC license, LYNCH informed the NRC that he (LYNCH) would make every effort to make the payments, that the payments were not guaranteed, and the payments to the trust fund would be based on the economy. WHITE stated if the payments were made to the trust fund and not the vendors, SLC would not be in business today. WHITE reported that he reviewed the NRC Demand for Information with LYNCH, and LYNCH subsequently responded to the NRC. WHITE advised that SLC is making every effort to get current, remain current, and if the economy remains strong, SLC will be able to accomplish this (pp. 12-22).

#### Agent's Analysis

The investigation determined that LYNCH was SLC's primary financial decision maker with input from HARMON. Both LYNCH and HARMON admitted being familiar with the requirements of SLC's NRC license condition that specifically required monthly payments be

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made to the trust fund. LYNCH and HARMON knew that some of the required deposits were not being made to the trust fund. They stated that payments to the trust account were made based on the examination of SLC's payables and determining what needed to be paid in order to keep in business, i.e., raw materials, vendors. Only after a meeting in which it was determined that the trust fund would be short \$180,00.00, was the NRC affirmatively notified that the required payments were not being made.

AGENT'S NOTE: During initial ARB and follow up meeting on February 4, 2004, OI, participated with DNMS, OE, OGC, regional counsel, and other regional staffers regarding whether a 30.9 violation potentially existed. As HARMON testified and NRC agreed, the SLC site was not considered as posing a health risk to the public and for that reason, SLC did not identify that their failure to pay had a significant implication for public health and safety. Therefore, OI does not believe the evidence proves a violation of 30.9 requirements to provide complete and accurate information.

### Conclusion

Based upon the evidence developed during this investigation, OI concludes that 1) SLC's LYNCH and HARMON deliberately violated a condition of its license by failing to make the required monthly deposits to the NRC trust fund (missed 13 payments over a three year period), and 2) although SLC's LYNCH and HARMON made a conscious decision not to affirmatively notify the NRC of the missed payments until November 2003, SLC is not in violation of completeness and accuracy of information requirements.

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## SUPPLEMENTAL INFORMATION

On February 25, 2004, William P. SELLERS, Special Counsel for Regulatory Enforcement, Fraud Section, Criminal Division, U.S. Department of Justice (DOJ), Washington, D.C., was apprised of the results of this investigation. SELLERS declined prosecutorial interest on behalf of DOJ in deference to civil/administrative remedies available to the NRC.

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## LIST OF EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
1	Investigation Status Record, dated November 25, 2003 (1 page).
2	Allegation Receipt Report, dated November 24, 2003 (3 pages).
3	SLC License 37-00030-02 (Amendment 53), dated September 16, 2002 (4 pages).
4	SLC letter dated August 3, 1999 with attached SLC letter dated September 1, 1999 (3 pages).
5	Interview Report of Marie MILLER, dated December 11, 2003 (2 pages).
6	Transcript of Interview of LYNCH, dated December 15, 2003 (12 pages).
7	Transcript of Interview of HARMON, dated December 16, 2003 (25 pages).
8	Transcript of Interview of WHITE, dated February 13, 2004 (23 pages).

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# **EXHIBIT 1**

# INVESTIGATION STATUS RECORD

Facility:	SAFETY LIGHT CORPORATION	Case Agent:	FERICH, JEFFREY J (JJF)
Case Number:	1-2003-056	Date Opened:	11/25/2003
Docket Number(s):	03005982	ECD:	2/2004
		Priority:	High
Case Code:	Materials / Industrial	Status:	Field Work In Progress
Primary Alleg Source:	NRC Inspector / Technical Staff		
Allegation Number(s):	RI-2003-A-0150		
Subject/Allegation:	DELIBERATE VIOLATION OF LICENSE CONDITION AND FAILURE TO PROVIDE COMPLETE & ACCURATE INFORMATION		

## Monthly Status Report:

11/25/2003: An Allegation Review Board (ARB) was convened to discuss a Staff Suspected Wrongdoing (SSW) involving the Safety Light Corporation (SLC), Bloomsburg, PA. On November 21, 2003, the NRC was informed by an official of the licensee (SLC) that SLC had not deposited into its NRC trust fund several of monthly payments dating back several months. This was specifically required by Condition 16 of their two byproduct Material Licenses (37-00032-02 and 37-00030-08). These licenses were last renewed on December 28, 1999, with an exemption from the financial assurance requirements regarding decommissioning set forth in 10 CFR 30.32 and 30.35. This exemption was requested due to SLC's having insufficient funds at the time to assure that adequate financial ability existed to decommission the SLC site. The NRC specifically approved the exemption (amendment 51) for license No. 37-00030-02 with the caveat that SLC make specified monthly payments into an NRC trust fund to support decommissioning activities, i.e., remediate the site and adequately secure radioactive material (RAM) using money from the trust fund.

The license condition required monthly payments in the amount of \$9,000 to be made for the year 2003, and other amounts in the previous years dating back to December 1999. NRC inspector Marie Miller had conversations with licensee officials on November 20, 2003, about financial matters and was not informed about any problems with respect to the monthly payments. On November 21, 2003, SLC's management telephoned the NRC and informed that they had been "cleared" to tell the NRC that SLC had not made six of the last seven required monthly payments dating back to March 2003. The licensee is in violation of Condition 16 of their license (37-00030-02).

The ARB discussed the issue and agreed that OI would initiate a wrongdoing investigation regarding the alleged deliberate failure to make the specifically required monthly payments in accordance with Condition 16 of the above license. Additionally, there had been ample opportunity for the SLC to notify the NRC of their failure to make the monthly payments and they did not do so until November 21, 2003. This is a potential violation of the requirement to provide complete and accurate information that is material to the NRC. The omission of this information was material to the NRC in that it likely would have resulted in alternate decision making by the NRC regarding the status of SLC's licenses. Potential violations include 10 CFR 30.9 (Completeness and accuracy of information), License Conditions, and 30.10 (Deliberate misconduct). Statute of limitations tolls in or about April 2008. Status: FWP ECD (90 days): 02/2004

Completion Date:		Total Staff Hours:	3.0
Issue Date:		Months Open:	0.0
DOJ Action(s):		DOJ Referral Date:	
OI Violation(s):	False Statement - No Result, License Conditions - No Result	Statute of Limitations Date:	04/01/2008

EXHIBIT 1  
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# **EXHIBIT 2**

Date Received: 11/24/03

Allegation No. RI-2003-A-0150

Received via: ☐ Telephone ☐ In-person ☐ Letter ☐ Facsimile

Employee Receiving Allegation or suspecting wrongdoing: G. Pangburn/M. Milller

Source of information: ☒ NRC staff

Alleger Name: \*

Home Address: \*

Home Phone: \*

City/State/Zip: \*

Alleger's Employer: \*

Alleger's Position/Title:\*

\* Do not complete these sections for issues of staff suspected wrongdoing.

Facility: Safety Light

Docket No. or License No.: 37-00030-08

030 - 05982

Was alleger informed of NRC identity protection policy?

Yes \_ No \_

SSW

If H&I was alleged, was alleger informed of DOL rights?

Yes \_ No \_ N/A \_

If a licensee employee or contractor,

did they raise the issue to their management and/or ECP?

Yes \_ No \_ N/A \_

Does the alleger object to referral of issues to the licensee?

Yes \_ No \_

Provide alleger's direct response to this question verbatim on the line below:

Was confidentiality requested?

Yes \_ No \_

Was confidentiality initially granted?

Yes \_ No \_ N/A \_

Criteria for determining whether the issue is an allegation:

Is it a declaration, statement, or assertion of impropriety or inadequacy?

Yes

Is the impropriety or inadequacy associated with NRC regulated activities?

Yes

Is the validity of the issue unknown?

Yes

Staff suspected wrongdoing:

- [1] Safety Light Corporation (SLC) has two licenses with NRC for its Bloomsburg, PA facility. One is an operational license for the production of tritium exit signs and the other is a decommissioning license for cleanup of legacy materials from past operations. The licenses were last renewed in 1999 after the Commission approved an exemption for SLC from the financial assurance requirements in Part 30. The renewal decision and exemption were predicated on SLC making routine monthly payments into a decommissioning trust fund over the five year term of the license. Since that decision, SLC has had good performance in making these payments. However, late last week (11/21/03) Region I was informed that SLC had not made the required payments since March of 2003 (with the exception of one payment made in September). SLC indicated that, due to a downturn in its worldwide market for tritium exit signs, their ability to make future payments was called into question. SLC also indicated that other, non-NRC, payments were not being made.

Based on the high visibility of this licensee and their license requirements, cognizant NRC staff believe that the licensee had numerous opportunities since March 2003 to inform the NRC of problems in making the required trust fund payments, but apparently chose to neither make the payments nor inform the NRC of the issue.

Functional Area: ☒ Decommissioning Materials      Discipline for each concern: ☒ Wrongdoing

EXHIBIT 2  
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37-00030-056

Allegation No.: RI-2003-A-0150  
Site/Facility: Safety Light Corporation  
ARB Date: 11-24-03

Branch Chief (AOC): Bellamy  
Acknowledged: N/A  
Confidentiality Granted: N/A

Issue discussed: Financial Payment Arrangements

Safety Light Corporation (SLC) has two licenses with NRC for its Bloomsburg, PA facility. One is an operational license for the production of tritium exit signs and the other is a decommissioning license for cleanup of legacy materials from past operations. The licenses were last renewed in 1999 after the Commission approved an exemption for SLC from the financial assurance requirements in Part 30. The renewal decision and exemption were predicated on SLC making routine monthly payments into a decommissioning trust fund over the five year term of the license. Since that decision, SLC has had good performance in making these payments. However, late last week Region I was informed that SLC had not made the required payments since March of 2003 (with the exception of one payment made in September). SLC indicated that, due to a downturn in its worldwide market for tritium exit signs, their ability to make future payments was called into question. SLC also indicated that other, non-NRC, payments were not being made.

Based on the high visibility of this licensee and their license requirements, cognizant NRC staff believe that the licensee had numerous opportunities since March 2003 to inform the NRC of problems in making the required trust fund payments, but apparently chose to neither make the payments nor inform the NRC of the issue.

Allegor contacted prior to referral to licensee (if applicable)? n/a

#### ALLEGATION REVIEW BOARD DECISIONS

Attendees: Chair - Pangburn Branch Chief (AOC) - Bellamy SAC - Vito  
OI Rep. - Wilson RI Counsel - Farrar  
Others - Costello, Holody, Psyk (INMS), Morell (OE), M. Miller, Nick

#### DISPOSITION ACTIONS:

- 1) OI to Open Case (1-2003-056)

Responsible Person: Wilson  
Closure Documentation: \_\_\_\_\_

ECD: TBD  
Completed: \_\_\_\_\_

- 2) Draft an Order and Demand for Information to SLC. The Order would require SLC make the payments and interest that are in arrears to the trust fund within 30 days or the license would be suspended. The DFI would call for SLC to provide certain information to NRC that would inform our confidence in how they would perform in the future.

Responsible Person: Bellamy  
Closure Documentation: DFI

ECD: 12/1/03  
Completed: \_\_\_\_\_

SAFETY SIGNIFICANCE ASSESSMENT: Potential wrongdoing

PRIORITY OF OI INVESTIGATION: High

ENFORCEMENT STATUTE OF LIMITATIONS CONSIDERATION (only applies to wrongdoing matters (including discrimination issues) that are under investigation by OI, DOL, or DOJ):

What is the potential violation and regulatory requirement? 10 CFR 30.9(b), License Condition 16

EXHIBIT 2  
2 OF 3 PAGES



When did the potential violation occur? April 2003

(Assign action to determine date, if unknown)

Once date of potential violation is established, SAC will assign AMS action to have another ARB at four (4) years from that date, to discuss enforcement statute of limitations issues.

NOTES: 10 CFR 30.9(b) requires, in part, that each licensee shall notify the Commission of information identified by the licensee as having for the regulated activity a significant implication for public health and safety or common defense and security. Notification shall be provided within two working days of identifying the information.

Contrary to the above, the licensee did not notify the Commission within two working days of information regarding their ability to make the required payments to the NRC Trust Account as required by Licensee Condition 16. Specifically, on November 21, 2003, the licensee make the notification of its failure to meet the required Condition, however, the licensee had not met the Condition for a period of approximately eight months. This information was significant for public health and safety because the required payments were the basis for the licensee's exemption from 10 CFR 30.32(h) and 30.35 (a) thru 30.35(f) (i.e. decommissioning financial assurance). In addition, these funds were to be used for disposal of radioactive waste that is currently being stored at the facility.

Further, the licensee had knowledge of the required Licensee Condition and had several opportunities to inform NRC. Therefore, the failure to make the required notification appears to be a deliberate violation by the licensee's plant manager, licensee vice-president, and the licensee's legal counsel.

Distribution: Panel Attendees, Regional Counsel, OI, Responsible Individuals (original to SAC)

**ARB MINUTES ARE REVIEWED AND APPROVED AT THE ARB**

# **EXHIBIT 3**

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# MATERIALS LICENSE

Duplicate

**Licensee**

In accordance with the letter dated  
February 6, 2002

### 1. Safety Light Corporation

3. License number 37-00030-02 is amended in its entirety to read as follows:

2. 4150-A Old Berwick Road  
Bloomsburg, Pennsylvania 17815

4. Expiration date: December 31, 2004

5. Docket No. 030-05980  
Reference No. 3

6. Byproduct, source, and/or special nuclear material

### 7.4 Chemical and/or physical form

8. Maximum amount that licensee may possess at any one time under this license

A. Any byproduct material

A. A. Апу

A. See Condition 12

B. Any byproduct material

В. Апу

B. 1 millicurie

9. Authorized use:

A. Characterization and decommissioning of contaminated facilities, equipment and land.

### B. Instrument calibration.

## CONDITIONS

10. Licensed material may be used only at the licensee's facilities located at 4150-A Old Berwick Road, Bloomsburg, Pennsylvania.

11. A. Licensed material shall be used by, or under the supervision of, Charles Berlin, Norman G. Fritz, or Larry Harmon.

B. The Radiation Safety Officer for this license is Norman G. Fritz.

12. The amount of material is limited to that amount existing in contaminated facilities, land, and equipment, as of January 3, 1995.

13. Deleted by Amendment 53, August 14, 2002

Deleted by Amendment

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MATERIALS LICENSE  
SUPPLEMENTARY SHEET

Duplicate

License Number

37-00030-02

Duplicate

Docket or Reference Number

030-05980

Amendment No. 53

CORRECTED COPY

14. Sorting, characterizing, and repackaging of the waste that was removed as part of the site remediation of the radiological contamination from the underground silos at the Safety Light Corporation facility shall be performed in accordance with the statements, representations and procedures described in the Work Plan for radioactive waste repackaging that was submitted by letter dated February 6, 2002, and Health and Safety Plan and Quality Assurance Plan that were submitted by letter dated April 25, 2002, and supplemental information regarding the Work Plan provided by e-mail dated May 28, 2002. The licensee is not authorized to begin other activities described in the licensee's Decommissioning Plan until a Work Plan and a Health and Safety Plan for other activities have been submitted to the U.S. Nuclear Regulatory Commission and the Plans are approved in writing by the Regional Office.
15. A. Sealed sources and detector cells containing licensed material shall be tested for leakage and/or contamination at intervals not to exceed six months or at such other intervals as are specified by the certificate of registration referred to in 10 CFR 32.210, not to exceed three years.
- B. Notwithstanding Paragraph A of this Condition, sealed sources designed to emit alpha particles shall be tested for leakage and/or contamination at intervals not to exceed three months.
- C. In the absence of a certificate from a transferor indicating that a leak test has been made within six months prior to the transfer, a sealed source or detector cell received from another person shall not be put into use until tested.
- D. Each sealed source fabricated by the licensee shall be inspected and tested for construction defects, leakage, and contamination prior to any use or transfer as a sealed source.
- E. Sealed sources and detector cells need not be leak tested if:
- (i) they contain only hydrogen-3; or
  - (ii) they contain only a radioactive gas; or
  - (iii) the half-life of the isotope is 30 days or less; or
  - (iv) they contain not more than 100 microcuries of beta and/or gamma emitting material or not more than 10 microcuries of alpha emitting material; or

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(v) they are not designed to emit alpha particles, are in storage, and are not being used. However, when they are removed from storage for use or transfer to another person, and have not been tested within the required leak test interval, they shall be tested before use or transfer. No sealed source or detector cell shall be stored for a period of more than 10 years without being tested for leakage and/or contamination.

F. The test shall be capable of detecting the presence of 0.005 microcurie of radioactive material on the test sample. If the test reveals the presence of 0.005 microcurie or more of removable contamination, a report shall be filed with the U.S. Nuclear Regulatory Commission and the source or detector cell shall be removed immediately from service and decontaminated, repaired, or disposed of in accordance with Commission regulations. The report shall be filed within five days of the date the leak test result is known with the appropriate U.S. Nuclear Regulatory Commission, Regional Office referenced in Appendix D of 10 CFR Part 20. The report shall specify the source or detector cell involved, the test results, and corrective action taken.

G. The licensee is authorized to collect leak test samples for analysis by the licensee. Alternatively, tests for leakage and/or contamination may be performed by persons specifically licensed by the Commission or an Agreement State to perform such services.

16. Pursuant to 10 CFR 30.41, the licensee is exempted from the provisions of 10 CFR 30.32(h) and 30.35(a) through 30.35(f), provided that the licensee sets aside from operating funds or any other funds, except insurance litigation funds, the following amounts as described in the licensee's letter dated August 3, 1999:

January 1, 2000 and each month thereafter for 12 months: \$7,000.00;

January 1, 2001 and each month thereafter for 24 months: \$8,000.00;

January 1, 2003 and each month thereafter for 24 months: \$9,000.00

for a total of \$492,000.00. These funds shall be deposited into Trust Account Number C32520 with the Chase Manhattan Bank (presently assumed by JP Morgan). The use of these funds, including disbursement of assets, shall be governed by the Trust Agreement which established the trust account. This exemption is valid until the date shown in Item 4 or the date of any failure to comply with this license condition.

17. The licensee is authorized to transport licensed material in accordance with the provisions of 10 CFR Part 71, "Packaging and Transportation of Radioactive Material."

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MATERIALS LICENSE  
SUPPLEMENTARY SHEET

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License Number

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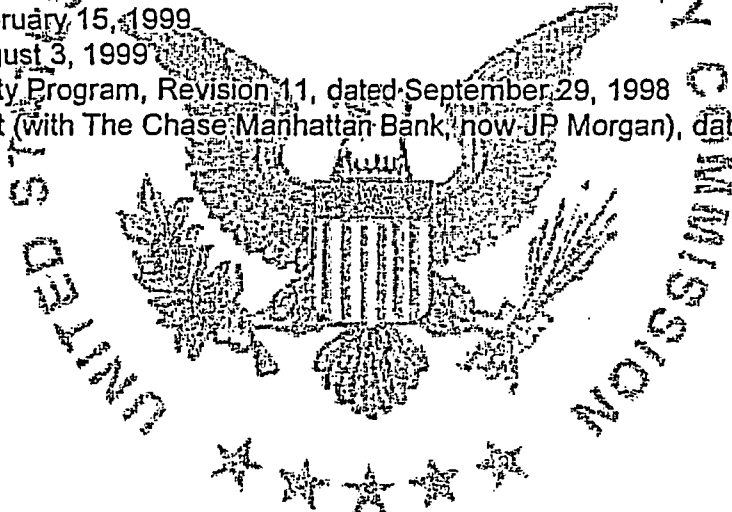
030-05980

Amendment No. 53

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18. Except as specifically provided otherwise in this license, the licensee shall conduct its program in accordance with the statements, representations, and procedures contained in the documents, including any enclosures, listed below. The U.S. Nuclear Regulatory Commission's regulations shall govern unless the statements, representations, and procedures in the licensee's application and correspondence are more restrictive than the regulations.

- A. Work Plan for Repackaging Waste with letter dated February 6, 2002
- B. Health and Safety Plan and Quality Assurance Plan with letter dated April 25, 2002
- C. E-mail dated May 28, 2002, with supplemental information for Work Plan for Repackaging Waste
- D. Decommissioning Plan and Decommissioning Cost Estimate dated October 26, 2000 with revisions dated December 6, 2000
- E. Letter dated February 11, 1999
- F. Letter dated February 15, 1999
- G. Letter dated August 3, 1999
- H. Health and Safety Program, Revision 11, dated September 29, 1998
- I. Trust Agreement (with The Chase Manhattan Bank, now JP Morgan), dated December 12, 1994



For the U.S. Nuclear Regulatory Commission

*Original signed by Ronald R. Bellamy*Date September 16, 2002

Ronald R. Bellamy, Chief  
Decommissioning and Laboratory Branch  
Region I  
King of Prussia, Pennsylvania 19406

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EXHIBIT 3  
PAGE 4 OF 4 PAGES

# **EXHIBIT 4**

# SAFETY LIGHT CORPORATION

4150-A OLD BERWICK ROAD, BLOOMSBURG, PA 17815  
717-784-4344 FAX 717-784-1402

030-05980

J7

August 3, 1999

Mr. George Pangburn  
Director, Division of Nuclear Material Safety  
United States Nuclear Regulatory Commission - Region 1  
475 Allendale Road  
King of Prussia, PA 19406-1415

Re: Our letter dated February 11, 1999 - Docket #030-05980 -Control #126551

Dear Mr. Pangburn,

We understand, from our telephone conversation of August 2, 1999, that you now believe our license renewal will be dependent upon our ability to reduce the remediation liability at the Bloomsburg site by approximately 25% at the end of five years. This is to be accomplished through a combination of dollars expended toward the clean-up and available funds remaining at the end of this five-year period. With an estimated clean-up cost of approximately \$13,745,000, our expenditures and available funds would therefore have to total approximately \$3,400,000 at the end of five years.

Our financial calculations are based on the following:

1. As of June 30, 1999, our total of available funds including both the escrow fund and the insurance fund was \$1,890,135.00.

2. Additionally, we now propose increasing our escrow contributions as follows:

January 1, 2000, and each month thereafter, for 12 months - \$7,000

January 1, 2002, and each month thereafter, for 24 months - \$8,000

January 1, 2004, and each month thereafter, for 24 months - \$9,000

These contributions total \$492,000, representing an increase of more than 40% or \$144,000 over our earlier proposal.

3. These funds are to be held in an interest-bearing fund with a projected annual rate of return of 8%.

4. The clean-up of the silos will proceed as soon as possible with total payments of \$738,000 to be made to IT Corporation and the waste burial sites in February 2000.

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EXHIBIT 4

PAGE 1 OF 3 PAGE(S)

126551

AUG - 5 1999

030-05980



Based on the assumptions outlined above and with no other expenditures made during this five-year period, the remaining funds would total \$2,502,924.68 on January 1, 2005. See Attachment #1.

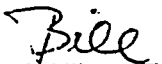
If we then calculate the total of the funds spent and the remaining balance, we will have committed \$3,240,924.68 toward the site remediation. This represents approximately 24% of the estimated liability.

Also, please note that the above calculations do not take into account the possibility of additional funds coming from Allendale Insurance nor the possible expenditure of funds for the Maxey Flats settlement or legal fees. This calculation is meant solely to demonstrate what our funding commitment could accomplish. Nevertheless, it remains our goal to use available funds to do as much clean-up as possible within the existing financial constraints. As discussed, as soon as the silo remediation is complete, we would then submit a request to you to begin another clean-up project. The next area to be addressed would be determined by a mutually agreed prioritization of existing potential threats. Obviously, any monies spent over and above the \$738,000 for the silos will negatively impact the remaining cash balance on January 1, 2005.

We have carefully evaluated our ability to contribute to the escrow fund and believe that the above contributions represent a significant increase from our earlier proposal. However, it is with some trepidation that we make this proposal, as we will be dependent on a stable growing economy in which we can continue to grow our business to fund this aggressive escrow increase.

We look forward to discussing this with you at your earliest convenience.

Regards,



William E. Lynch Jr.  
Vice President

# SAFETY LIGHT CORPORATION

4150-A OLD BERWICK ROAD, BLOOMSBURG, PA 17815  
717-784-4344 FAX 717-784-1402

September 1, 1999

37-00030-02

Mr. George Pangburn  
Director, Division of Nuclear Material Safety  
United States Nuclear Regulatory Commission - Region 1  
475 Allendale Road  
King of Prussia, PA 19406-1415

Re: Docket #030-05980 -Control #126551

Dear Mr. Pangburn,

As requested, we have re-evaluated the escrow funding proposal outlined in our letter of August 3, 1999.

Based on our analysis, we are unable to increase our contributions over and above those outlined in our letter. Due to the uncertainty of continued economic growth and the normal challenges faced by ours or any other business, the profits required to fund our escrow commitment are far from guaranteed. While we are confident in our business and our abilities, there is no doubt that we will have to work diligently in order to fulfill this already increased escrow commitment. The total contributions of \$492,000 are the most that we feel we can commit to with reasonable confidence of performance.

As discussed, the other possibility that we could envision would involve removing the fixed nature of our escrow contribution and instead linking it in some way to revenues. In this scenario, if we were successful in growing the business, we would be able to possibly increase our contributions. However, this would also have to apply in reverse, meaning if revenues decrease, our contributions would decrease. During our conversation, neither you nor Mr. Bellamy expressed any interest in pursuing this approach.

Therefore, based on the above, if we re-calculate our total contribution toward the site remediation, including our existing balance of \$1,890,135, our escrow contributions of \$492,000, a revised interest rate of 6%, and an expenditure of \$738,000 on the silo remediation, we will have committed a total of \$3,003,071 over the next five years. This represents 22% of the estimated liability and will allow us to make a significant positive impact on the site.

We sincerely appreciate the efforts of you and your staff in working with us on our license renewal application. Please contact me if you have any additional questions.

Regards,

  
William E. Lynch Jr.  
Vice-President

EXHIBIT 4  
PAGE 3 OF 3 PAGE(S)

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126551  
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Interview Report  
Of  
Marie MILLER

On December 11, 2003, Reporting Agent (RA), interviewed Marie MILLER, Senior Health Physicist, Nuclear Regulatory Commission (NRC), Region I, King of Prussia, PA 19406 (610) 337-5205. The interview was conducted within MILLER's office.

MILLER advised that she has been employed with the NRC for approximately 23 years and that all of the 23 years have been in the Health Physicist field. In November of 2000, MILLER received the Safety Light Corporation (SLC), 4150-A Old Berwick Road, Bloomsburg, PA, project. MILLER advised part of SLC's license dictated that payments be made to a trust fund which was initiated in an effort to fund a nuclear waste remediation project at the SLC plant in Bloomsburg, PA. MILLER reported that for 2001, SLC failed to make the required payments for May/2001, June/2001, July/2001, and August/2001. MILLER did state that SLC had made (1) double (October/2001) and (1) triple (September/2001) deposit during the course of 2001, however, SLC was short approximately 1-2 deposits for the year. MILLER stated on December 12, 2001, she had a conversation with William LYNCH, Vice President, SLC, regarding the amount of money that was in the NRC Trust Account. MILLER related that LYNCH advised her that at the end of December of 2001, the balance would be \$631,427.00. MILLER related that the purpose of the conversation with LYNCH was to determine the balance because SLC wanted to pursue legal action against "IT Inc.," (an environmental remediation company) because IT Inc., failed to meet the contract specifications, and SLC wanted to develop a work plan for subsequent clean up work. MILLER reported during 2001, she was never contacted by any SLC representative to inform her that the required payments would not be made. MILLER advised in November of 2001, Lawrence HARMON, Plant Manager, SLC, Bloomsburg, PA, notified her that business was slow and there may be layoffs in the near future. MILLER noted in January of 2002, HARMON contacted her and advised SLC had to lay off some of the employees. MILLER noted that during 2000/2001, she was primarily in contact with HARMON, via telephone, but did conduct annual inspections at the site. MILLER also noted that during this time frame (2000/2001) she had minimal contact with LYNCH.


MILLER also related that SLC did not make the required NRC deposits for February/2002, and May/2002. MILLER related SLC made (2) double deposits (April/2002 and Oct/2002) and for the year, SLC deposited the required amount of money. MILLER stated that during 2002, she was never advised by anyone who represented SLC, that the payments for April/2002 and October/2002 would be missed.

MILLER stated SLC made an \$8000.00 payment each month for January and February of 2003, when the required payment should have been \$9000.00 per month. MILLER advised SLC made the required \$9000.00 payment for March of 2003. MILLER noted SLC failed to make the required payments for April/2003, May/2003, June/2003, July/2003, and August/2003. MILLER reported SLC made a payment of \$9000.00 for September of 2003, and failed to make the required payments in October/2003 and November/2003. MILLER advised SLC apparently is in the process of making a deposit for December/2003.

EXHIBIT 5  
PAGE 1 OF 2 PAGE(S)

MILLER related during the course of 2003, she talked to LYNCH on approximately 10 occasions, and personally met with LYNCH on approximately 3 instances. In addition, MILLER noted that during 2003 she spoke with Kevin BRUNO, Esq, an attorney who represents SLC on business matters, on approximately 6 occasions, and met with BRUNO on July 29, 2003, at a meeting hosted by the Environmental Protection Agency (EPA). MILLER also reported that during 2003 she spoke with HARMON on approximately 20 occasions, and met with HARMON on approximately 8 instances. MILLER related that one meeting with HARMON was of particular interest. MILLER stated on November 20, 2003, a meeting was held at SLC, Bloomsburg, PA in which EPA, NRC, Pennsylvania Department of Environmental Protection (DEP), and HARMON were present, to determine how much money was available for waste disposal. MILLER stated it was determined the trust account's balance was approximately \$566,000 and there was a projected short fall of approximately \$180,000. MILLER related at no time did HARMON take the opportunity to advise that the required payments were not being made.

MILLER stated on November 21, 2003, she was informed by HARMON that he had been "cleared" to notify her that the required payments to the trust fund have not been made. MILLER advised that HARMON told her that he (HARMON) didn't want to say anything during the November 20, 2003 meeting because he (HARMON) didn't want to "embarrass" the NRC. MILLER asked HARMON what he meant by "embarrass" the NRC, and HARMON mentioned the fact that the NRC was not checking the account - to determine if the required payments were being made. MILLER stated she instructed HARMON to have LYNCH contact Dr. Ronald R. BELLAMY, Branch Head, NRC, Division of Nuclear Materials Safety, Region I, King of Prussia, PA, to discuss the matter further. MILLER was unable to provide anything further.

  
Position: Senior Health Physicist, NRC, Region I, King of Prussia, PA  
Tele: (610) 337-5205

Reporting By: Jeffrey Ferich  
Office of Investigations, Region I  
Case No. 1-2003-056

# **EXHIBIT 6**

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

+ + + + +

OFFICE OF INVESTIGATIONS

INTERVIEW

-----x

IN THE MATTER OF: :

INTERVIEW OF: : Case No. 1-2003-056

WILLIAM LYNCH :

(CLOSED) :

-----x

Monday, December 15, 2003

Safety Light Corporation (SLC)

4150-A Old Berwick Road

Bloomsburg, PA 17815

The above-entitled interview was conducted  
at 10:00 a.m.

BEFORE:

Special Agent JEFF FERICH

EXHIBIT 6  
PAGE 1 OF 12 PAGE(S)

2003-056

(202) 224-4422

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P-R-O-C-E-E-D-I-N-G-S

10:00 a.m.

SPECIAL AGENT FERICH: Okay, today is December 15th and it's approximately 10 o'clock, December 15, 2003. My name is Jeff Ferich and I'm a Special Agent with the NRC Office of Investigations, Region 1, King of Prussia, Pennsylvania.

The interview is being conducted with Mr. William Lynch. The interview is being conducted regarding an allegation that Safety Light Corporation failed to make the numerous deposits into the NRC trust fund, as required by the condition of the NRC license.

In addition to failing to make the required payments, Safety Light Corporation also failed to notify the NRC that the payments were not being made.

This investigation is being conducted under potential violations of 10 CFR 30.9, completeness and accuracy of information, and 10 CFR 50.10, deliberate misconduct.

Mr. Lynch, as explained prior to going on the record, the interview will be conducted under oath. Do you have any objection to providing the information under oath?

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1 MR. LYNCH: I do not.

2 SPECIAL AGENT FERICH: Okay. In addition  
3 to that, prior to going on the record, I showed you my  
4 NRC credentials. Did you have an opportunity to  
5 review them?

6 MR. LYNCH: I did.

7 SPECIAL AGENT FERICH: Okay. Can you  
8 raise your right hand and repeat after me. Do you  
9 swear that the statement you give to me is the truth,  
10 so help you God?

11 MR. LYNCH: I do.

12 SPECIAL AGENT FERICH: Okay. And Mr.  
13 Lynch, I'd like to ask you some questions for  
14 identifying purposes. What is your full name and  
15 please spell your last name?

16 MR. LYNCH: My full name is William Earl  
17 Lynch, Jr., L-Y-N-C-H.

18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]

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1

2

3

4

[REDACTED]

SPECIAL AGENT FERICH: And your current position at Safety Light?

6

MR. LYNCH: Vice President of Safety Light Corporation.

8

SPECIAL AGENT FERICH: And how long have you held that position?

10

MR. LYNCH: Approximately seven years.

11

SPECIAL AGENT FERICH: Okay. And how long have you worked for Safety Light Corporation?

13

MR. LYNCH: Approximately seven years.

14

SPECIAL AGENT FERICH: Okay. And prior to that position, what did you do, who did you work for?

16

17

18

[REDACTED]

SPECIAL AGENT FERICH: Okay. Regarding education background, can you just go into a little bit of detail on your education?

21

22

23

[REDACTED]

SPECIAL AGENT FERICH: Okay. Any military background?

25

MR. LYNCH: No.

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1                   SPECIAL AGENT FERICH: Okay. With that,  
2 we're going to go into some of the questions. Are you  
3 familiar with the conditions of the Safety Light  
4 Corporation license and the license is 37-00030-02 and  
5 I believe it's dated February 6 of 2002?

6                   MR. LYNCH: We have a number of licenses  
7 there and I'm not sure exactly which one that is but  
8 in general, yes, I am.

9                   SPECIAL AGENT FERICH: Okay. And that  
10 license was granted by the NRC?

11                  MR. LYNCH: Correct.

12                  SPECIAL AGENT FERICH: Okay. And in that  
13 license, the license specifies that Safety Light  
14 Corporation make deposits on a monthly basis to a  
15 trust fund. Were you aware of that?

16                  MR. LYNCH: Yes, I am.

17                  SPECIAL AGENT FERICH: Okay. My question  
18 is why weren't the deposits made after Safety Light  
19 Corporation agreed to the terms of the license?

20                  MR. LYNCH: Well the deposits have been  
21 made for the past three and a half plus years, so it  
22 wasn't as though we've been trying to avoid this from  
23 the beginning. Business conditions have had a great  
24 impact on cash flow, and made it impossible for us to  
25 keep current.

1 SPECIAL AGENT FERICH: Okay. Were you  
2 aware that some of the required monthly payments were  
3 not being made?

4 MR. LYNCH: I was aware.

5 SPECIAL AGENT FERICH: Okay. Who makes  
6 the decision whether or not to make the monthly  
7 payments?

8 SPECIAL AGENT FERICH: That decision is  
9 largely mine in conjunction with conversations with  
10 Larry Harmon, who is responsible for the operation of  
11 the plant.

12 SPECIAL AGENT FERICH: Okay. Now who's  
13 Larry Harmon?

14 MR. LYNCH: Larry Harmon's the general  
15 manager of Safety Light Corporation.

16 SPECIAL AGENT FERICH: In Bloomsburg?

17 MR. LYNCH: Correct.

18 SPECIAL AGENT FERICH: Okay. So how is it  
19 determined whether a payment is made or a payment is  
20 not made?

21 MR. LYNCH: We look at our payables and  
22 determine what we're going to have to pay in order to  
23 keep the doors open, and keep the product going out to  
24 our customers so that cash can continue to come in.  
25 And those are the determining factors really. If we

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1 were to have paid the NRC payments ahead of those  
2 vendors, we could have possibly had problems in  
3 staying in business.

4 SPECIAL AGENT FERICH: Okay. So in the  
5 months where the payments to the trust fund were not  
6 made, did Safety Light Corporation make any payments  
7 to any other creditors?

8 MR. LYNCH: Certainly we made payments to  
9 our trade vendors, yes.

10 SPECIAL AGENT FERICH: Okay. And you said  
11 trade vendors, what do you mean by trade vendors? The  
12 folks that you get the materials from?

13 MR. LYNCH: Sure. The suppliers of raw  
14 material from whom we buy the product to make the  
15 product that we sell.

16 SPECIAL AGENT FERICH: Okay. Was there  
17 any discussions within Safety Light, I guess between  
18 yourself and other folks, regarding what would happen  
19 if the payments were not made? Was that ever  
20 considered?

21 MR. LYNCH: Yes, it was considered.

22 SPECIAL AGENT FERICH: And what was the --

23 MR. LYNCH: It has always been our  
24 intention to get caught up as quickly as we could, and  
25 didn't think it was going to be a big issue. We'd

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1 hoped it would not come to where it is today.

2 SPECIAL AGENT FERICH: Okay. So in  
3 summary, see if I understand this, in summary the  
4 reason why the payments weren't made was because of  
5 the business environment?

6 MR. LYNCH: That's correct.

7 SPECIAL AGENT FERICH: There just wasn't  
8 enough business?

9 MR. LYNCH: Cash flow did not permit us to  
10 make those extra payments.

11 SPECIAL AGENT FERICH: Okay. Just a  
12 couple of other questions. Why didn't Safety Light  
13 Corporation notify the NRC that the payments, on a  
14 certain month that they didn't make the payments,  
15 would not be made?

16 MR. LYNCH: Well we did notify the NRC.  
17 We didn't notify it the first month because we always  
18 thought we were going to catch up, and we really got  
19 ahead of ourselves in our expectation that we'd be  
20 able to catch up, and the business just didn't allow  
21 it. And, unfortunately, it took us longer than it  
22 should have to notify the NRC, but we were the ones  
23 who came forward. They didn't tell us that we were  
24 behind, we told them.

25 SPECIAL AGENT FERICH: Okay. Do you

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1 remember when you told them that you were behind?

2 MR. LYNCH: The conversation was between  
3 Larry Harmon and Marie Miller. I think it took place  
4 roughly a month ago.

5 SPECIAL AGENT FERICH: All right. We'll  
6 get into that a little bit more. Okay. During 2003,  
7 you met with Marie Miller, I believe it was  
8 approximately on three occasions and you spoke with  
9 her on approximately ten occasions. At any time why  
10 didn't you notify her that the payments weren't being  
11 made, if you were meeting with her and if you were  
12 speaking with her?

13 MR. LYNCH: No particular reason other  
14 than we thought we'd be able to catch up.

15 SPECIAL AGENT FERICH: Okay. Just to get  
16 back that you had notified the NRC, and you said it  
17 was approximately one month ago, ballpark round one  
18 month ago.

19 MR. LYNCH: Right.

20 SPECIAL AGENT FERICH: Are you familiar  
21 with your payment schedule? Are you familiar with  
22 the payments that you missed and the ones that you  
23 didn't miss?

24 MR. LYNCH: No, not the specifics of them.

25 SPECIAL AGENT FERICH: Okay. Let's see

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1 here.

2 MR. LYNCH: I certainly have access to  
3 those records, but as we sit here I don't have them in  
4 front of me.

5 SPECIAL AGENT FERICH: Right. I believe  
6 that SLC missed the required payments for April 2003,  
7 May 2003, June 2003, July 2003 and August 2003. Then  
8 a payment was made September of 2003, and in October  
9 of 2003 and November of 2003 they were missed again.  
10 And then the NRC was notified in November of 2003, or  
11 I believe it was maybe November/December of 2003. My  
12 question is, once again, why wasn't the NRC notified?  
13 You know, here's a stretch of five months, why weren't  
14 they notified back then that the payments would not be  
15 made?

16 MR. LYNCH: No good excuse, other than we  
17 had hoped to catch up and not bring it to anybody's  
18 attention.

19 SPECIAL AGENT FERICH: Okay.

20 MR. LYNCH: We assumed they were also  
21 getting notified from the bank because they also have  
22 access to those bank informations. We assume that  
23 even though they didn't hear it from us, they would  
24 obviously have known it from their own sources.

25 SPECIAL AGENT FERICH: Okay. Right. So

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1       what's the outlook for SLC?

2                   MR. LYNCH: Well, we made a payment last  
3       week of \$13,500 dollars, which is a payment and a  
4       half. SLC is having a difficult year, sales have been  
5       relatively good, an improvement over last year,  
6       although the margins have been difficult to maintain  
7       because of the competitive environment we're in.

8                   We just recently signed a big contract for  
9       next year to do all the Wal-Mart stores, which we  
10      expect will be a very big bonus to us. So the short  
11      term prospect is still difficult with cash flow,  
12      although we expect next year to be a better year.

13                  SPECIAL AGENT FERICH: Okay. That's all  
14      I have.

15                  Just in summary here, have I threatened  
16      you in any manner during this interview?

17                  MR. LYNCH: No.

18                  SPECIAL AGENT FERICH: Okay. Have you  
19      been offered any reward in return for the information  
20      that you have provided during this interview?

21                  MR. LYNCH: No.

22                  SPECIAL AGENT FERICH: Have you offered  
23      the information freely and voluntarily?

24                  MR. LYNCH: Certainly.

25                  SPECIAL AGENT FERICH: Is there anything

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1 else that you would like to add at this time?

2 MR. LYNCH: I just want to make it  
3 perfectly clear that we were the ones who came forward  
4 to the NRC, and brought it to their attention that we  
5 were behind in our payments. Now we did not do it in  
6 as timely a fashion as maybe we should have, but this  
7 is not a function of the NRC finding out about it and  
8 then coming to us and asking us why it didn't happen.  
9 I mean we came forward.

10 SPECIAL AGENT FERICH: Okay.

11 MR. LYNCH: Later than we should have. In  
12 Larry Harmon's defense, he had said to me, you know,  
13 numerous times, maybe we should bring it to their  
14 attention, maybe we should bring it to their  
15 attention. And I said, well, we're hoping to get the  
16 cash in here to bring it current so let's not rock the  
17 boat.

18 SPECIAL AGENT FERICH: Okay. Anything  
19 else you'd like to add at this time?

20 MR. LYNCH: No.

21 SPECIAL AGENT FERICH: Okay. The  
22 interview is concluded. It's now 10:10 a.m. on  
23 December 15, 2003.

24 (Whereupon, the above-entitled matter went  
25 off the record at 10:10 a.m.)

CERTIFICATE

This is to certify that the attached proceedings  
before the United States Nuclear Regulatory Commission  
in the matter of:


Name of Proceeding: Interview of

William Lynch

Docket Number: 1-2003-056

Location: Bloomsburg, PA

were held as herein appears, and that this is the  
original transcript thereof for the file of the United  
States Nuclear Regulatory Commission taken by me and,  
thereafter reduced to typewriting by me or under the  
direction of the court reporting company, and that the  
transcript is a true and accurate record of the  
foregoing proceedings as recorded on tape(s) provided  
by the NRC.



Olwen Price  
Official Transcriber  
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# **EXHIBIT 7**

1 UNITED STATES OF AMERICA  
2 NUCLEAR REGULATORY COMMISSION

3 + + + + +

4 OFFICE OF INVESTIGATIONS

5 INTERVIEW

6 -----X

7 IN THE MATTER OF: :

8 INTERVIEW OF: : Case No. 1-2003-056

9 LARRY HARMON :

10 (CLOSED) :

11 -----X

12 Tuesday, December 16, 2003

13  
14 Safety Light Corporation

15 4150 Old Berwick Road

16 Bloomsburg, PA 17815

17  
18 The above-entitled interview was conducted  
19 at 10:00 a.m.

20  
21 BEFORE:

22 Special Agent JEFF FERICH

23  
24 EXHIBIT 7  
25 PAGE 1 OF 25 PAGE(S)

003 - 056

P-R-O-C-E-E-D-I-N-G-S

10:00 a.m.

SPECIAL AGENT FERICH: Okay. Today is December 16, and it's about 10 o'clock. My name is Jeff Ferich, I'm a Special Agent with the Nuclear Regulatory Commission, Office of Investigations, Region I, King of Prussia, Pennsylvania.

The interview is being conducted with Larry Harmon. Larry is the plant manager for Safety Light Corporation here in Bloomsburg, Pennsylvania.

The interview is being conducted regarding an allegation that Safety Light Corporation failed to make numerous deposits into the NRC trust fund, as required by the condition of the NRC license. In addition to failing make the required payments, Safety Light Corporation also failed to notify the NRC that the payments were not being made.

This investigation is being conducted under potential violations of 10 CFR 30.9, which is completeness and accuracy of information, and 10 CFR 30.10, which is deliberate misconduct.

Mr. Harmon, as I explained prior to going on the record, the interview will be conducted under oath. Do you have any objection to providing information under oath?

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1 MR. HARMON: No, I do not.

2 SPECIAL AGENT FERICH: Okay. Please raise  
3 your right hand and repeat after me, I swear to tell  
4 the truth.

5 MR. HARMON: I swear to tell the truth.

6 SPECIAL AGENT FERICH: So help me God.

7 MR. HARMON: So help me God.

8 SPECIAL AGENT FERICH: Okay. Mr. Harmon  
9 has been sworn in. Also Mr. Harmon, have you had an  
10 opportunity to see my credentials?

11 MR. HARMON: Yes, I have.

12 SPECIAL AGENT FERICH: Okay. Mr. Harmon,  
13 I'd like to ask you some questions for identifying  
14 purposes. What is your full name and please spell  
15 your last name?

16 MR. HARMON: It's Larry Paul Harmon.

17 H-A-R-M-O-N.

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

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[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

SPECIAL AGENT FERICH: And your current position?

MR. HARMON: Plant manager, Safety Light Corporation.

SPECIAL AGENT FERICH: And how long have you held that position?

MR. HARMON: Since probably about 1995 I believe.

SPECIAL AGENT FERICH: Okay. And prior to that position, what position did you hold?

MR. HARMON: Production manager.

SPECIAL AGENT FERICH: For Safety Light?

MR. HARMON: Yes.

SPECIAL AGENT FERICH: Okay.

MR. HARMON: I've been here since '79.

SPECIAL AGENT FERICH: . Since '79, okay. And your education background?

[REDACTED]  
[REDACTED]  
[REDACTED]

1 SPECIAL AGENT FERICH: Okay. Any military  
2 background?

3 MR. HARMON: No, I do not.

4 SPECIAL AGENT FERICH: Okay. We're going  
5 to get into more or less the meat of the interview  
6 here. Are you familiar with the conditions of your  
7 license, specifically license 37-00030-02? I believe  
8 it's the one that's dated February 6, 2002.

9 MR. HARMON: Yes.

10 SPECIAL AGENT FERICH: Okay. And  
11 obviously that was the license that was granted by the  
12 NRC?

13 MR. HARMON: We have two. We have the 02  
14 license and an 08 license; 02 is a clean up license.

15 SPECIAL AGENT FERICH: Right. And that  
16 license specifies that Safety Light make the deposits  
17 on a monthly basis to a trust fund?

18 MR. HARMON: The 02 and 08 both do.

19 SPECIAL AGENT FERICH: Okay. All right.  
20 You're aware of that then?

21 MR. HARMON: Yes.

22 SPECIAL AGENT FERICH: Okay. Is there a  
23 reason why Safety Light Corporation failed to make the  
24 deposits to the trust fund?

25 MR. HARMON: Didn't have any money to do

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1 so.

2 SPECIAL AGENT FERICH: Okay. Were you  
3 aware that the payments were not being made?

4 MR. HARMON: Yes.

5 SPECIAL AGENT FERICH: Okay. And when did  
6 you become aware that they were not being made?

7 MR. HARMON: I get an H trial balance once  
8 a week to write checks out of, so I know immediately  
9 when they're not being paid.

10 SPECIAL AGENT FERICH: Okay. So it's  
11 almost real time information?

12 MR. HARMON: Yes.

13 SPECIAL AGENT FERICH: You know all the  
14 timing?

15 MR. HARMON: Yes.

16 SPECIAL AGENT FERICH: Okay. And who  
17 makes the decision whether to pay the NRC or not to  
18 pay the NRC the monthly payments into the trust fund?

19 MR. HARMON: That's basically Bill Lynch.  
20 It's a complicated situation. Basically, I go down  
21 through and do what we have to do as far as payables  
22 to keep this place going. That's lights, shipping and  
23 that type of thing. I look at vendor accounts and  
24 then I look at, you know, and obviously the NRC is on  
25 there as a vendor, more so than just a special entity.

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1 So they're just another vendor on the payables.

2 And what we do is I go down circle down  
3 and see how much money I need and tell Bill Lynch how  
4 much money I need up here, and that's what gets  
5 basically deposited in the account for me to use.

6 SPECIAL AGENT FERICH: Okay.

7 MR. HARMON: If there's not enough money  
8 available, it's a question of you know then I have to  
9 juggle to find out who I should pay and who I  
10 shouldn't pay.

11 SPECIAL AGENT FERICH: Okay.

12 MR. HARMON: And basically, if we don't  
13 pay vendors that's keeping us alive here then,  
14 obviously, we're not in business. So if we can't buy  
15 aluminum, I can't sell signs, I can't sell signs, I  
16 can't pay the NRC or even stay in business. So I knew  
17 that there wasn't enough monies available to pay the  
18 NRC; it's barely enough money to pay our payables for  
19 our vendors and keep alive, so our vendors are out.

20 And this started about two years ago after  
21 September 11. Our business went down and we've had  
22 vendors out over 120 days.

23 SPECIAL AGENT FERICH: And just curious,  
24 what's the total amount of money that you owe vendors?  
25 Just ballpark right now?

1 MR. HARMON: Right now, what over \$30,  
2 over \$90?

3 SPECIAL AGENT FERICH: Just like total.  
4 Just give me a ballpark figure.

5 MR. HARMON: I can't give you that off  
6 hand, I'd have to look at my H trial balance.

7 SPECIAL AGENT FERICH: Okay. Can you give  
8 me an approximate amount?

9 MR. HARMON: Hang on for a second.

10 SPECIAL AGENT FERICH: Okay. Just for the  
11 record, Mr. Harmon's going to his office to retrieve  
12 some financial records. And like I said, this is  
13 just approximately. I mean are we talking \$50,000?  
14 Are we talking \$100,000? Are we talking \$10,000? If  
15 someone came to you right now and said, here's a check  
16 to clear everything up regarding vendors, how much --  
17 what would you need? Let me say, this is just  
18 approximate, I mean it doesn't have to be down to the  
19 --

20 MR. HARMON: I'd probably need roughly  
21 quarter of a million dollars.

22 SPECIAL AGENT FERICH: Okay.

23 MR. HARMON: A quarter of a million to  
24 \$300,000 I would think to bring it up to date.

25 SPECIAL AGENT FERICH: Okay. So on the

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1 months, just so I understand this, on the months where  
2 the payments were not made to the NRC trust fund,  
3 Safety Light Corporation did make other payments to  
4 vendors then?

5 MR. HARMON: Yes.

6 SPECIAL AGENT FERICH: To keep it up and  
7 running?

8 MR. HARMON: Yes.

9 SPECIAL AGENT FERICH: Okay. Let's see  
10 here. So the bottom line is the reason why you didn't  
11 make payments is you didn't have the money. So that's  
12 the bottom line.

13 MR. HARMON: Yes, that's the bottom line.

14 SPECIAL AGENT FERICH: Okay. On November  
15 20 of 2003, I think you attended a meeting, I believe  
16 it was held here, and this is the one where EPA, NRC  
17 and Pennsylvania Department of Environmental  
18 Protection were present?

19 MR. HARMON: Yes.

20 SPECIAL AGENT FERICH: To talk about how  
21 much money was in the trust account for the waste  
22 removal?

23 MR. HARMON: Yes.

24 SPECIAL AGENT FERICH: Okay. And during  
25 the meeting it was determined that the account would

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1 be approximately \$180,000 short?

2 MR. HARMON: Yes.

3 SPECIAL AGENT FERICH: Ballpark. During  
4 the meeting, did you ever tell Marie Miller that you  
5 were missing -- you, Safety Light Corporation -- was  
6 missing the required deposits?

7 MR. HARMON: No, I did not.

8 SPECIAL AGENT FERICH: And why was that?

9 MR. HARMON: I didn't want to embarrass  
10 the NRC at that meeting.

11 SPECIAL AGENT FERICH: Okay. And then on  
12 November 21, I believe you spoke with Marie.

13 MR. HARMON: I called Marie up and --

14 SPECIAL AGENT FERICH: Right. And you  
15 said that you were cleared to tell her that the  
16 required payments were not being made. And what do  
17 you mean by cleared?

18 MR. HARMON: Before I give that  
19 information out, I always talk to Bill Lynch first.

20 SPECIAL AGENT FERICH: Okay. So in other  
21 words, you wanted to run it by your headquarters?

22 MR. HARMON: By my boss.

23 SPECIAL AGENT FERICH: Okay. Right. And  
24 he's the one that gave you, okayed it for the  
25 information to be released?

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1 MR. HARMON: Yes.

2 SPECIAL AGENT FERICH: Okay. Have there  
3 been any -- prior to that, were there any discussions  
4 between yourself and Bill regarding what would happen  
5 if the payments weren't made to the NRC trust fund?

6 MR. HARMON: Not really, no.

7 SPECIAL AGENT FERICH: There wasn't any  
8 dialogue back and forth on what would happen if the  
9 payments weren't made to the NRC trust fund?

10 MR. HARMON: No. I mean there's dialogue  
11 back and forth that we weren't making them. I don't  
12 really know what's going on. I sort of figured that,  
13 I looked at this as another payment or another vendor.  
14 That's how I looked at it. Even though it was a  
15 licensed condition, I don't think payment should be on  
16 a licensed condition. And basically what happens is  
17 when my vendors don't get paid, they're on the phone  
18 and talking to me. So I was sort of waiting for the  
19 NRC to either catch up with that before we got caught  
20 up with the payments, which we had all intention of  
21 doing, and that didn't happen.

22 So I looked at it like, well, okay, this  
23 is a vendor that's not really after me to pay the bill  
24 right now so since things are down, we can take care  
25 of keeping the place open and generating some cash

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1 here, and when we get excess cash we can catch back up  
2 on these payments.

3 And we did make a payment. I did get some  
4 excess cash, I forget if that was three months ago, I  
5 could go back and look. But three months ago or  
6 something like that, we did make a payment of \$9,000  
7 dollars.

8 SPECIAL AGENT FERICH: Yes, I believe that  
9 was September.

10 MR. HARMON: September.

11 SPECIAL AGENT FERICH: September. And I  
12 believe there was --

13 MR. HARMON: Okay. That was three months  
14 ago, yes, and that was for a February invoice at that  
15 point in time. We take our oldest invoice. I look at  
16 the payments as an invoice, so I look at it an invoice  
17 month so that was a February invoice is what I was  
18 looking at. Actually, it was a February payment that  
19 we were supposed to make.

20 So I figured somewhere along the line,  
21 when the NRC caught up, you know, we're going to have  
22 to, Bill Lynch and whoever the powers that be, Rick  
23 White or whatever, is going to have to determine, you  
24 know, what we're going to have to do. If we can't  
25 come up with the money then, of course, you know, if

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1 it's bankruptcy or that type of thing, that's  
2 basically out of my control, so that has to be handled  
3 upstairs somewhere.

4 SPECIAL AGENT FERICH: Okay.

5 MR. HARMON: So that's what I figured  
6 would happen. Either they come up with some money  
7 somehow or they'd have to shut the doors up, as simple  
8 as that.

9 SPECIAL AGENT FERICH: And the conditions  
10 of the payment into the trust fund, Safety Light  
11 agreed to the conditions, the schedule? In other  
12 words, there was a schedule set up for payments.

13 MR. HARMON: Well, yes. That was done on  
14 behalf, yes that was done by Bill Lynch. He's the  
15 Vice President of Safety Light.

16 SPECIAL AGENT FERICH: Right. But what  
17 I'm saying is that Safety Light Corporation through  
18 Bill Lynch agreed to the terms of the license?

19 MR. HARMON: Yes. There were some caveats  
20 put in there when it was agreed to, however.

21 SPECIAL AGENT FERICH: Okay. Like for  
22 example?

23 MR. HARMON: Well, Bill Lynch had put in  
24 a letter to the NRC that, you know, that the payments  
25 were conditional upon the business being able to

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1 support the payments. I can go get the license, my  
2 license, and show you that letter if you'd like.

3 SPECIAL AGENT FERICH: I think I have the  
4 letter here in front of me.

5 MR. HARMON: Okay.

6 SPECIAL AGENT FERICH: Okay. Well, let's  
7 see here. And I guess my question is you explained  
8 why you didn't make the payments but why did it take  
9 so long for you to notify the NRC that the payments  
10 weren't being made? And just to give you a little  
11 background. During 2003, your primary contact with  
12 the NRC is Marie Miller.

13 MR. HARMON: That's correct.

14 SPECIAL AGENT FERICH: And I believe you  
15 spoke with her approximately on 20 occasions. There's  
16 a continuing dialogue with her and I guess you met  
17 with her on approximately eight occasions. Why  
18 didn't you tell Marie Miller that the required  
19 payments were being missed prior to November 21st?

20 MR. HARMON: I didn't think it was  
21 necessary to do at that time because the monies were  
22 going into an account that just sat there and wasn't  
23 being used at that particular point in time. And so  
24 it was always my contention that at some point in time  
25 we're going to catch up on those payments and we'd put

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1 it back into the fund.

2 It wasn't until that meeting, and I didn't  
3 realize we were going to come up short in the NRC  
4 fund, I didn't know where we stood with the billings  
5 from Solution Technologies or where we stood with the  
6 NRC trust fund balance.

7 And so when we sat down here, and I always  
8 expected that the EPA was just going to move in and  
9 cover the shortfall, so when we sat down at that  
10 meeting --

11 SPECIAL AGENT FERICH: And the meeting,  
12 that's on the 20th?

13 MR. HARMON: On the 20th.

14 SPECIAL AGENT FERICH: Of November.

15 MR. HARMON: And found out what was in the  
16 trust fund and then I had, two days before that I had  
17 received all the payments that we owed to Solution and  
18 what it was going to cost to get rid of the waste, an  
19 estimated cost to get rid of the waste at that point  
20 in time. And that's when we discovered that we were  
21 going to come up \$180,000 dollars short.

22 SPECIAL AGENT FERICH: Who gave you the  
23 estimate? Was it a vendor?

24 MR. HARMON: It was Solution Technology.

25 SPECIAL AGENT FERICH: That's the name of

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1 the company?

2 MR. HARMON: Yes. Solution Technology was  
3 doing the work.

4 SPECIAL AGENT FERICH: Okay. Got it.

5 MR. HARMON: And so with the invoices that  
6 they had invoiced that wasn't turned into the NRC  
7 trust fund yet, and that wasn't being handled by  
8 Safety Light, that was being handled by -- originally  
9 that was being handled by John Frasier from Auxier  
10 Associates, which was working as a consultant to us  
11 here, through Kevin Bruno our lawyer. And that's how  
12 that was being handled.

13 So all the Solution invoices were going to  
14 John Frasier and I wasn't looking at those. So I  
15 didn't realize what we owed until after I tried to get  
16 all that stuff together for a meeting, to make sure we  
17 had enough money to cover all this stuff. And that's  
18 when we discovered that we were \$180,000 dollars  
19 short.

20 Obviously, at that point in time, then I  
21 realized that we were going to be needing some of that  
22 money that we didn't put in to cover some of this  
23 waste shipment. And that's when now that we needed  
24 the money it was a different issue than when the money  
25 was just laying there and we didn't need the money.

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1 SPECIAL AGENT FERICH: Okay.

2 MR. HARMON: If we would have been able to  
3 ship all this waste, I probably wouldn't have made the  
4 call to Marie and let her know that we were short on  
5 our funds going into there because, like I said, as  
6 business picked up, I felt we'd pay that off and get  
7 caught back up and be current.

8 SPECIAL AGENT FERICH: Okay. And the  
9 trust fund, the money that you're putting into the  
10 trust fund, just for the record, what's that trust  
11 fund used for?

12 MR. HARMON: It's used for clean up of the  
13 site.

14 SPECIAL AGENT FERICH: Okay. On the  
15 property here?

16 MR. HARMON: On the property here.

17 SPECIAL AGENT FERICH: Okay. Did you ever  
18 think that by not putting the money into the trust  
19 fund, it could be a public safety issue?

20 MR. HARMON: No.

21 SPECIAL AGENT FERICH: Now why do you feel  
22 that?

23 MR. HARMON: I don't think that the site  
24 is a public safety issue.

25 SPECIAL AGENT FERICH: Why? Because it

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1 has been designated as a -- if EPA's involved, I'm  
2 sure it's been designated as what a Superfund site?

3 MR. HARMON: Yes. Well, no it hasn't  
4 been.

5 SPECIAL AGENT FERICH: Oh hasn't been?  
6 Okay.

7 MR. HARMON: No, it's not a Superfund  
8 site. In fact, the EPA doesn't think that this site  
9 rates high enough. Everybody's been trying to get  
10 this on a Superfund site, everybody being the state,  
11 and I think the NRC would like to see that happen.  
12 And they don't think it warrants being on a Superfund  
13 list.

14 SPECIAL AGENT FERICH: Okay.

15 MR. HARMON: My personal feeling is that  
16 we haven't been working with any of the isotopes  
17 that's on the 02 license since I've been here in '79.  
18 They were stopped way before that. The stuff's been  
19 buried in the ground here since the '50s, and we do  
20 monitor the wells. We haven't seen any increase in  
21 activity off site; we do off site wells. So we  
22 haven't seen any migration off site that's over the  
23 EPA drinking water limits in the wells. And so I  
24 don't think that the site sitting here like it is  
25 poses a risk to the public.

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1 SPECIAL AGENT FERICH: Okay. So you  
2 didn't consider the public safety issue then when you  
3 didn't make the payments?

4 MR. HARMON: No, I don't think this site's  
5 a public safety issue.

6 SPECIAL AGENT FERICH: Okay. That  
7 concludes my questions. And just in summary here,  
8 have I threatened you in any manner during this  
9 interview?

10 MR. HARMON: No, you have not.

11 SPECIAL AGENT FERICH: Okay. Have you  
12 been offered any reward in return for the information  
13 that you have provided during this interview?

14 MR. HARMON: No.

15 SPECIAL AGENT FERICH: Have you offered  
16 the information freely and voluntarily?

17 MR. HARMON: Yes, I have.

18 SPECIAL AGENT FERICH: Okay. Is there  
19 anything that you want to add on the record before we  
20 shut off the tape?

21 MR. HARMON: Not that I can think of. The  
22 only thing is if we would have been paying the NRC,  
23 from my viewpoint here, if we would have been paying  
24 the NRC the monies that we owed them, we probably  
25 wouldn't be in business at this point in time because

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1 we wouldn't have been able to pay vendors, and  
2 therefore the NRC wouldn't have got the \$81,000 anyway  
3 because we'd have been out of business.

4 SPECIAL AGENT FERICH: Right.

5 MR. HARMON: So it's a simple issue here.

6 SPECIAL AGENT FERICH: Right. Just while  
7 we're on that topic, are you aware that Safety Light  
8 Corporation missed the payments for April 2003, May  
9 2003, June 2003, July 2003, August 2003 and then made  
10 that one payment in September of 2003, and then missed  
11 October and November of 2003? And I understand I  
12 guess Safety Light's in the process of making a  
13 payment in December.

14 MR. HARMON: Well we made one for \$13,500  
15 dollars. No, wait let me just look here in my H trial  
16 balance because that doesn't sound right to me because  
17 I think we're going to back to February or March. Let  
18 me see here.

19 SPECIAL AGENT FERICH: I believe you made  
20 the payments for January and February and March, and  
21 then I believe from April to August there weren't any  
22 payments made.

23 Just for the record, Mr. Harmon is  
24 reviewing some financial records.

25 MR. HARMON: Yes, what we have open, now

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1 this is after paying, we paid \$13,500.

2 SPECIAL AGENT FERICH: And that was in  
3 December?

4 MR. HARMON: That was in December. So  
5 that would have taken care of, I believe, March's  
6 invoice I think was the oldest one and it would have  
7 taken care of half of April's invoice. So we'd owe  
8 \$4,500 dollars from April and then we owe up until  
9 December here, so we owe May, June, July, August,  
10 September, October, November.

11 SPECIAL AGENT FERICH: And December.

12 MR. HARMON: And then December.

13 SPECIAL AGENT FERICH: Right. I guess my  
14 point is when the payments weren't being made in April  
15 and May, is there a reason why you didn't contact the  
16 NRC then?

17 MR. HARMON: Because I thought we were  
18 going to catch back up with them. We've done it  
19 before. This isn't the first time in 2003 that we've  
20 missed. I mean we've missed back in I believe 2002 I  
21 think we were behind like \$36,000 or \$45,000 bucks.  
22 Three or four payments I think.

23 SPECIAL AGENT FERICH: Right.

24 MR. HARMON: Of last year. So we were  
25 able to, as our business picked up, we were able to

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1 catch back up on those and that brought them back up  
2 into a --

3 I don't think we ever paid them in a  
4 timely fashion. I think we were always, I always  
5 looked at them as a 30 day payment, so if they're due  
6 December 1, I looked at them as not being due until  
7 December 31 or January 1. Again, I was looking at  
8 this as I would at any other invoice that we get from  
9 the vendor, and so I always have 30 days to pay the  
10 bill.

11 So they weren't really late. Like this  
12 December bill, it really isn't late here yet until  
13 January 1st -- in my estimation.

14 SPECIAL AGENT FERICH: Okay. Yes, but  
15 this is April to August. I mean that was the first  
16 time that you missed five in a row, correct?

17 MR. HARMON: I'd have to go back and look.  
18 It probably was, yes. It probably was.

19 SPECIAL AGENT FERICH: Okay.

20 MR. HARMON: But that's only, you know,  
21 what's the difference whether it's four or whether  
22 it's five or six or three? I mean --

23 SPECIAL AGENT FERICH: Well, I think the  
24 point is that --

25 MR. HARMON: I mean you're going to catch

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1 up. The point is you think you're going to catch up.

2 SPECIAL AGENT FERICH: No, I understand  
3 that, but I also think at some point, as per the  
4 license conditions, I think you need to at least  
5 notify the NRC that some of these payments aren't  
6 being made. And I think that's one of the reasons why  
7 I'm here,

8 MR. HARMON: Well I think the payments,  
9 again I don't know if the -- I didn't look at the  
10 payments as a license condition to tell the NRC.

11 SPECIAL AGENT FERICH: But that's what it  
12 is.

13 MR. HARMON: Even though it a license  
14 condition.

15 SPECIAL AGENT FERICH: Right.

16 MR. HARMON: I mean I look at anything  
17 else that ever happened and say we have a clean record  
18 here, and if it had to do with anything radiologically  
19 or the health of people or something, yes, that's  
20 something you have to notify the NRC on. The  
21 payments, I didn't look at the payments as being one  
22 of those issues that was a radiological health issue.  
23 And I looked at radiological health issues as  
24 something that has to be reported to the NRC  
25 immediately, not necessarily payments.

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1 SPECIAL AGENT FERICH: Okay.

2 MR. HARMON: I looked at them as -- I  
3 looked at those as invoices. Again, I don't think it  
4 should have been a licensed condition, I think it  
5 should have been handled some other way other than  
6 being in a license. If it was a license condition,  
7 you know, why wasn't the NRC, in my estimation,  
8 checking up on the payments and knowing that the  
9 payments were delinquent way back when, you know, one  
10 or two payments. Having delinquency of payments I  
11 don't think had anything to do with the health or well  
12 being of the people, either here on site or off site.

13 SPECIAL AGENT FERICH: Okay.

14 MR. HARMON: So it wasn't a radiological  
15 concern. Radiological concerns I can understand  
16 being in a license and I can understand that  
17 immediately when we know something about radiological  
18 conditions changing on the site, obviously those  
19 things have to be told immediately to the NRC.

20 SPECIAL AGENT FERICH: Okay. Anything  
21 else that you'd like to add regarding this matter?

22 MR. HARMON: No, that's it.

23 SPECIAL AGENT FERICH: Okay. The time is  
24 now 10:30 and it's December 16th. The interview is  
25 concluded.

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1 (Whereupon, the above-entitled matter went  
2 off the record at 10:30 a.m.)  
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CERTIFICATE

This is to certify that the attached proceedings  
before the United States Nuclear Regulatory Commission  
in the matter of:

Name of Proceeding: Interview of

Larry Harmon

Docket Number: 1-2003-056

Location: Bloomsburg, PA

were held as herein appears, and that this is the  
original transcript thereof for the file of the United  
States Nuclear Regulatory Commission taken by me and,  
thereafter reduced to typewriting by me or under the  
direction of the court reporting company, and that the  
transcript is a true and accurate record of the  
foregoing proceedings as recorded on tape(s) provided  
by the NRC.



---

Olwen Price  
Official Transcriber  
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# **EXHIBIT 8**

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

+ + + + +

OFFICE OF INVESTIGATIONS

INTERVIEW

-----X

IN THE MATTER OF: :

INTERVIEW OF : Case No.

CHARLES R. WHITE : 1-2003-056

(CLOSED) :

-----X

Friday, February 13, 2004

Location: Telephonic

The above-entitled interview was conducted  
at 9:15 a.m.

BEFORE:

Special Agent JEFF FERICH

ALSO PRESENT:

MARIE MILLER, Senior Health Physicist

2003-056

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PAGE 1 OF 23 PAGE(S)

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P-R-O-C-E-E-D-I-N-G-S

(9:15 a.m.)

SPECIAL AGENT FERICH: Today is February 13, 2004, and the time is 9:15 in the morning.

My name is Jeff Ferich, and I'm a Special Agent with the NRC, Office of Investigations, Region I, King of Prussia, Pennsylvania.

Also present is Marie Miller. She is a Senior Health Physicist with the NRC Region I here in King of Prussia.

The interview is being conducted regarding an allegation that Safety Light Corporation failed to make numerous deposits into an NRC trust fund as required by the condition of the NRC license. In addition to failing to make the required payments, Safety Light Corporation also failed to notify the NRC that the required payments were not being made.

This investigation is being conducted under potential violations of 10 CFR 30.9, which is completeness and accuracy of information; and 10 CFR 50.10, deliberate misconduct.

Mr. White, as we talked prior to going on the record, the interview will be conducted under oath. Any objection to providing information under

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1 oath?

2 MR. WHITE: No, sir.

3 SPECIAL AGENT FERICH: Okay. If you can,  
4 just raise your right hand. Do you swear the  
5 statement you give to me is the truth, so help you  
6 God?

7 MR. WHITE: I do.

8 SPECIAL AGENT FERICH: Okay. Mr. White,  
9 I'd like to ask you some questions for identifying  
10 purposes. What is your full name? And please spell  
11 your last name.

12 MR. WHITE: Charles R. White, W-H-I-T-E.

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 SPECIAL AGENT FERICH: Okay. And what is  
25 your current occupation?

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1 MR. WHITE: I'm employed by Isolight  
2 Corporation.

3 SPECIAL AGENT FERICH: Okay. In what  
4 position?

5 MR. WHITE: As Vice President.

6 SPECIAL AGENT FERICH: Okay. Education  
7 background?

8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]

11 SPECIAL AGENT FERICH: In -- I'm sorry --  
12 in what?

13 MR. WHITE: Bachelor of Science.

14 SPECIAL AGENT FERICH: Okay. [REDACTED]  
15 [REDACTED]

16 MR. WHITE: [REDACTED]  
17 [REDACTED]

18 SPECIAL AGENT FERICH: Okay.

19 MR. WHITE: [REDACTED]

20 SPECIAL AGENT FERICH: Okay. [REDACTED]  
21 [REDACTED]

22 MR. WHITE: [REDACTED]  
23 [REDACTED]

24 SPECIAL AGENT FERICH: Okay. All right.  
25 What we'll do is we'll get into the -- I guess the

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1 meat of the questions. The first question is: what  
2 is your affiliation with Safety Light Corporation and  
3 Isolight Corporation? And earlier you said that you  
4 were Vice President of Safety Light Corporation?

5 MR. WHITE: Yes.

6 SPECIAL AGENT FERICH: Okay. What are  
7 your duties?

8 MR. WHITE: I'm an investor. I don't get  
9 involved in the day-to-day operations of the -- of the  
10 company. My duties are really -- I do not have any  
11 day-to-day duties.

12 SPECIAL AGENT FERICH: Okay. So you're an  
13 investor in that company.

14 MR. WHITE: That's correct.

15 SPECIAL AGENT FERICH: Okay. And how is  
16 Safety Light Corporation affiliated to Isolight  
17 Corporation?

18 MR. WHITE: There is no affiliation, other  
19 than one is a customer of another.

20 SPECIAL AGENT FERICH: Okay.

21 MR. WHITE: One buys product from another.

22 SPECIAL AGENT FERICH: Okay. So Safety  
23 Light Corporation -- I'm sorry, Isolight Corporation  
24 buys product from Safety Light Corporation?

25 MR. WHITE: Yes.

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1 SPECIAL AGENT FERICH: Okay. And you are  
2 an investor in Safety Light Corporation, or you're an  
3 investor in both?

4 MR. WHITE: In both.

5 SPECIAL AGENT FERICH: Okay. Are there  
6 any other partners or co-owners or --

7 MR. WHITE: Yes.

8 SPECIAL AGENT FERICH: Okay. And --

9 MR. WHITE: Jack Miller and myself are  
10 partners in Safety Light Corporation.

11 SPECIAL AGENT FERICH: Okay.

12 MR. WHITE: I own 51 percent, and he owns  
13 49 percent.

14 SPECIAL AGENT FERICH: Okay. And is he  
15 also in Florida?

16 MR. WHITE: No.

17 SPECIAL AGENT FERICH: Okay. Are there  
18 any other companies that you own or are associated  
19 with?

20 MR. WHITE: Yes.

21 SPECIAL AGENT FERICH: Okay. And what are  
22 they?

23 MR. WHITE: I own -- I am associated with  
24 a number of companies. There's -- there's -- I'm  
25 associated with a company called ESKO Marine, a

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1 company called Universal Aerospace, a company called  
2 Frazier Volpe, and a number of other small companies.  
3 That's -- I invest in small companies.

4 SPECIAL AGENT FERICH: Okay. So, once  
5 again, it's in the investment side of the house.

6 MR. WHITE: Yes.

7 SPECIAL AGENT FERICH: Okay. What is Bill  
8 Lynch's position with Safety Light?

9 MR. WHITE: He is Vice President.

10 SPECIAL AGENT FERICH: Okay. And what is  
11 Larry Harmon's position with Safety Light?

12 MR. WHITE: He's General Manager.

13 SPECIAL AGENT FERICH: At the Bloomsburg  
14 facility?

15 MR. WHITE: Yes.

16 SPECIAL AGENT FERICH: Okay. And who  
17 handles the day-to-day financial matters for Safety  
18 Light?

19 MR. WHITE: Well, Larry Harmon and Jack --  
20 excuse me, Larry Harmon and Bill Lynch.

21 SPECIAL AGENT FERICH: Okay. Does Bill  
22 Lynch -- does he have carte blanche when it comes to  
23 making the financial decisions pertaining to Safety  
24 Light?

25 MR. WHITE: Pretty much, yes.

1 SPECIAL AGENT FERICH: Okay. Apparently  
2 there was a recent conversation between Lynch and Dr.  
3 Bellamy.

4 And, Marie, Dr. Bellamy, what's his  
5 position?

6 MS. MILLER: He's the Branch Chief of the  
7 Decommissioning Branch in Region I.

8 SPECIAL AGENT FERICH: Okay. Apparently  
9 they had a conversation where Lynch stated that  
10 further payments to the NRC are made at a higher  
11 level. Would that be further payments, monthly  
12 payments, or would that be further payments, missed  
13 payments, payments in arrears?

14 MR. WHITE: I don't understand what  
15 "higher level" means.

16 SPECIAL AGENT FERICH: Okay. So you're  
17 not -- you're not familiar with that?

18 MR. WHITE: No.

19 SPECIAL AGENT FERICH: Okay. Any idea how  
20 it's determined whether a payment is to be made to the  
21 trust fund?

22 MR. WHITE: No.

23 SPECIAL AGENT FERICH: Okay. Who makes  
24 the decision whether to make the deposits into the NRC  
25 trust fund?

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1 MR. WHITE: Bill Lynch would make that  
2 decision based on availability of cash.

3 SPECIAL AGENT FERICH: Okay.

4 MR. WHITE: And Larry Harmon. Both.

5 SPECIAL AGENT FERICH: I'm sorry?

6 MR. WHITE: And Larry Harmon. Both.

7 SPECIAL AGENT FERICH: Okay.

8 MR. WHITE: I think they would together.

9 SPECIAL AGENT FERICH: Okay. Did you know  
10 that the required payments were not being made?

11 MR. WHITE: No, I didn't until I had a  
12 phone call to discuss the late payment situation.

13 SPECIAL AGENT FERICH: And when was that?

14 MR. WHITE: I don't -- I really don't have  
15 the date. I didn't write it down. I don't have the  
16 -- I have no idea when the date was, but just to -- to  
17 -- just to continue on in that vein, it was discussed  
18 with me and Bill -- Bill had called me. And we  
19 decided at that time we should notify the NRC --

20 SPECIAL AGENT FERICH: Okay.

21 MR. WHITE: -- of the late payment. But  
22 at that time when I was notified that we were in  
23 arrears, that's the time that we decided we should  
24 certainly notify the NRC that we were late.

25 SPECIAL AGENT FERICH: Okay. I mean, was

1 that in 2003? I mean, can you --

2 MR. WHITE: I'm sure it was. I'm sure it  
3 wasn't 2004, so --

4 SPECIAL AGENT FERICH: Okay. I mean, can  
5 you narrow --

6 MR. WHITE: It was a few months back.

7 SPECIAL AGENT FERICH: Okay. So would you  
8 say in the fall of 2003?

9 MR. WHITE: Whenever -- it was whenever we  
10 notified the NRC. I think you have that probably in  
11 your records.

12 SPECIAL AGENT FERICH: Right. Okay. So  
13 it was in approximately that timeframe.

14 MR. WHITE: Yes.

15 SPECIAL AGENT FERICH: Okay. Was there a  
16 reason why the NRC wasn't notified that the payments  
17 weren't being made earlier?

18 MR. WHITE: I don't know, because I didn't  
19 know that payments were not being made.

20 SPECIAL AGENT FERICH: Okay. And you  
21 never told Lynch or Harmon not to make the required  
22 payments?

23 MR. WHITE: No.

24 SPECIAL AGENT FERICH: Okay. And did you  
25 ever tell them not to notify the NRC that the payments

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1 weren't being made?

2 MR. WHITE: No. I told them to notify the  
3 NRC.

4 SPECIAL AGENT FERICH: Okay.

5 MR. WHITE: When I found out.

6 SPECIAL AGENT FERICH: Once you found out,  
7 you told them that we had to be notified.

8 MR. WHITE: Yes.

9 SPECIAL AGENT FERICH: Okay.

10 MR. WHITE: We agreed -- Bill Lynch and I  
11 agreed that we -- we should certainly notify the NRC.

12 SPECIAL AGENT FERICH: Right. But what  
13 I'm saying is once --

14 MR. WHITE: Once I found out.

15 SPECIAL AGENT FERICH: Right. Once you  
16 found out is when you came to that conclusion.

17 MR. WHITE: Yes.

18 SPECIAL AGENT FERICH: That the NRC should  
19 be notified.

20 MR. WHITE: Absolutely.

21 SPECIAL AGENT FERICH: Okay. A question  
22 for you. Were the months where the payments weren't  
23 being made to the NRC trust fund, were payments being  
24 made to Safety Light's creditors?

25 MR. WHITE: I -- I can't answer that

1 question.

2 SPECIAL AGENT FERICH: Okay. So, once  
3 again, who --

4 MR. WHITE: I'm sure that certain  
5 creditors were being paid.

6 SPECIAL AGENT FERICH: Okay.

7 MR. WHITE: We've had -- we've had a tough  
8 -- tough economy last two or three years, and that's  
9 certainly contributing to -- to the overall situation  
10 of cashflow.

11 SPECIAL AGENT FERICH: Okay. Yes, I think  
12 -- I think Mr. Lynch said that since 9/11 I guess  
13 business has been down.

14 MR. WHITE: For everyone, yes.

15 SPECIAL AGENT FERICH: Okay. Okay. Just  
16 -- actually, just a couple more questions here for  
17 you.

18 MR. WHITE: Sure.

19 SPECIAL AGENT FERICH: Are you familiar  
20 with the NRC license that Safety Light has?

21 MR. WHITE: Well, I'm -- to answer your  
22 question, I'm familiar. We do have licenses. We have  
23 more than one license, and I am not -- I am not a  
24 health physicist, nor -- I'm familiar that we do hold  
25 licenses with the NRC.

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1 SPECIAL AGENT FERICH: Okay.

2 MR. WHITE: But I couldn't tell you -- one  
3 is a possession license, I believe, and some sort of  
4 manufacturing license. But, yes, I'm generally  
5 aware --

6 SPECIAL AGENT FERICH: Okay.

7 MR. WHITE: -- of the licensing.

8 SPECIAL AGENT FERICH: Okay. And were you  
9 aware that part of the license condition was to make  
10 the prescribed payments to the NRC trust fund?

11 MR. WHITE: No.

12 SPECIAL AGENT FERICH: You weren't aware  
13 of that?

14 MR. WHITE: No.

15 SPECIAL AGENT FERICH: Okay.

16 MR. WHITE: Let me -- let me --

17 SPECIAL AGENT FERICH: Sure, go ahead.

18 MR. WHITE: -- add to that. I'm certainly  
19 aware that when we sign an agreement with the NRC we  
20 have to conduct ourselves in an appropriate fashion  
21 and do the things that we have agreed to do. So if  
22 we're -- if we're late, that's -- that's certainly not  
23 -- not the appropriate action on our part.

24 SPECIAL AGENT FERICH: Okay. But you  
25 didn't -- but you didn't know that the prescribed

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1 payments were part of that license condition?

2 MR. WHITE: No.

3 SPECIAL AGENT FERICH: Okay. Were you  
4 also aware that the license condition specified that  
5 the exemption from the financial assurance  
6 requirements would no longer be valid if any of the  
7 payments were missed?

8 MR. WHITE: No.

9 SPECIAL AGENT FERICH: Okay. And without  
10 this exemption, in your opinion, do you think Safety  
11 Light could provide the necessary financial assurance?

12 MR. WHITE: I don't understand the  
13 question.

14 SPECIAL AGENT FERICH: There is -- Marie,  
15 you help me out on this.

16 MS. MILLER: Yes. The requirement for the  
17 license -- licensees, any licensee, that it has  
18 certain quantities of material that would require  
19 funds to be set aside for decommissioning --

20 MR. WHITE: Yes.

21 MS. MILLER: -- that it was -- a condition  
22 of the license would be to have financial assurance.  
23 And so in the case of Safety Light, they were granted  
24 an exemption to the financial assurance requirements,  
25 provided that they made these specified payments.

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1 MR. WHITE: I understand.

2 MS. MILLER: Okay.

3 SPECIAL AGENT FERICH: Okay. And what was  
4 the requirement? If the -- if the exemption wasn't  
5 granted, what was the amount? Do you remember off the  
6 top of your head?

7 MS. MILLER: Well, cost estimates, you  
8 know, range from -- like Safety Light's cost estimate  
9 is about \$30 million. More conservative estimates can  
10 go to \$100 million.

11 SPECIAL AGENT FERICH: Okay. So without  
12 -- I guess the question is: without the exemption,  
13 could Safety Light come up with \$30 million to meet  
14 that financial assurance?

15 MR. WHITE: No.

16 SPECIAL AGENT FERICH: Okay. I mean, is  
17 there a reason -- and I think you maybe touched on  
18 this, but was there a reason the payments weren't  
19 made, especially after Safety Light agreed to the  
20 terms that were set forth in the license?

21 MR. WHITE: I believe Bill Lynch had --  
22 had told -- or had documented that -- that when we  
23 received our license, our five-year license, that we  
24 would make every effort to pay the funds, though we  
25 could not guarantee the payment. It's based on the

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1 economy.

2 We don't -- we don't have any -- any  
3 taxpayers paying us money. We have to make money on  
4 our own. And the economy has not been terrifically  
5 robust in the last three or four years.

6 SPECIAL AGENT FERICH: Okay.

7 MR. WHITE: Many companies in our business  
8 have been down over 30 percent. And I am absolutely  
9 sure that Mr. Lynch had -- that Bill Lynch had made  
10 every effort to pay these bills and did so for many  
11 years.

12 And the only reason I can -- I can think  
13 of that the payments weren't made was because our  
14 business had dropped precipitously and we now feel  
15 that it's coming back, along with the economy. And  
16 the reason they weren't paid is because, if we  
17 wouldn't have paid our vendors, we wouldn't have been  
18 in business today --

19 SPECIAL AGENT FERICH: Right.

20 MR. WHITE: -- to talk about this.

21 SPECIAL AGENT FERICH: Okay. I mean, did  
22 you think it was important to make the payments?

23 MR. WHITE: Absolutely. Very important.

24 SPECIAL AGENT FERICH: Okay. And did you  
25 know -- were you familiar with the possible

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1 consequences of not making the required payments?

2 MR. WHITE: Oh, I still don't -- I don't  
3 know what the consequences are.

4 SPECIAL AGENT FERICH: Okay.

5 MR. WHITE: I mean, we're trying in every  
6 fashion to get back, and it's -- it's Bill Lynch's  
7 mission to get back on track and pay as many payments.  
8 And now that I've found out about the -- the payments  
9 in arrears, we have made every effort to start paying  
10 those payments back and get -- get current with the  
11 NRC.

12 SPECIAL AGENT FERICH: Okay.

13 MR. WHITE: I don't know what the  
14 consequences are. If the consequences are -- are  
15 putting us out of business, well, then, that's --  
16 those are the consequences.

17 SPECIAL AGENT FERICH: Okay. Like I said,  
18 just a couple more questions, and we should be able to  
19 wrap it up. Did you ever think by not making the  
20 payments that it may be a public safety issue? Since  
21 -- since there were less funds available, less waste  
22 could be removed from the site?

23 MR. WHITE: No.

24 SPECIAL AGENT FERICH: Okay. Because the  
25 money was being put into a trust fund for essentially

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1 waste removal. Okay. So that didn't -- that didn't  
2 cross your mind, then?

3 MR. WHITE: No.

4 SPECIAL AGENT FERICH: Okay.

5 MR. WHITE: Do you mean -- do you mean --  
6 well, I didn't know about it until we -- until Mr.  
7 Lynch made me aware of it, and then we notified the  
8 NRC.

9 SPECIAL AGENT FERICH: Right.

10 MR. WHITE: Of our tardy --

11 SPECIAL AGENT FERICH: Okay.

12 MR. WHITE: -- situation.

13 SPECIAL AGENT FERICH: Okay. Did you  
14 review the NRC demand for information and the  
15 subsequent response?

16 MR. WHITE: Yes, I was sent -- I was sent  
17 that correspondence.

18 SPECIAL AGENT FERICH: Okay. And who  
19 reviewed those documents? Who was part of that?

20 MR. WHITE: Do you mean the demand for --

21 SPECIAL AGENT FERICH: Yes, demand --

22 MR. WHITE: -- information?

23 SPECIAL AGENT FERICH: Yes.

24 MR. WHITE: Bill Lynch reviewed them.

25 SPECIAL AGENT FERICH: I beg your pardon?

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1 MR. WHITE: Bill Lynch reviewed them.

2 SPECIAL AGENT FERICH: Okay.

3 MR. WHITE: Reviewed the documents. He  
4 sent a copy to me, we reviewed them together, and Bill  
5 Lynch responded to that -- those -- those -- that  
6 request.

7 SPECIAL AGENT FERICH: Okay. And what  
8 about your -- your other partner? I'm sorry. What  
9 was his name?

10 MR. WHITE: Jack Miller?

11 SPECIAL AGENT FERICH: Yes. Did he review  
12 that also?

13 MR. WHITE: I don't think he did.

14 SPECIAL AGENT FERICH: Okay. And is that  
15 because you're 51 percent?

16 MR. WHITE: Well, because he doesn't take  
17 -- I mean, he really doesn't take an active role in  
18 the -- in the company.

19 SPECIAL AGENT FERICH: Okay. What's the  
20 business outlook for Safety Light?

21 MR. WHITE: Well, we're cautiously  
22 optimistic. Our business is increasing. The economy  
23 is getting better. We feel that we're back on track,  
24 and we -- we're optimistic that if the economy stays  
25 strong we're going to be able to -- to make payments

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1 and continue on --

2 SPECIAL AGENT FERICH: Okay.

3 MR. WHITE: -- in a healthy -- with a  
4 healthy company.

5 SPECIAL AGENT FERICH: Okay. So Safety  
6 Light Corporation can make a commitment to fund the  
7 back payments and to become current?

8 MR. WHITE: That's not what I said. What  
9 I said was we are making every effort to fund the back  
10 payments and remain current. And I believe that we're  
11 -- we're gaining on that, and we -- we feel that if  
12 the economy remains strong we'll be able to accomplish  
13 those -- those things. Yes.

14 SPECIAL AGENT FERICH: Okay. Any  
15 timeframe when Safety Light can become current  
16 regarding your trust fund?

17 MR. WHITE: I'd be happy to respond to  
18 that after I discuss it with Bill Lynch. I'm not  
19 involved in the day-to-day running of either business.

20 SPECIAL AGENT FERICH: Okay.

21 MR. WHITE: Either Isolight or Safety  
22 Light or any of the other lighting businesses that  
23 we're involved in.

24 SPECIAL AGENT FERICH: Okay.

25 MR. WHITE: And I'd -- I'd be happy to

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1 respond to that when -- when I discuss it with Bill.

2 SPECIAL AGENT FERICH: In December -- I  
3 believe it was in December of 2003, or possibly  
4 February of 2004, I know Safety Light made a -- made  
5 two payments of I think it was \$13,500 towards the  
6 trust fund. Was that money from Safety Light, or was  
7 that money from assets outside the company?

8 MR. WHITE: From Safety Light.

9 SPECIAL AGENT FERICH: Okay. Marie, any  
10 questions before -- I'm pretty much done.

11 MS. MILLER: I'd just like clarification  
12 -- your title at Safety Light Corporation is  
13 President, correct?

14 MR. WHITE: I think I am. I'm not -- yes,  
15 I think I am President of Safety Light.

16 MS. MILLER: Okay.

17 MR. WHITE: Vice President of Isolight,  
18 yes.

19 SPECIAL AGENT FERICH: Okay.

20 MS. MILLER: And Vice President of  
21 Isolight.

22 MR. WHITE: Yes, sir. Yes, ma'am.

23 SPECIAL AGENT FERICH: Okay.

24 MS. MILLER: Thank you.

25 SPECIAL AGENT FERICH: And you are

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1 obviously compensated by Safety Light.

2 MR. WHITE: Yes. I am on -- I have a  
3 salary.

4 SPECIAL AGENT FERICH: Okay. Any other  
5 questions?

6 Okay. All right. Just -- we're just  
7 going to kind of summarize here. Have I or anyone  
8 from the NRC threatened you in any manner?

9 MR. WHITE: Certainly not.

10 SPECIAL AGENT FERICH: Okay. Have you  
11 offered the information freely and voluntarily?

12 MR. WHITE: Yes.

13 SPECIAL AGENT FERICH: And is there  
14 anything else that you would like to provide regarding  
15 this matter?

16 MR. WHITE: Other than you're certainly  
17 welcome to call me and discuss these -- these  
18 situations, and we're going to make any -- every --  
19 every effort, now that I'm aware of it, to -- to get  
20 current again and to remain in compliance.

21 SPECIAL AGENT FERICH: Okay. Anything  
22 else you'd like to add?

23 MR. WHITE: No.

24 SPECIAL AGENT FERICH: Okay. The time is  
25 now 9:40. The interview is now concluded.

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1 MR. WHITE: Thank you very much.

2 (Whereupon, at 9:40 a.m., the interview  
3 was concluded.)  
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CERTIFICATE

This is to certify that the attached proceedings  
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in the matter of:

Name of Proceeding: Interview of

Charles White

Docket Number: 1-2003-056

Location: telephone interview

were held as herein appears, and that this is the  
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