



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
611 RYAN PLAZA DRIVE, SUITE 400  
ARLINGTON, TEXAS 76011-4005

October 5, 2005

EA 05-174

Mr. Jalal Hamshari  
President  
Star-lite Global, Inc.  
264 S. La Cienega, Ste 1229  
Beverly Hills California 90211

SUBJECT: NRC INSPECTION REPORT 999-90004/05-009 AND INVESTIGATIVE CASE  
NOS. 4-2003-020 and 4-2003-020(S)

Dear Mr. Hamshari,

This refers to the NRC's inspection and investigation conducted at your facility located in Burbank, California. The enclosed report represents our findings. The inspection and investigation examined your activities involving specialty light bulbs containing krypton-85, as they relate to radiation safety and to compliance with the Commission's rules and regulations. Within these areas, the inspection and investigation consisted of selected examination of procedures and representative records, observation of activities, and interviews with your personnel. A final telephonic exit briefing was conducted with you and your attorney on September 7, 2005.

Based on the results of this inspection and investigation, one apparent violation was identified and is being considered for escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's website at [www.nrc.gov](http://www.nrc.gov); select **What We Do, Enforcement**, then **Enforcement Policy**. The apparent violation involves the failure to obtain an exempt distribution license, as required by 10 CFR 30.15, prior to transferring specialty light bulbs containing radioactive material (krypton-85). The failure to obtain a license before distributing these products is significant because it resulted in the NRC not being able to utilize established review processes to ensure that the light bulbs were safe for distribution to members of the general public. Additionally, the NRC is concerned that this apparent violation may have been willful in nature.

Before the NRC makes its enforcement decision, we are providing you an opportunity to either: (1) respond to the apparent violation addressed in this inspection report within 30 days of the date of this letter or (2) request a pre-decisional enforcement conference. If a conference is held, it will be closed to public observation and will be transcribed. The NRC will also issue a Meeting Notice to announce the conference if held. Please contact Mr. Mark Shaffer at (817) 860-8287 within 7 days of the date of this letter to notify the NRC of your intended response.

If you choose to provide a written response, it should be clearly marked as a "Response to An Apparent Violation in Inspection Report No 999-90004/05-009; EA-05-174" and should include:

(1) the reason for the apparent violation, or, if contested, the basis for disputing the apparent violation, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. In presenting your corrective action, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violation. The guidance in the enclosed excerpt from NRC Information Notice 96-28, "SUGGESTED GUIDANCE RELATING TO DEVELOPMENT AND IMPLEMENTATION OF CORRECTIVE ACTION," may be helpful. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. During the exit briefing, Star-lite Global informed the NRC that the company was reorganizing under bankruptcy laws. Your response should also address your company's future plans to buy and sell krypton-85 bulbs. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision.

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

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

Instead of a predecisional enforcement conference, you may request alternative dispute resolution (ADR) with the NRC in an attempt to resolve this issue. ADR is a general term encompassing various techniques for resolving conflict outside of court using a neutral third party. The technique that the NRC has decided to employ during a pilot program which is now in effect, is mediation. Additionally information concerning the NRC's pilot program is described in the enclosed brochure (NUREG/BR-0317) and can be obtained at <http://www.nrc.gov/what-we-do/regulatory/enforcement/adr.html>. The Institute on Conflict Resolution (ICR) at Cornell University has agreed to facilitate the NRC's program as an intake neutral. Please contact ICR at (877) 733-9415 within 10 days of the date of this letter if you are interested in pursuing resolution of this issue through ADR.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/Adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction.

Star-Lite Global, Inc.

- 3 -

Should you have any questions concerning this inspection or the enclosed report, please contact Mr. Mark Shaffer at (817) 860-8287 or Mr. Larry Donovan at (817) 860-8140.

Sincerely,

*/RA/*

Leonard D. Wert, Director  
Division of Nuclear Materials Safety

Docket No.: 999-90004

Enclosures:

1. NRC Inspection Report 999-90004/05-009
2. NRC Information Notice 96-28
3. NUREG/BR-0317

cc w/enclosure 1  
California Radiation Control Program Director

bcc w/enclosures 1 and 2 (via e-mail distrib):

- BSMallet
- FJCongel, OE
- LWert
- CLCain
- MRSshaffer
- JEWhitten
- GFSanborn
- HAFreeman
- KDFuller
- OI RIV Field Office
- WAMaier
- LDonovan
- SLMerchant, OE
- GMLongo, OGC
- DRStarkey, OE
- GLMorell
- CLMiller, IMNS
- DBroaddus, NMSS
- Mburgess, NMSS
- KEGardin
- OEMail
- NMIB
- RIV Materials Docket File (5<sup>th</sup> Floor)

SISP Review Completed: ADAMS: : Yes 9No Initials: ld

Publicly Available  Non Sensitive

DOCUMENT NAME: s:\dnms!\nmib\donovan\59000409.wpd final r:\\_dnms

RIV:DNMS:NMIB	DNMS:	C:NMIB
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ACES	RC:	D:DNMS
MVasquez	KDFuller	LDWert
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10/04/05	10/04/05	10/05/05

\*Previously concurred OFFICIAL RECORD COPY T=Telephone E=E-mail F=Fax

**ENCLOSURE 1**

U.S. NUCLEAR REGULATORY COMMISSION  
REGION IV

Docket No. 999-90004

License No.: NA

Report No.: 999-90004/05-009

EA No.: 05-174

Licensee: Star-Lite Global, Inc. (Non-licensee)

Facility: Star-Lite Global, Inc. (Non-licensee)

Location: Burbank and Beverly Hills, California

Dates: May 28, 2003 to September 7, 2005

Inspector: Larry Donovan, Health Physicist  
Nuclear Materials Inspection Branch

Approved by: Mark R. Shaffer, Chief  
Nuclear Materials Inspection Branch

Attachment: Supplemental Inspection Information

## EXECUTIVE SUMMARY

Star-Lite Global, Inc.  
NRC Inspection Report 999-90004/200509

This was an unannounced inspection of licensed activities involving the distribution of byproduct material for exempt distribution conducted under 10 CFR 30.15. The inspection was conducted in Burbank, California. In addition, an investigation was performed by NRC's Office of Investigations, Region IV Field Office.

### Program Overview

Star-Lite Global, Inc. is a specialty light bulb and fixture company with its corporate office located in Burbank, California, and presently in Beverly Hills, California. (Section 1)

### Details of Inspection and Investigation

Based on interviews and the review of documentary evidence developed during the inspection and investigation, it was determined that between May 28, 2003, and November 20, 2003, Star-Lite Global, Inc. received from the overseas "gray market," and subsequently distributed, specialty bulbs containing krypton-85, licensed radioactive material without having an exempt distribution license from the NRC. (Section 2)

### Company Corrective Actions

On September 7, 2005, the company was contacted telephonically and notified of the results of the inspection. The company's legal counsel assured NRC that all specialty light fixtures and bulbs containing krypton-85 were no longer being imported. (Section 3)

## **Report Details**

### **1 Program Overview (87125)**

#### **1.2 Inspection Scope**

During the onsite inspection conducted on May 28, 2003, the inspector reviewed Star-Lite Global's inventory of krypton-85 bulbs, application, supporting documents, and other records maintained by the company. Collectively, these documents described the company's actions at that time to apply for an exempt distribution license from the NRC; subsequently, Star-Lite Global withdrew its license application. Interviews with licensee personnel were also conducted.

### **2 Details of Inspection and Investigation**

#### **2.1 Inspection and Investigation Scope**

The inspector's review of this program area included interviews with company personnel, direct observation and review of imported products containing byproduct material (krypton-85) in the company's inventory, and written communication between Star-Lite Global and the NRC regarding fees and application process to obtain an exempt distribution license from the NRC.

#### **2.2 Observation and Findings**

10 CFR 30.3 requires, in part, that no person shall manufacture, produce, transfer, receive, acquire, own, possess, or use byproduct material except as authorized in a specific or general license.

10 CFR 30.15(b) requires, in part, that any person who desires to apply byproduct material to, or to incorporate by product material into, the products exempted in paragraph (a) of this section, or who desires to initially transfer for sale or distribution such products containing by product material, should apply for a specific license pursuant to part 32.14 of this chapter, which license states that the product may be distributed by the licensee to persons exempt from the regulations pursuant to paragraph (a) of this section.

By letter dated May 20, 2002, the State of California sent Star-Lite Global a Notice of Violation for possessing speciality light fixtures and bulbs containing Kr-85 licensed material without a state license. Star-Lite Global had been importing these bulbs from international suppliers, and the devices had not been reviewed and approved for distribution in the United States. Knowing that Star-Lite Global was also selling these lamps to other American customers, in its letter, the state notified Star-Lite Global that it may not distribute lamps containing byproduct material it purchased directly from European suppliers unless Star-Lite Global has an NRC exempt distribution license and a California license to possess the material. Further, the state's letter informed Star-Lite Global that if it wished to continue this practice, it must apply for an exempt distribution license from the NRC pursuant to 10 CFR 32.14 and a California license.

During the investigation, the NRC found internal correspondence from Star-Lite's legal counsel to Star-Lite's president by letters dated June 3 and June 6, 2002 regarding NRC licensing information and NRC fees. On May 28, 2003, the NRC conducted an onsite inspection and investigation into Star-Lite's activities. At that time, the NRC inspector informed the president of Star-Lite Global that Star-Lite Global was required to obtain an NRC exempt distribution license prior to distributing the Kr-85 bulbs to American customers. The president of Star-Lite Global informed the inspector that Star-Lite Global was already working on the license application because the president was aware of the requirement.

On June 5, 2003, Star-Lite Global submitted an application for an exempt distribution license to the NRC. On July 21, 2003, the NRC sent a letter to Star Lite requesting additional information regarding the application for license. The NRC's letter stated that if we do not receive your reply within 30 calendar days from the date of this letter, we will consider your application as having been abandoned by you. The NRC did not receive a response from Star-Lite Global and the NRC considered the application as having been abandoned.

Records indicate that as late as August 26, 2003, Star-Lite Global had imported Kr-85 bulbs from Italy. And, by letter dated November 20, 2003, Star-Lite Global wrote letters to the NRC and to the State of California. In its letter to the state, Star-Lite Global stated that it would no longer import Kr-85 lamps.. In its letter to the NRC, Star-Lite Global stated that it would not proceed with the license application and confirmed that Star-Lite will not be importing bulbs/lamps containing Kr-85, and will only purchase such items from existing licensed US distributors.

The investigation showed that, after being put on notice by the State of California in May 2002 and again by an NRC inspector in May 2003, Star-Lite Global continued to distribute unauthorized Kr-85 bulbs without an NRC exempt distribution license through August 2003. After NRC reviews of the Kr-85 bulbs that Star-Lite Global distributed, the NRC found that the bulbs were the same as approved Kr-85 bulbs except that the bulbs were not labeled in accordance with NRC requirements.

The failure to obtain a specific license prior to distributing products containing exempt quantities of Kr-85 was identified as violations of 10 CFR 30.3 and 10 CFR 30.15(b) (999-90004/05-01).

### 2.3 Conclusions

One apparent violation was identified regarding the failure to obtain a specific license prior to distributing products containing exempt quantities of Kr-85.

### 3. **Licensee Corrective Actions**

On September 7, 2005, the licensee was contacted telephonically and notified of the results of the inspection and investigation. The company assured the NRC that all specialty light fixtures and bulbs containing Kr-85 were no longer being imported.

**4. Exit Meeting Summary**

On September 7, 2005, a final telephonic exit briefing was conducted with the president of Star-lite Global and his legal counsel to review the inspection findings as presented in this report. The Company's President and legal counsel acknowledged the inspector's findings, and stated that the company was reorganizing under bankruptcy laws. No propriety information was identified.

ATTACHMENT

PARTIAL LIST OF PERSONS CONTACTED

Licensee

\*#Jalal Hamshiri, President  
\*Gilbert Geilem, Legal counsel for Star-Lite Global, Inc.  
#Crystal Holland, USNRC R IV-OI

# indicates individual present at entrance meeting

\* indicates individual present at exit meeting

INSPECTION PROCEDURES USED

87125           Manufacturer/Distribution Programs  
83822           Radiation Protection

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

999-90004/2005-001   APV   One violation was identified regarding the failure to obtain a specific license prior to distributing products containing exempt quantities of krypton-85, pursuant to 10 CFR 30.3 and 10 CFR 30.15(b)

LIST OF ACRONYMS USED

APV           Apparent Violation  
CFR           Code of Federal Regulations  
NRC           Nuclear Regulatory Commission