



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

June 7, 2006

Mr. Gordon Finlay
Radiation Safety Officer
Finlay Testing Laboratories, Inc.
707 Kakoi Street
Honolulu, Hawaii 96819

SUBJECT: NRC INSPECTION REPORT 030-36102/2006-001 (FORM 591M Part 1)

Dear Mr. Finlay:

This letter and the enclosed NRC Form 591M refer to the inspection conducted on February 2, 2006 at your facility located in Honolulu, Hawaii. The preliminary inspection results were discussed with Mr. David Stasuk at the conclusion of the onsite inspection. Because you were not available during the onsite inspection, following the onsite inspection, you provided additional information to the inspector via telephone and/or facsimile on February 10, 24, and 27, March 22 and 23, and May 11, 2006. The final inspection results were discussed with you during a final telephonic exit briefing conducted on May 11, 2006.

The inspection was an examination of activities conducted under your license as they relate to radiation safety and to compliance with the Commission's rules and regulations and with the conditions of your license. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and independent measurements.

Within the scope of this inspection no violations or deviations were identified; therefore, no response to this letter or the enclosed NRC Form 591M is required.

However, during our onsite inspection of your Honolulu, Hawaii, facility, we noted that industrial radiography activities conducted under your NRC byproduct material license appeared to be under the management and oversight of American Precision Testing Laboratories, Inc. (APTL). Following the onsite inspection, we had several telephonic conversations with you regarding this issue. Based on these discussions, we understand that at all times, Finlay Testing Laboratories, Inc. (FTL) has maintained the responsibility and authority for direct control and oversight of the radiation safety program associated with licensed activities.

Furthermore, we understand that you have considered selling portions of FTL and transferring your NRC byproduct material license to another entity. Please note that 10 CFR 30.34(b) requires, in part, that a licensee inform NRC of any business or legal transaction that would result in the transfer of authority granted under a license. After review, NRC must give its consent in writing before such a transaction can take place. The complete text of 10 CFR 30.34(b) is enclosed for your reference. Additionally, a copy of Appendix F of NUREG-1556, Vol. 15, Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses, is also enclosed for your convenience. This document outlines the information required before the NRC can consider the transfer of control of licensed activities.

Additionally, we noted that some of the documents related to your Hawaii facility had been issued under the name of APTL. Likewise, we noted that some of the documents related to your field office in Boise (Garden City), Idaho, had been issued under the name QCI Testing Laboratories (or some variation of this name). Again, based on discussions with you, we understand that FTL is still the licensee and responsible legal entity. Please note that if you choose to: (1) change the name of your Hawaii and/or Idaho operations or (2) operate your Hawaii and/or Idaho locations as FTL "doing business as (dba)" another name you must submit an amendment request to our office.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions regarding amending your NRC license, please contact Jack Whitten, Chief, Nuclear Materials Licensing Branch at (817) 860-8197. Should you have any questions concerning this inspection or the enclosed report, please contact Janine F. Katanic, Ph.D. at (817) 860-8151 or the undersigned at (817) 860-8143.

Sincerely,



Vivian H. Campbell

Chief, Nuclear Materials Inspection Branch

Docket No.: 030-36102
License No.: 53-27716-02
Enclosures: As stated

cc w/enclosures:
Hawaii Radiation Control Program Director
Idaho Radiation Control Program Director

SAFETY INSPECTION REPORT AND COMPLIANCE INSPECTION

1. LICENSEE/LOCATION INSPECTED:

Finlay Testing Laboratories, Inc.
707 Kakoi Street
Honolulu, Hawaii 96819

2. NRC/REGIONAL OFFICE

U.S. Nuclear Regulatory Commission
Region IV
611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011

REPORT 2006-001

3. DOCKET NUMBER(S)

030-36102

4. LICENSEE NUMBER(S)

53-27716-02

5. DATE(S) OF INSPECTION

February 2-May 11, 2006

LICENSEE:

The inspection was an examination of the activities conducted under your license as they relate to radiation safety and to compliance with the Nuclear Regulatory Commission (NRC) rules and regulations and the conditions of your license. The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspector. The inspection findings are as follows:

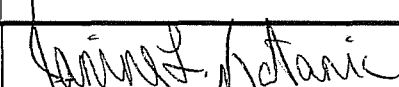
- 1. Based on the inspection findings, no violations were identified.
- 2. Previous violation(s) closed.
- 3. The violation(s), specifically described to you by the inspector as non-cited violations, are not being cited because they were self-identified, non-repetitive, and corrective action was or is being taken, and the remaining criteria in the NRC Enforcement Policy, NUREG-1600, to exercise discretion, were satisfied.

_____ Non-Cited Violation(s) was/were discussed involving the following requirement(s) and Corrective Action(s):

- 4. During this inspection certain of your activities, as described below and/or attached, were in violation of NRC requirements and are being cited. This form is a NOTICE OF VIOLATION, which may be subject to posting in accordance with 10 CFR 19.11.
(Violations and Corrective Actions)

Licensee's Statement of Corrective Actions for Item 4, above.

I hereby state that, within 30 days, the actions described by me to the inspector will be taken to correct the violations identified. This statement of corrective actions is made in accordance with the requirements of 10 CFR 2.201 (corrective steps already taken, corrective steps which will be taken, date when full compliance will be achieved). I understand that no further written response to NRC will be required, unless specifically requested.

Title	Printed Name	Signature	Date
LICENSEE'S REPRESENTATIVE			
NRC INSPECTOR	Janine F. Katanic, Ph.D.		06/07/06

Enclosure

10 CFR 30.34(b)

No license issued or granted pursuant to the regulations in this part and parts 31 through 36, and 39 nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act (Atomic Energy Act of 1954 including any amendments thereto) and shall give its consent in writing.

ENCLOSURE

Appendix F : Faxable Version of Information Needed for Transfer of Control Application

Be sure to include a contact name and either Regional or Headquarters telephone numbers for follow-up information, as required.

USNRC Region _____ Contact: _____

Telephone: (____) _____ Fax: (____) _____

Information Needed for Transfer of Control

Definitions:

Control: Control of a license is in the hands of the person or persons who are empowered to decide when and how that license will be used. That control is to be found in the person or persons who, because of ownership or authority explicitly delegated by the owners, possess the power to determine corporate policy and thus the direction of the activities under the license.

Transferee: A transferee is an entity that proposes to purchase or otherwise gain control of an NRC-licensed operation.

Transferor: A transferor is an NRC licensee selling or otherwise giving up control of a licensed operation.

Licensees must provide full information and obtain NRC's **prior written consent** before transferring control of the license. Provide the following information concerning changes of control by the applicant (transferor and/or transferee, as appropriate). If any items are not applicable, so state.

1. Provide a complete description of the transaction (transfer of stocks or assets, or merger). Indicate whether the name has changed and include the new name. Include the name and telephone number of a licensee contact who NRC may contact if more information is needed.
2. Describe any changes in personnel or duties that relate to the licensed program. Include training and experience for new personnel.
3. Describe any changes in the organization, location, facilities, equipment or procedures that relate to the licensed program.
4. Describe the status of the surveillance program (surveys, wipe tests, quality control) at the present time and the expected status at the time that control is to be transferred.
5. Confirm that all records concerning the safe and effective decommissioning of the facility will be transferred to the transferee or to NRC, as appropriate. These records include documentation of surveys of ambient radiation levels and fixed and/or removable contamination, including methods and sensitivity.
6. Confirm that the transferee will abide by all constraints, conditions, requirements and commitments of the transferor or that the transferee will submit a complete description of the proposed licensed program.

bcc w/enclosures (via ADAMS e-mail distribution):

- LDWert
- CLCain
- VHCampbell
- JEWhitten
- JFKatanic
- KEGardin
- NMIB
- NMLB
- RIV Materials Docket Files - 5th Floor

SUNSI Review Completed: JFK

ADAMS: Yes No Initials: JFK

Publicly Available Non-Publicly Available Sensitive Non-Sensitive

DOCUMENT NAME: s:\dnms\Inmib\katanic\63610201-591M.wpd

final r:_dnms

RIV:DNMS:NMIB	C:NMLB	C:NMIB
JFKatanic	JEWhitten	VHCampbell
/RA/	<i>[Handwritten initials]</i>	<i>[Handwritten initials]</i>
05/24/06	05/31/06 06/07/06	05/7/06

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

ADAMS # ML

Template _____

Date 06/07/06 QC'd by CMA