



UNITED STATES
NUCLEAR REGULATORY COMMISSION
OFFICE OF INVESTIGATIONS FIELD OFFICE, REGION II
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APR 25 2005

MEMORANDUM TO: William D. Travers, Regional Administrator
Region II

FROM: Darrell B. White, Acting Field Office Director *Darrell White*
Office of Investigations Field Office
Region II

SUBJECT: MEMORANDUM CLOSURE - CRYSTAL RIVER 3:
FRAUDULENT USE OF SOCIAL SECURITY NUMBERS BY
PROGRESS ENERGY FLORIDA SUBCONTRACTOR: (CASE
NO. 2-2005-0010F/RII-2005-A-0022)

On March 3, 2005, Nuclear Regulatory Commission (NRC) Office of the Inspector General (OIG) received a hotline call from Bruce R. DUKE, Special Agent (SA), OIG, Jacksonville, FL., Social Security Administration (SSA), concerning information he received about social security numbers (SSNs) being used by illegal aliens to obtain employment with a Crystal River Nuclear Power Plant (CR3) subcontractor. SA Duke related to NRC OIG that he was contacted by Matthew MARSH, Claims Representative, SSA Gainesville, FL, concerning information he received from a high-ranking carpenter's union representative known as [redacted] MARSH is also the union representative for the SSA Gainesville office. [redacted] allegedly advised MARSH that she came upon information concerning the use of SSNs, belonging to deceased persons, being used by illegal aliens to gain employment with a non-union subcontractor of Progress Energy Florida (PEF). According to MARSH, the PEF subcontractor is involved in periodic maintenance work at the CR3, Citrus County, FL, and provides carpenters and laborers for maintenance work at the plant. Although [redacted] did not provide the name of the subcontractor, the subcontractor was subsequently identified as Brock Specialty Services. [redacted] allegedly advised MARSH that the CR3 is scheduled to be shut down for maintenance and the illegal aliens will be working for the subcontractor at the plant. [redacted] did not say whether this was occurring at nuclear power plants other than CR3. *7C 1*

[redacted] allegedly advised MARSH that she obtained this information from another carpenter's union representative [redacted]. Allegedly, [redacted] was involved in the handling and debriefing of undercover union employees at the CR3, who report information to [redacted]. [redacted] allegedly advised MARSH that [redacted] had evidence of the activity involving the use of the deceased persons' SSNs by the illegal aliens and was willing to speak with and provide this information to authorities.

On March 8, 2005, NRC OIG contacted NSIR to refer and discuss the allegation. Region II (RII) confirmed that CR3 is scheduled for an outage in October 2005.

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RII

Also, on March 8, 2005, the Office of Investigations (OI), RII, contacted NRC OIG to obtain additional details related to this allegation and the alleged's contact information. NRC OIG provided a briefing and advised OI:RII that information regarding the allegation had been forwarded to NSIR for appropriate action.

On March 8 and 9, 2005, OI:RII contacted NSIR (Russell BARNES, NSIR Allegations Coordinator and Bradley BAXTER, Security Specialist) and requested that the information (allegation) be forwarded to OI:RII for review, coordination with NRC staff, and investigation.

On March 10, 2005, RII - Division of Nuclear Security (DNS) management convened an 11:00 a.m., conference call with NRC staff and PEF management. Conference call participants included: DNS/LPSS, OIG, RII, OI:RII, and the licensee. The DNS staff determined and advised OI:RII that there were no regulatory violations identified surrounding this incident "because a SSN is not used as the basis for granting visitor access to CR3." According to DNS, a Federal or state issued government identification card is required for visitor in-processing. NRC staff advised that visitors need to be expected (with prior notification) and approved for visitation or work related activities. According to NRC staff all pertinent documentation was provided by the individuals with picture identifications as required by station procedures and compared to the visitor access list at the time of arrival.

On March 11, 2005, an emergency Allegation Review Board (ARB) was convened at the request of OI:RII wherein the ARB again advised OI that upon NRC staff review of the allegation, at this time, no regulatory violations had been identified. OI:RII advised the ARB that it would proactively initiate an Assist to Staff to determine additional clarifying details regarding the subjects (in-custody and yet identified), to determine the information/identification used to gain access to the CR3, the scope and purpose of the subjects activities at CR3, and the subjects activities surrounding the use fraudulent SSNs. Further, during this Assist to Staff, OI:RII advised OI would coordinate mutual investigative interests with Federal, state and local law enforcement agencies regarding this allegation and incident.

Source of Allegation

A letter, dated March 9, 2005, was received by H. William HABERMEYER, President & CEO, PEF, expressing concern regarding the use of fraudulent SSNs to gain access to CR3 from [redacted] and [redacted] Florida Gulf Coast Building and Construction Trade Council. According to this letter, an union affiliate had received information, via U.S. mail, identifying seven "foreign workers" whom had utilized fraudulent SSNs to gain access to PEF's Crystal River Energy Complex. The letter claimed that of these seven undocumented workers, two had performed work on CR3. 7C

In addition, the trade union reported that its investigation of this allegation had determined that a BSS supervisor had escorted "some of these foreign workers using false I.D." onto CR3 under a "red badge" and without submitting these individuals to a background investigation (Exhibit 1).

On March 10, 2005, Eugene MARTIN, Security Manager of CR3, forwarded the letter and the alleged names and SSNs to NRC.

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Interviews of Union Officials

[] On March 14, 2005, OI:RII interview was conducted of [] was identified as a [] with the United Brotherhood of Carpenters and Joiners of America, Florida Chapter, Local 140 (Exhibit 2).

[] proclaimed that the Florida Gulf Coast Building Trades Council was engaged in a "campaign" against BSS and PEF over the replacement of other union contractors with BSS employees. In this "campaign," the Trades Council had placed "salts" within BSS. [] described a "salt" as a union member working for a non-union contractor for the purpose of gathering information. [] stated that the Trades Council was suspicious of BSS utilizing "undocumented labor" to fulfill their contract requirements with PEF. However, [] had no evidence to support his suspicion. [] based his suspicions on the belief that it was common practice for non-union contractors to utilize "undocumented" laborers. [] described non-union contractors as "fairly corrupt" and engaged in the "rampant" use of "illegal aliens" as labor to keep their costs low. [] was uncertain if BSS contracted with other nuclear facilities.

[] reported that in late January or early February 2005, the Trades Council was approached by a representative of the a local insulators union. The union representative requested assistance from the Trades Council in blocking BSS from engaging in a services contract with PEF at the Crystal River Energy Complex. Since the Trades Council was already engaged in a "campaign" against BSS, they agreed to assist the insulators union.

[] stated that approximately two weeks later, an organizer for the insulator's union contacted the Trades Council and informed them that [] (an insulators union official) had "obtained" the SSNs of several BSS employees assigned to the Crystal River Energy Complex. According to [] this union official reported that "they had checked" the SSNs and found that they were not assigned to the BSS employees as reported. This union official went on to report that two of the BSS employees using the fraudulent SSNs were seen "coming out" of CR3.

In regards to the two "undocumented" BSS employees entering CR3, [] recounted Don TEAGUE, a BSS superintendent, escorted approximately six BSS employees into CR3 to paint. [] claimed that a union contractor (ESI) still held the contract, but PEF directed BSS to perform the job. According to [] all union contractors receiving a "yellow" badge are required to submit to a seven year background investigation, a drug screening, and complete site access training before being allowed access to CR3. However, [] alleged that PEF issued the six BSS employees "red" or vendor badges. [] alleged that the BSS employees were improperly badged and should have received "yellow" badges because they were contractors.

[] stated that the information regarding the "undocumented" workers was not immediately reported to authorities or PEF. [] credited the delay in reporting the allegation to the union's "suspicion" of the government. According to [] the union had reported this type of activity in the past, only to have it ignored by authorities. Therefore,

[] contacted [] for assistance.

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On March 17, 2005, OIRI interviews were conducted of the following union officials:

Council, [] Florida Gulf Coast Building and Construction Trades
Insulator and Asbestos Workers; and [] International Association of Heat and Frost
Union, Local 67 (Exhibit 3). [] Heat Insulators

While [] was responsible for authoring the letter alleging the use of false information to access the Crystal River Energy Complex, it was determined that the complaint was actually based on an anonymous letter received by [] included a copy of the letter, received by [] as an attachment to his original letter to Progressive Energy, et.al. [] provided OI with the original envelope and letter. [] was unfamiliar with the source of the letter. Examination revealed that the envelope bore no return address and was post marked February 26, 2005 from [] The handwriting on the envelope was in block print and the letter was typewritten (Exhibit 4).

According to [] the complaint was received by the union on or about February 26, 2005. Notification was made to SSA on March 3, 2005, and PEF, et.al. On March 9, 2005, [] explained that the reason for the delay in reporting the complaint was to allow the union to confirm the complaint before an allegation was presented to authorities or PEF. [] stated that this was done because false information had been supplied to unions in the past in an effort to get them to wrongly accuse or act. According to [] when the accusations are proven false, the union reputation is discredited or "smeared." [] reported that in this case, the union's claim had been proven correct.

[] stated that the "union" became involved in this issue because BSS had been contracted by PEF to replace the several union contractors historically employed at the Crystal River Energy Complex. [] confirmed that the information contained in the "anonymous letter" was forwarded to the Research Department of the union office in Washington, D.C., prior to reporting so that the SSNs could be checked against West Law and Lexus/Nexus databases. This research confirmed that the SSNs utilized by the seven identified BSS workers were fraudulent.

During the interview, both [] and [] made repeated claims that BSS knowingly hired "undocumented workers." [] estimated that "better than 70 percent" of all BSS were undocumented workers. Neither subject possessed any evidence to support these claims. Both stated that it is standard practice for non-union contractors to engage in these use of undocumented workers in order to under bid the union contractors on proposed contracts. According to both, the work experience has reinforced this belief.

[] offered several examples of other non-union contractors involved in utilization of undocumented workers. [] alleged that when complaints were made regarding this practice, the corporations employing these non-union contractors used their influence within the government to have the investigations and/or prosecutions of "quashed." [] went on to state that based on past experiences, he believed that the NRC "bosses" would intervene to "quash" this investigation "because they don't want anybody to know about it."

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[] accused PEF of allowing BSS to utilize "undocumented workers" at their facility. [] based this accusation on the claim that Carolina Power had "a long history" of contracting with companies known to utilized undocumented workers (IE: Great Barrier Insulation). In addition, [] claimed to have provided proof to the Southern Company that their non-union contractors (more specifically, Great Barrier Insulation, BSS, Universal Insulation, Classic Insulation and Thermal Insulation) were utilizing undocumented workers at their sites.

[] identified BSS as the only contractor at Crystal River that he had information indicating the company was involved in the utilization of undocumented workers. [] reported that BSS also has contracts at various fossil fuel power plants in Orlando and Jacksonville, FL.

Interviews of Progress Energy of Florida Officials (PEF)

On March 16, 2005, OIRII interviews were conducted of the following PEF employees at the Crystal River Nuclear Plant: Scott YOUNG, Superintendent of Security; Theodore REED, Supervisor of Access Authorization; and Steve MARCHIGIANO, Supervisor of Safety Environmental and Facilities (Exhibit 5).

YOUNG stated that the Crystal River Energy Complex is currently conducting an outage at one of its fossil fuel units. Several contractors, to include BSS, were contracted to assist with maintenance during the outage. In addition, BSS was contracted to provide certain maintenance activities for the nuclear reactor plant, co-located within the complex.

YOUNG reported that on March 10, 2005, he was contacted by the Director of Site Operations, Danny RODERICK. RODERICK requested to meet with YOUNG regarding a "potential security situation." YOUNG met with RODERICK and was provided at copy of [] letter dated March 9, 2005. ↑

According to YOUNG, after the receipt of information that seven "illegal aliens" had gained access to the Crystal River Energy Complex through the use of false SSNs, he called his staff together in an effort to collect information available on these subjects. Several of the named individuals were identified as employed by BSS and currently on site. YOUNG stated that he immediately contacted the Florida Department of Law Enforcement (FDLE), U.S. Bureau of Immigration and Custom Enforcement (ICE) and Federal Bureau of Investigation (FBI) for assistance. The investigation conducted by these agencies determined that only two of the seven reported "illegal aliens" had actually utilized false information to gain employment at BSS. Based on this finding, the investigation was expanded to include all BSS employees located at the Crystal River Energy Complex. YOUNG stated that expanded investigation lead to the arrest of two additional BSS employees on immigration related charges. YOUNG reported that only one the arrested BSS employees had gained access to CR3. This subject [] obtained escort access only while in the facility. At the request of YOUNG, the FBI, FDLE, and ICE expanded the investigation to include all contractors at the Crystal River Energy Complex.

YOUNG stated that PEF had conducted background investigations, to include a drug screen, for the 4 BSS granted unescorted access, or "badged" for CR3. In addition, these four BSS employees had successfully completed site access training so that they could serve as escorts for any other BSS employee which might require access to CR3. According to YOUNG, the

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contract with BSS required them to perform at least a "rudimentary" background investigation on all other employees sent to the Crystal River Energy Complex. YOUNG stated that BSS had informed PEF that these "rudimentary" background investigations were completed for BSS through Industrial Foundation of America (IFA) of Boerne, TX. YOUNG admitted that PEF did not require BSS to submit proof that these "rudimentary" background investigations had been performed.

YOUNG asserted that neither regulations nor PEF policy require a background investigation for persons receiving escort access only passes. YOUNG asserted that escort access only passes are granted to individuals who meet the following standards: a legitimate need to enter the facility, in possession of a government issued identification card bearing a photograph of the individual, and authorization from a PEF management member to enter the facility. YOUNG indicated that only a visual inspection is conducted of the identification presented by the individual.

According to YOUNG, persons granted escorted access only are required to register their name, SSN, date of birth, address, work telephone number, home telephone number, purpose of visit and person to be visited with security prior to entering the protected area. This registration form is completed by the "visitor" and presented to a security officer. In addition, the "visitor" is required to complete a "CR3 Visitor Questionnaire and Access" form each time he enters CR3. YOUNG stated that the SSNs are requested so that the individual can be checked through the Personnel Access Data System (PADS) and PEF's Denial of Access list. YOUNG reported that once it is established that an individual is not in the PADS database or the PEF Denial database, and they have presented a valid form of identification (visual inspection only), established a valid reason for entry and their escort is present, they are allowed to enter CR3. MARCHIGIANO noted that individuals entering the owner controlled fossil area are also required to complete a registration form and present identification.

YOUNG reported that escort access only visitors to CR3 are issued a "red badge." The badge displays a "V" and the color indicates that an escort is required. The badge must be worn by the "visitor" at all times and the escort must remain with the "visitor." The "visitor" is required to return the badge as he exits the protected area.

YOUNG conceded that not all "visitors" to CR3 have the ability to present a government issued identification card. YOUNG stated that in these "rare" instances, policy allows for a "badged" PEF employee to vouch for the individual in lieu of presenting photo identification. However, YOUNG contended that all BSS employees allowed into CR3 had presented what appeared to be valid government issued identification card and were under constant escort while within the protected area. YOUNG insisted that no regulation or policy had been violated in this incident (Exhibits 6 & 7).

MARCHIGIANO stated that BSS was hired in February 2005 by PEF under a consolidated contract. At least one union contractor, ESI, was being replaced by BSS under this contract. According to MARCHIGIANO, the contract was opened to all bidders and BSS "was the successful bidder." MARCHIGIANO reported that PEF created the consolidated contract in order "to bundle all of its services" in an effort to save money. MARCHIGIANO described BSS as a one-stop contractor. That is, BSS provides PEF with the services of what would have previously taken up to five different contractors. MARCHIGIANO listed that services provided by BSS to include scaffold building, insulation removal, asbestos abatement, lead abatement,

coating janitorial services and lawn maintenance. In addition to the Crystal River facility, MARCHIGIANO stated that BSS provided services to PEF's Roxboro facility (fossil units only). MARCHIGIANO reported that BSS also has contracts at the South Texas Project nuclear plant (Exhibit 8).

In addition to the current contract, MARCHIGIANO explained that PEF had contracted BSS to perform work at its nuclear and fossil units in the past. One of these previous contracts required BSS to paint the turbine deck in the 95-foot elevation area of CR3. This activity was conducted between December 1, 2004 and January 11, 2005. According to MARCHIGIANO, it was during this time frame that [redacted] was allowed access to CR3. PEF records reflect that [redacted] was granted escort access only to CR3 on 29 occasions during this time frame for the purpose of painting. The records reflect that on each occasion [redacted] was escorted by a "badged" BSS employee (Exhibits 9 & 10). 17C

Arrests of Subjects at Crystal River Nuclear Power Plant (CR3)

The individuals arrested at the Crystal River Energy Complex, along with the criminal charges being pursued, were identified as follows:

[redacted] BSS employee. Identified as the only individual utilizing false information to gain access to CR3. His documents (resident alien card, SSN and Texas drivers license) were found to be false, but he has not been charged with any criminal offense relating to these documents. He is currently the subject of removal (deportation) proceedings in the Middle District of Florida. Once complete, the U.S. Marshal's Service (USMS) will transport him to the border and escort him out of the U.S. ICE (Tampa, FL) and FDLE state that ICE (Beaumont, TX) has venue over the documents violations. There is a chance he will be indicted in that district on criminal charges related to the fraudulent documents, but if the indictment is not handed down by the completion of his deportation proceedings, [redacted] will be deported to Mexico. Subsequent to his arrest, [redacted] was interviewed by agents of FDLE and ICE. During this interview, [redacted] confirmed that he was under escort while within CR3. In addition, [redacted] confessed that the fraudulent documents had been purchased "on the street" in the Houston, TX area and that BSS was not involved in the procurement of the documents or aware of the fraud.

[redacted] Employed by BSS. This individual accessed the fossil fuels facilities only. His documents (SSN and resident alien cards) were found to be false, but as in the case of [redacted] he has not been charged with any criminal offenses related to the documents. He is also the subject of removal (deportation) proceedings in the Middle District of Florida. Charges regarding the fraudulent documents may be sought by ICE in Texas. However, as in [redacted] case, if the indictment is not handed down before the deportation proceeding are completed, [redacted] will be deported to Mexico.

[redacted] Employed by BSS and indicted in the Middle District of Florida on immigration violations (re-entry after deportation). Additional charges may be pursued in Texas regarding the fraudulent documents.

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[] Employed by BSS and indicted in the Middle District of Florida on immigration violations (re-entry after deportation). Additional charges maybe pursued in Texas regarding the fraudulent documents. [REDACTED]

[] Employed by Moretrench. Arrested on visa violation (overstay). This individual is an Argentine citizen. While he is listed on the list of contractors at Crystal River, it was determined that he never arrived at the Crystal River Energy Complex. He was arrested while working in Tampa, FL.

[] - Employed by ProServ Sanders. Arrested on visa violation (overstay). This individual is also an Argentine citizen.

No further criminal charges are expected to be pursued in the Middle District of Florida.

Interviews of Brock Speciality Service Officials (BSS)

On March 29-30, 2005, the following BSS employees were interviewed by OI:RII Roger GOSSETT, President; Francisco, CANEPA, HR Director; and Teresa NIETO, HR Specialist, Deer Park, TX Office. The following is a synopsis of the information obtained in these interviews (Exhibits 11, 12, & 13)

BSS is one of several companies which comprise Brock Enterprises, Inc. BSS is headquartered in Humble, TX, but has area offices located throughout Texas. BSS provides laborers (painters, carpenters, etc...) to numerous companies throughout the U.S. to include the South Texas Project and CR3 nuclear facilities.

GOSSETT reported that BSS currently provides specialized workers to the Crystal River Power Plant (fossil fuels only) under a "blanket contract." This contract was reached in 2004 and runs through 2006. BSS has held similar contracts with PEF (for their fossil fuels facilities only) in the past. Under this blanket contract, BSS provided workers to PEF at the fossil fuel facility during the scheduled outage.

GOSSETT stated that all work performed by BSS at the CR3 was performed under separate contracts. GOSSETT contended that a contract was executed for each job within the nuclear facility. Regarding the incident in question, BSS was specifically contracted to paint a floor within the nuclear facility (Exhibit 14).

GOSSETT reported that four BSS employees were provided to PEF for unescorted access under the contract for services within the nuclear facility. According to GOSSETT, PEF performed the required background investigations and training for these individuals. BSS stated that the number of workers needed at the nuclear facility was dependent upon the size of the job. If PEF made available small sections of the floor for painting, these four "badged" BSS employees would perform the necessary work. If larger sections of the floor were made available by PEF, additional workers would be brought in from those already working at the fossil fuel facility. These BSS workers would receive "escort only" access and the BSS employees "badged" by PEF would serve as the escorts.

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GOSSETT stated that the workers brought in to assist at the nuclear site were required to provide PEF with valid government identifications, which BSS believed each individual possessed. All "escort access only" workers remained under the supervision of a "badged" employee the entire time they were within CR3.

As part of its pre-employment screening, CANEPA stated that it performed a background investigation on every acceptable applicant. These background investigations are conducted for BSS by IFA and consist of a SSN verification and a "medical" check (the medical check was actually a check of available accident/workers compensation records).

According to CANEPA, when a individual submits an employment application, the applicant is interviewed by a HR specialist to determine if the applicant's skills meet what are needed by a BSS. Each BSS office has an HR specialist and this HR specialist is responsible for all hires at that office. If it is determined that the applicant possesses the needed skills, the applicant enters into what BSS termed "conditional employment."

At the "conditional employment" stage, the applicant completes a DOJ I-9 form. The applicant is required to complete Section 1 of the form in the presence of and without the assistance of the BSS HR specialist. The DOJ I-9 form is entitled "Employment Eligibility Verification." On the form, the applicant is required to attest, under penalty of criminal prosecution, his status within the U.S. (citizen, lawful permanent resident alien, or alien authorize to work). The applicant then returns the form to the HR specialist along with two forms of identification.

According to NIETO, the HR specialist completes Section 2 of the I-9 documenting the identification presented and photocopies or scans each piece of the ID. Each BSS HR specialist has received some training in the recognition of fraudulent/forged documents. NIETO was identified as the HR specialist responsible for hiring three of the employees arrested at the Crystal River Energy Complex. NIETO confirmed that she had received training in the recognition of fraudulent documents and had recognized fraudulent documents in the past based on the color and/or type setting of the document. NIETO saw no indication that the documents provided by the [redacted] or the other two applicants were fraudulent. According to NIETO, if there is no obvious indication that the documents presented are fake, federal regulations require that they be accepted (Exhibit 15). J 4-7c

If the documents presented appear legitimate, the HR specialist immediately telephones IFA and provides IFA with the applicant's SSN and name. The HR specialist remains on the line and IFA verbally reports its findings to BSS. The HR specialist places a notation in the applicant file indicating that the IFA check was performed. Once the applicant is cleared by IFA, the employment process continues with a drug screening and safety training.

NIETO believed that IFA was able to match SSNs to names because in several instances IFA has requested the spelling of the applicants name or a date of birth to match with their records. CANEPA and NIETO stated that all four of the workers arrested at the Crystal River Energy Complex had passed this screening.

According to GOSSETT, ICE has scheduled a corporate I-9 inspection of Brock Enterprises commencing March 31, 2005. This inspection will encompass all of Brock Enterprise approximately 2500 employees.

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Interviews of Industrial Foundation of America Officials (IFA)

On March 31, 1005, the following Industrial Foundation of America (IFA) employees were interviewed by OI: Bill SMITH, Executive Director; and Elvira PUENTES, Office Manager. The following is a synopsis of the information obtained in these interviews (Exhibit 16).

SMITH described IFA as a non-profit trade association created to provide pre-employment screening services to its members. IFA was founded in the 1960's by several drilling companies in the South Texas area in an effort to combat widespread fraudulent worker's compensation claims. Through the years the company has expanded geographically and in its mission. IFA now operates in four states among a variety of businesses and reports to now be able to provide criminals reports, motor vehicle reports, education verification, SSNs verification, credit reports, training, as well as legal services to its members, in addition to the accident history reports (IE: worker's compensation claims) traditionally provided. IFA confirmed BSS has been member of the organization since the year 2000. While IFA will provide any of the above described services to BSS, IFA reported that BSS traditionally only enlists the services of SSNs verification and accident reporting. BSS pays IFA \$4.25 for each inquiry.

According to PUENTES, BSS routinely contacts IFA via telephone and provides IFA with an applicants name and SSN. This information is compared to information on IFA's database and the results are immediately provided to BSS. IFA has developed their database through various sources. The two main sources of information were identified as information reported to IFA by its members and judicial records relating to worker's compensation cases handled by the courts of the states in which they service.

With regard to SSN verification, IFA officials reported that they utilize a program purchased from BRB publishing. This program does not match names to issued SSNs. This program examines the number sequence of the nine digit SSNS to determine if the number is valid. The program does not have the ability to determine if the number has been issued or to whom the number is assigned. BRB updates the information to IFA quarterly. IFA stated that it can only match a name to a SSN, if the name and SSN were involved in an accident report or if a member had previously reported information to IFA. For example, [redacted] was one of the BSS employee arrested on immigration violations at Crystal River. IFA records confirmed that BSS had contacted them on November 24, 2004 and requested a SSN verification and accident report inquiry for [redacted]. No information was found in the IFA database for [redacted] and the BRB program verified that the SSN was a valid number. Therefore, [redacted] was cleared by IFA. Subsequent to this inquiry, IFA entered [redacted] name and SSN into their system for future use. On February 16, 2005, BSS conducted a second inquiry of [redacted] through IFA. On this occasion, because IFA had entered the information previously reported by BSS to their database, IFA "confirmed" that the SSN was assigned to [redacted]. The weakness in this system is that the information provided by the member (IE: SSNs) is not verified for accuracy through the Social Security Administration (SSA) prior to entry into the IFA database.

IFA recognizes the weakness of their system regarding the SSN verification and SMITH stated that it counsels its members to contact the SSA to confirm the SSNs after the applicant is hired. SMITH reported that the SSA regulations require that an applicant be hired before the inquiry

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can be performed. IFA requested that members report any conflicting responses from the SSA to them so that their database can be corrected. However, it appears that BSS did not follow this advisory.

IFA confirmed that BSS had checked all four of the arrested employees through their database and that a response of "no reports" was provided to BSS. The "no report" is an affirmative response and cleared the applicants for employment (Exhibit 17).

Liaison with Law Enforcement Agencies

On March 17, 2005, OI:RII held meetings with the FDLE, ICE and FBI. FDLE and ICE were identified as the lead agencies regarding the criminal investigation of the individuals arrested at the PEF's Crystal River Energy Complex. FDLE provided OI:RII with a list of the subjects arrest at the facility and updated OI:RII on the status of it's investigation.

On March 30, 2005, OI:RII attended a meeting at the Crystal River Energy Complex. The meeting was requested by Pamela PIERSANTI, Special Agent, FBI, Ocala, FL., Resident Agency, and was attended by various management officials from PEF, the NRC, ICE and FDLE. The meeting was proffered by the FBI primarily as a means to share information and ideas to prevent illegal aliens and/or other undesirable individuals from gaining access to CR3. The following synopsis contains an overview of some of the points made during the meeting and does not represent the full context of the meeting (Exhibit 18).

At the onset of the meeting, PIERSANTI proposed that the short term goal for CR3 would be to immediately check the facility for illegal aliens and make certain that all employees/workers are legitimate. PIERSANTI continued, defining the long term goal as to define ways to assist CR3 with creating measures to make sure that future illegal aliens never gain access to the facility again in the future.

PIERSANTI advised that she has conducted liaison with the SSA office located in Ocala, FL and that the SSA has agreed to run names and SSNs for PEF. This was represented as a long term commitment from the SSA. PIERSANTI also suggested that CR3 consider tightening the contracts given to a third party companies that are performing background checks, having specific verbiage as to the accuracy and legitimacy of the information being supplied to the licensee.

YOUNG and other CR3P managers contended that normally the plant has 100-125 visitors per day and during an outage this increases to approximately 400 per day. YOUNG contended that there is a need for CR3 to have a database such as the National Criminal Information Center (NCIC) in order to conduct a quick turnaround concerning the inquiries to limit long waiting lines for access.

CANADY related that the NRC is currently "beefing up" regulations on unescorted access which is the primary issue associated with the current dilemma at CR3. CANADY specifically referred to the "tightening" of 10 CFR 73.55. Several officials from CR3 replied that if the regulations

are "tightening," then the licensee would need assistance in conducting the checks. This relates back to the request for a direct access database. Mark DUBINA, Special Agent Supervisor, FDLE, recommended that a government agency such as the NRC should take on the burden of clearing the names and SSNs.

Lastly, PIERSANTI, recommended that CR3 place a 18 USC 1001 (false statements) caveat on the access authorization forms whereby the visitor would stipulate to the NRC that the information that they are providing is true and correct or they will be subject to criminal prosecution. This was seen as having a potential deterrent effect. OI recommended that this newly proposed caveat be written in Spanish as well as English, since most of the illegal aliens were not bi-lingual.

On April 12, 2005, telephonic contact was made with ICE SA Edward HAND in Beaumont, TX. HAND lead the ICE I-9 inspection of Brock Enterprises. HAND stated that the inspection identified several Brock workers which had utilized fraudulent documents (e.g., SSN and resident alien cards) to secure employment with Brock. HAND reported that Brock fully cooperated with the inspection. According to HAND, the fraudulent documents were of good quality and would have passed a visual inspection of untrained personnel. HAND found no evidence that Brock knowingly hired the undocumented workers or assisted them in obtaining the fraudulent documents.

Corrective Actions Taken by PEF and BSS

YOUNG outlined the measures that are currently being taken by CR3 which included close liaison with the FBI, SSA and an Internet based company named 'ACURANT," which is being utilized to conduct additional background investigations. YOUNG advised that the PEF legal department has authorized CR3 officials to further check an individuals SSN by having the individual sign a waiver relating to the Fair Credit and Reporting Act. The SSNs can be further checked through the utilization of another company named, "Credit Commander." YOUNG also stated that his staff is now making color copies of all photo identifications that are presented by individuals in order to gain access. YOUNG stated that this measure is being implemented in order to assist law enforcement. YOUNG related that his staff is receiving some resistance from truck drivers making deliveries to CR3, however, CR3 is not allowing access to anyone who does not cooperate with the new process. YOUNG related that CROP is currently auditing the records of BSS as one of many measures being implemented to prevent the illegal alien problem.

YOUNG referred to a new NRC advisory which encourages all licensees to heighten their awareness pertaining to the use of fraudulent SSNs. Additionally, YOUNG referred to a document issued by the Nuclear Energy Institute (NEI) that suggests the use of various program to assist licensees in making access determinations (Exhibit 18).

GOSSETT reported that BSS has applied for and been accepted into a pilot program being conducted by the SSA which allows an employer greater and easier access to an employee's SSA records. This system will be utilized by BSS to match names to reported SSNs (Exhibit 11).

Summation

10 CFR 73.50 ©) (5) requires that individual(s) granted escorted access must "register his/her name, date, time, purpose of visit, and employment affiliation, citizenship, name and badge number of the escort, and name of the individual to be visited in a log." While in the protected area, the individual "must be escorted by a watchman, or other individual designated by the licensee, and must be badged to indicate that an escort is required." 10 CFR 73.55 (d) (6) provides similar regulation.

CR3, Plant Operating Manual, Procedure #AI-803 (Security Access Controls), Revision 8, Section 4.4, described the process for "badging" visitors to CR3. This policy appears to exceed the previously noted federal regulations by requiring escorted visitors to: (1) provide PEF with at least one days advanced notice, (2) provide PEF with a government issued photo identification card prior to entry, (3) complete a visitor's "questionnaire, and (4) requires PEF to conduct a PADS and internal I.D. check inquiry on all visitors. Further, this policy provides a detailed description of the visitors badge and the responsibilities of the escort.

Progress Energy, Standard Procedure #SEC-NGGC-2166 (Site Access Controls), Revision 0, Section 9.3, described the escorted access and visitor processing procedures. This policy appears to exceed the previously noted federal regulations by requiring escorted visitors to (1) provide PEF with a government issued photo identification card prior to entry, (2) complete a visitor's "questionnaire, (3) complete a "visitor access form," and (4) requires PEF to conduct a PADS and internal I.D. check inquiry on all visitors. Further, this policy provides a detailed description of the visitors badge, the responsibilities of the escort and limits the number of individuals a person may escort to ten.

While the presence of undocumented aliens within a nuclear facility is a concern and demonstrates a weakness in access and control requirements, no regulatory violation was found in the reported CR3 incident. Therefore, consideration should be given to strengthening the above described regulations.

Matching a SSN to a name remains the most efficient way to confirm a person's identity and his resident status (IE: citizen or legal alien). Access to the NCIC database would not provide the licensee with the most reliable resource with which to conduct this inquiry and YOUNG's request for access to this system should not be pursued.

Due to the large volume of "visitors" to the nation's 72 nuclear power sites on a daily basis, it would not be feasible for NRC or any other single entity to act as a central repository in clearing these "visitors."

In order for a licensee to reliably match a SSN with a name, access to the SSA database is required. Employers already possess the authority to perform these inquiries. The SSA has implemented new program to make these inquiries more convenient and expeditious for the employer.

The problem in securing this information by a licensee is that any request made by a licensee concerning an outside contractor is considered a third party request. While third party request can be performed through SSA, it is neither easy nor quick. Both qualities needed by the licensee. However, alternates exist.

One alternative is for NRC to issue guidance to the licensee's directing them to require all outside contractors to submit proof of the results of a SSA inquiry on any worker sent to the licensee. Since scheduled visitors, deliverymen and vendors are restricted to very small portions of the protected area for very short and infrequent periods, they could be exempt from this requirement.

Other alternatives would be to require the licensee's to conduct their own inquiries through commercially available programs such as the credit bureaus, Lexus/Nexus, Acurant, AutoTrack, etc.. According to YOUNG, PEF has already instituted this measure and its results should be monitored to determine if this should become an industry standard. However, it should be noted that the licensee would be required a fee for each request made through these sources. Dependant upon the number of visitors to the facility, this could amount to a substantial sum. Also, the information provided by these sources would not be as reliable as the SSA inquiry

One final option would be for the NRC to assist the licensee's in lobbying the SSA for an exemption to SSA regulations for nuclear power facilities.

Attachments: As stated (18)

Additional Documentation: In addition to the documentation attached to this memorandum, numerous documents were collected during this investigation. However, due to their voluminous nature, they are not attached to this memorandum. These documents deemed pertinent to this investigation are delineated in this section. These documents will be maintained in the investigative case file and are available for review upon request (15)

- Progress Energy, Nuclear Generation Group, Standard Procedure, Volume 99, Book/Part 99, Revision 27, Procedure #SEC-NGGC-2101, Nuclear Worker Screening Program for Unescorted Access (152 pages)
- Copy of the "blanket" contract (#184147) between Progress Energy Florida and Brock Speciality Services (81 pages)
- List of all BSS employees at the Crystal River Energy Complex, includes employee name, SSS, DOB, types of access and areas of access (1 page)
- List of all CR4 outage contractors, includes contractor name, employee, SSN and badge number (6 pages)
- Copies of the Crystal River Energy Complex Site Access Request Forms completed by BSS employees, excluding [redacted] (21 pages)
- Copies of all CR3 "Visitor" Questionnaires and Access forms completed by BSS employees between December 1, 2004 and January 11, 2005. Includes forms completed by [redacted] (216 pages)
- BSS Hiring Process Flowchart, created by Francisco CANEPA (1 page)

Portions
Excluded

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- Copy of the DOJ I-9 form completed by [redacted] dated August 9, 2003. Accompanying this document were photocopies of the identification documents provided to BSS (3 pages)
- Copy of the DOJ I-9 form completed by [redacted] dated March 8, 2004. Accompanying this document were photocopies of the identification documents provided to BSS (2 pages)
- Copy of the DOJ I-9 form completed by [redacted] dated October 13, 2004. Accompanying this document were photocopies of the identification documents provided to BSS (3 pages)
- IFA inquiry history report for [redacted] (3 pages)
- IFA membership information kit (41 pages)
- History of all BSS through IFA from January 3, 2000 to February 15, 2004 (285 pages)
- "The SSN Guide" published by BRB Publications. According to Elvira PUENTES, this guide accompanied and explains the SSN verification program utilized by IFA (12 pages)
- Copy of letter dated March 22, 2005 from Representative Edward MARKY to NRC Chairman Nils DIAZ (2 pages)

Attachments: As stated

cc w/atts: F. Congel, OE

cc w/o atts: J. Dyer, NRR (Attn: G. Cwalina, OAC)
L. Chandler, OGC
H. Bell, OIG (Attn: R. Norman, OIG/AIG/TA)

Portions Ex 7c

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