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November 7, 2007

Daryl M. Shapiro
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Via Facsimile and First Class Mail

Brian Holian, Director
Division of Nuclear Materials Safety
U.S. Nuclear Regulatory Commission, Region I
475 Allendale Road
King of Prussia, PA 19406-1415

Re: NRC Inspection No. 03035802/2006002, DIGIRAD
IMAGING SOLUTIONS, INC., VARIOUS SITES

Dear Mr. Holian:

This letter responds to your October 23, 2007 letter to Michael J. Keenan, President, Digirad Imaging Solutions, Inc. ("Digirad"), in which you requested that Digirad attend a Predecisional Enforcement Conference to discuss apparent violations identified by the NRC. Digirad is anxious to discuss these issues with the NRC and to describe the numerous and significant enhancements made to its radiation safety and compliance program since the apparent violations occurred.

Digirad requests that the apparent violations be resolved through the NRC Alternative Dispute Resolution Program ("ADR"). Having participated in NRC ADRs in the past, Digirad believes the ADR process offers a better forum for discussing "broader and more comprehensive corrective actions than actions normally achieved in the traditional enforcement process." SECY-06-0102, Evaluation of the Pilot Program on the Use of Alternative Dispute Resolution in the Allegation and Enforcement Program (May 5, 2006). Moreover, this case falls squarely within the scope of the NRC ADR Policy:

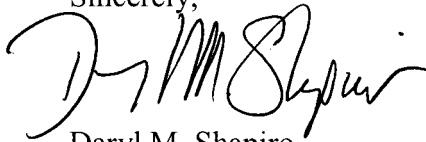
Post-Investigation ADR occurs after the NRC Office of Investigations (OI) has completed its investigation of the case and an enforcement panel concludes pursuit of an enforcement action appears warranted.

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NUREG/BR-0317, The Nuclear Regulatory Commission's Post-Investigation ADR Program (January 2005). See also EGM 04-004, Enforcement Guidance Memorandum – Alternative Dispute Resolution Pilot Program Subsequent to Completion of an Investigation Rev. 1 (May 26, 2005) (“Scope: If an enforcement panel determines an Office of Investigations (OI) report warrants further enforcement consideration, the EGM will apply, supplementing the enforcement process”). This is the case here. As stated in your letter, “[a]fter considering the results of the inspection and the OI investigation, three apparent violations were identified, all of which are being which are being considered for escalated enforcement” (emphasis added) Clearly, the OI report forms at least a part of the basis upon which the NRC is considering escalated enforcement.

Accordingly, Digirad respectfully requests that the NRC agree to ADR as the process for resolving the pending enforcement issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Daryl M. Shapiro". The signature is fluid and cursive, with the first name "Daryl" being more prominent than the last name "Shapiro".

Daryl M. Shapiro
Counsel for Digirad

cc: Karl L. Farrar, Regional Counsel
Cynthia A. Carpenter, Director of Enforcement
Nicolas D. Hilton, Office of Enforcement