

NOTICE OF VIOLATION
AND
PROPOSED IMPOSITION OF CIVIL PENALTY

Alpha Omega Services, Inc.
Bellflower, California

Docket Nos. 71-5979 and 71-0086
Approval No. 0086
EA-07-215

During an NRC investigation conducted between May 4, 2005, and February 6, 2006, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the NRC proposes to impose a civil penalty pursuant to Section 234 of the Atomic Energy Act of 1954, as amended (Act), 42 U.S.C. 2282, and 10 CFR 2.205. The particular violation and associated civil penalty are set forth below:

10 CFR 71.8(b) states, in part, that any NRC certificate holder or Quality Assurance Program Approval holder, who knowingly provides to licensees any components, materials, or other goods and services that relate to a licensee's or Quality Assurance Program Approval holder's activities subject to this part may not: (1) engage in deliberate misconduct that causes or would have caused, if not detected, a licensee to be in violation of any rule or regulation, or (2) deliberately submit to a licensee or licensee's contractor, information that the person submitting the information knows to be incomplete or inaccurate in some respect material to the NRC.

10 CFR 71.3 states that except as authorized in a general license or a specific license issued by the Commission, or as exempted in this part, no licensee may (a) deliver licensed material to a carrier for transport; or (b) transport licensed material.

10 CFR 71.17(a) [formerly 71.12(a)] states, in part, that a general license is issued to any licensee of the Commission to transport or deliver to a carrier for transport, licensed material in a package for which a certificate of compliance (CoC) or other approval has been issued by the NRC.

10 CFR 71.17(c)(2) [formerly 71.12(c)] states in part that this general license applies only to a licensee who complies with the terms and conditions of the license, certificate of compliance, or other approval, as applicable.

Section 5(a)(3) of CoC No. 5979, Revision No. 10, provides that the packaging is constructed in accordance with Alpha Omega Services, Inc., Drawing Nos.: 0090, Rev. 0; 0091, Rev. 0; 0092, Rev. 1; and 0093, Rev. 0. Drawing 0092, Rev. 1, provides specific details on the physical and dimensional requirements for three different end cap configurations.

Contrary to the above, on January 8, 2003, Alpha Omega Services (AOS), an NRC certificate holder and Quality Assurance Program Approval holder:

(1) Deliberately provided materially inaccurate information to Source Production and Equipment Company (SPEC) (an NRC licensee pursuant to 10 CFR Part 110) and to a contractor to SPEC. Specifically, the individual who was both the Operations Manager and Assistant Radiation Safety Officer (RSO), performed a maintenance inspection of CoC

No. 5979 package number 1B for the owner of the package, Foss Therapy Services (FTS), and certified that the package conformed to CoC No. 5979, but purposely did not indicate on the written maintenance checklist that the package failed to comply with CoC No. 5979. The package did not comply with the terms and conditions of CoC No. 5979 because the cask end caps did not conform to the drawings referenced in Section 5(a)(3) of the CoC, Revision 10, in that the end caps were physically (weight and materials) and dimensionally (end cap thickness and length of bolts) different than the approved end caps in AOS Drawing No. 0092, Rev.1. AOS specifically provided the inaccurate maintenance checklist to FTS by, at minimum, giving it to an official of FTS, who in his capacity as a contractor to SPEC performed inspections of packages exported by SPEC. SPEC was an NRC licensee pursuant to 10 CFR Part 110. The contractor performed inspections of the subject FTS package exported by SPEC, and in doing so the contractor relied upon the AOS maintenance checklist, instead of comparing the package to the drawings in CoC No. 5979, to certify that the package met all federal requirements, including compliance with the CoC No. 5979. The contractor also supplied the inaccurate maintenance inspection checklist to SPEC. The inaccurate information was material to the NRC because it concealed that the package did not comply with CoC No. 5979, and

(2) Engaged in deliberate misconduct by causing SPEC, an NRC licensee, to violate 10 CFR 71.3. Specifically, the Operations Manager and Assistant RSO of AOS performed a maintenance inspection of CoC No. 5979 package number 1B for Foss Therapy Services (FTS), and certified that the package conformed to CoC No. 5979, but purposely did not indicate on the written maintenance checklist that the package failed to comply with CoC No. 5979. The package did not comply with the terms and conditions of CoC No. 5979 because the cask end caps did not conform to the drawings referenced in Section 5(a)(3) of CoC No. 5979, Revision 10, in that the end caps were physically (weight and materials) and dimensionally (end cap thickness and length of bolts) different than the approved end caps in AOS Drawing No. 0092, Rev. 1. AOS specifically provided the inaccurate maintenance checklist to FTS by, at minimum, giving it to an official of FTS, who in his capacity as a contractor to SPEC performed inspections of packages exported by SPEC. SPEC was an NRC licensee pursuant to 10 CFR Part 110. The contractor performed inspections of the subject FTS package exported by SPEC, and in doing so the contractor relied upon the AOS maintenance checklist, instead of comparing the package to the drawings in CoC No. 5979, to certify that the package met all federal requirements, including compliance with the CoC No. 5979. The contractor also supplied the inaccurate maintenance inspection checklist to SPEC. Consequently, AOS caused SPEC to transport and deliver to a carrier for transport, licensed material without the required license, in violation of 10 CFR 71.3, on or about July 15, 2003, December 4, 2003, and May 20, 2004.

This is a Severity Level II violation (Supplement VII).
Civil Penalty - \$19,200 (EA-07-215).

Pursuant to the provisions of 10 CFR 2.201, AOS is hereby required to submit a written statement or explanation to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, within 20 days of the date of this Notice of Violation and Proposed Imposition of Civil Penalty (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation; (EA-07-215)" and should include for each alleged violation: (1) admission or denial of the alleged violation; (2) the reasons for the violation if admitted, and if denied, the basis for denying

the validity of the violation; (3) the corrective steps that have been taken and the results achieved; (4) the corrective steps that will be taken to avoid further violations; and (5) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, the NRC may issue an Order or a Demand for Information requiring you to explain why your Certificate of Compliance or Quality Assurance Program Approval should not be modified, suspended, or revoked or why such other action as may be proper should not be taken. Consideration may be given to extending the response time for good cause shown.

Within the same time as provided for the response required under 10 CFR 2.201, AOS may pay the civil penalty proposed above, in accordance with NUREG/BR-0254 and by submitting to the Director, Office of Enforcement, U. S. Nuclear Regulatory Commission, Washington, DC 20555-0001, a statement indicating when and by what method payment was made, or may protest imposition of the civil penalty in whole or in part, by a written answer addressed to the Director, Office of Enforcement, U. S. Nuclear Regulatory Commission. Should AOS fail to answer within 20 days of the date of this Notice, the NRC will issue an order imposing the civil penalty. Should AOS elect to file an answer in accordance with 10 CFR 2.205 protesting the civil penalty, in whole or in part, such answer should be clearly marked as an "Answer to a Notice of Violation" and may: (1) deny the violation(s) listed in this Notice, in whole or in part, (2) demonstrate extenuating circumstances, (3) show error in this Notice, or (4) show other reasons why the penalty should not be imposed. In addition to protesting the civil penalty, in whole or in part, such answer may request remission or mitigation of the penalty.

In requesting mitigation of the proposed penalty, the factors addressed in Section VI.C.2 of the Enforcement Policy should be addressed. Any written answer in accordance with 10 CFR 2.205 should be set forth separately from the statement or explanation provided pursuant to 10 CFR 2.201, but may incorporate parts of the 10 CFR 2.201 reply by specific reference (e.g., citing page and paragraph numbers) to avoid repetition. The attention of AOS is directed to the other provisions of 10 CFR 2.205, regarding the procedure for imposing a civil penalty.

Upon failure to pay any civil penalty which subsequently has been determined in accordance with the applicable provisions of 10 CFR 2.205 to be due, this matter may be referred to the U.S. Attorney General, and the penalty, unless compromised, remitted, or mitigated, may be collected by civil action pursuant to Section 234c of the Act, 42 U.S.C. 2282c.

The responses noted above (i.e., Reply to Notice of Violation; Statement as to Payment of Civil Penalty; and Answer to a Notice of Violation) should be addressed to: Cynthia Carpenter, Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852-2738.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS), to the extent possible, it should not include any personal privacy, proprietary, or safeguards information. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request

withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated this 20th day of December 2007