July 24, 2008

Richard Krementz, III
President (Marketing), GemClear LP
25 Red Gate Road
Morristown, NJ 07960

Dear Mr. Krementz:

Rebecca Schmidt of U.S. Nuclear Regulatory Commission (NRC) received a letter from Congressman Frelinghuysen's district staff assistant, which attached your letter to the Congressman, dated June 12, 2008. You expressed two concerns: (1) a concern about NRC's enforcement of its regulations with respect to irradiated gemstones, and (2) a concern about an application submitted to the NRC by your company, GemClear LP, regarding a license to release irradiated gemstones to persons exempt from the regulations.

The unlicensed distribution of irradiated gemstones in the United States is an issue that the NRC is actively addressing. To date, the NRC has not found any instances in which unlicensed irradiated gemstones posed a threat to public health and safety. Nevertheless, the NRC continues to educate those involved in the industry about regulatory requirements and is working with the industry to ensure that an adequate infrastructure of licensed distributors is available.

I understand your concern about the time it has taken to review GemClear's license application. Let me assure you that NRC's only interest in the review is to ensure compliance with the regulations and protection of public health and safety.

There are several reasons that have caused the application review to take longer than the typical time frame of 90 days. The NRC received the initial application on December 10, 2007, and determined that the application did not have adequate information to complete the licensing review. As noted by you, GemClear LP has developed new technology (patent pending) that required extensive legal and technical review on our part to address the regulatory requirements. Secondly, in order to be issued an exempt distribution license from the NRC, an applicant must apply for and obtain a specific license authorizing possession and use of radioactive material from the State of Texas, where the facility is located; your application did not contain a copy of this license. Finally, you requested that the entire application be considered proprietary. Certain portions of an application submitted to the NRC can be withheld from public disclosure as proprietary, but rarely, if ever, will an entire application be considered proprietary. NRC's licensing process requires appropriate portions of applications be publicly available.

On March 13, 2008, NRC informed you in writing that the agency's review of GemClear LP's application had been discontinued due to the above stated issues, and made you aware of the specific information that would be required to resume. At the same time, our technical staff engaged NRC's Office of the General Counsel (OGC) in pursuing clarification of our regulations in light of the new technology submitted by you. In early April 2008, OGC provided information

concerning the regulation that was generally favorable to the new technology introduced by GemClear LP.

GemClear LP sent a revised application dated May 16, 2008, to NRC addressing many of the issues of our March 13, 2008, letter. Review of the latest application revealed a need for more detailed information on the GemClear LP methodology, quality assurance, facilities, and staffing. NRC sent a Request for Additional Information (RAI) letter requesting this information on June 18, 2008. Upon receipt of favorable responses to our recent RAI, and a copy of a license from the State of Texas authorizing possession and use of irradiated gemstone, NRC staff will be prepared to move forward on addressing GemClear LP's application for an exempt distribution license for irradiated gemstones.

I hope the above information addresses your concerns about our license review process.

Sincerely,

/RA/
Robert J. Lewis, Director
Division of Materials Safety
and State Agreements
Office of Federal and State Materials
and Environmental Management Programs

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