

UNITED STATES
NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION
WASHINGTON, D.C. 20555

November 27, 1991

NRC INFORMATION NOTICE 90-57, SUPPLEMENT 1: SUBSTANDARD, REFURBISHED POTTER & BRUMFIELD RELAYS REPRESENTED AS NEW

Addressees

All holders of operating licenses or construction permits for nuclear power reactors.

Purpose

The U.S. Nuclear Regulatory Commission (NRC) is issuing this information notice (IN) supplement to inform addressees of the final disposition of a case of wrongdoing that the NRC referred to the Naval Investigative Service (NIS) and the Department of Justice. This supplement is also intended to remind addressees and their suppliers, as well as their individual employees, that they can be subject to criminal prosecution and penalties if they intentionally violate NRC regulatory requirements or other Federal criminal laws. It is expected that recipients will review the information for applicability to their facilities and consider actions, as appropriate, to avoid similar problems. However, suggestions contained in this information notice supplement are not NRC requirements; therefore no specific action or written response is required.

Description of Circumstances

In NRC IN 90-57, the staff alerted addressees that Stokley Enterprises, Incorporated (Stokley Enterprises), of Norfolk, Virginia, modified and/or refurbished 22 rotary, non-latching MDR-type Potter & Brumfield (P&B) relays and supplied them to the Shearon Harris Nuclear Power Plant. P&B, Princeton, Indiana, originally manufactured these relays. In addition, the NRC determined that Stokley Enterprises also provided similar relays to the U.S. Department of Defense (DOD) for use on nuclear powered submarines and notified the NIS. The NRC and the NIS conducted additional investigations of Mr. William M. Stokley and Stokley Enterprises and provided the results to the U.S. Department of Justice for appropriate action.

The U.S. Attorney for the Eastern District of Virginia, based on the results of the investigations conducted by the NRC and NIS, charged Mr. William M. Stokley, President of Stokley Enterprises, with selling counterfeit electronic parts to DOD and the Shearon Harris Nuclear Power Plant. The indictment charged that, from about August 1985 to September 13, 1990, under the direction of Mr. William M. Stokley, employees of Stokley Enterprises built or assembled some of the parts with surplus electrical or used components, painting and cleaning some products to make them appear new. Mr. Stokley directed his employees to attach counterfeit nameplates to each part as it was completed to

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make the parts appear to be from established and recognized companies such as Cutler and Hammer, General Electric Company, or the Westinghouse Electric Company. All the established companies, except Potter & Brumfield, had properly registered their trademarks for these products on the principal register of the U.S. Patent and Trademark Office in Washington, D.C. The counterfeit nameplates used by Stokley Enterprises contained marks that were identical with or substantially indistinguishable from the genuine trademarks that had been registered in the U.S. Patent and Trademark Office.

On July 24, 1991, William Stokley pled guilty to one count of conspiracy to traffic in counterfeit goods and Stokley Enterprises, Inc. pled guilty to one count of conspiracy to traffic in counterfeit goods and two counts of trafficking in counterfeit goods.

By a judgement dated October 4, 1991, Mr. Stokley was sentenced to two years in prison, and upon release from prison, he is to be on supervised release for a term of three years. Mr. Stokley was sentenced to pay a fine of \$7,500 and ordered to make restitution to the U.S. Government in the sum of \$350,000. His company, Stokley Enterprises, Incorporated, was sentenced to pay a fine of \$30,000 (\$10,000 for each count) and ordered to pay restitution in the sum of \$2,501,000, less the sum of restitution contributed by Mr. Stokley himself.

Discussion

All persons involved in NRC-regulated activities (including suppliers and vendors) have a responsibility to comply with applicable NRC regulatory requirements and Federal law. The NRC expects and demands compliance and will seek criminal prosecution of wrongdoing in cases of intentional or willful violations of these requirements. As evidenced by the case described in this information notice supplement, criminal sanctions may include a fine and/or imprisonment.

Addressees may wish to distribute copies of this information notice supplement to their employees and suppliers.

This information notice supplement requires no specific action or written response. If you have any questions about the information in this supplement, please contact the technical contact listed below or the appropriate Office of Nuclear Reactor Regulation (NRR) project manager.


Charles E. Rossi, Director

Division of Operational Events Assessment
Office of Nuclear Reactor Regulation

Technical contact: Kamal R. Naidu, NRR
(301) 492-0980

Attachment: List of Recently Issued NRC Information Notices

LIST OF RECENTLY ISSUED
 NRC INFORMATION NOTICES

Information Notice No.	Subject	Date of Issuance	Issued to
91-77	Shift Staffing at Nuclear Power Plants	11/26/91	All holders of OLs or CPs for nuclear power reactors.
91-76	10 CFR Parts 21 and 50.55(e) Final Rules	11/26/91	All holders of OLs or CPs and vendors for nuclear power reactors.
91-75	Static Head Corrections Mistakenly not Included in Pressure Transmitter Calibration Procedures	11/25/91	All holders of OLs or CPs for nuclear power reactors.
91-74	Changes in Pressurizer Safety Valve Setpoints Before Installation	11/25/91	All holders of OLs or CPs for nuclear power reactors.
91-73	Loss of Shutdown Cooling During Disassembly of High Pressure Safety Injection System Check Valve	11/21/91	All holders of OLs or CPs for nuclear power reactors.
91-72	Issuance of a Revision to the EPA Manual of Protective Action Guides and Protective Actions for Nuclear Incidents	11/19/91	All holders of OLs or CPs for nuclear power reactors.
91-71	Training and Supervision of Individuals Supervised by an Authorized User	11/12/91	All NRC medical licensees.
91-70	Improper Installation of Instrumentation Modules	11/4/91	All holders of OLs or CPs for nuclear power reactors.
91-69	Errors in Main Steam Line Break Analyses for Determining Containment Parameters	11/1/91	All holders of OLs or CPs for pressurized-water reactors.

OL = Operating License
 CP = Construction Permit

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