JUN 18 1997

Docket No. 99990001
EA No. 97-286

General License

Mr. Daniel Winters
President
Selrite Millworks Corporation
581 Rahway Avenue
Union, NJ 08083

SUBJECT: NRC SPECIAL INSPECTION REPORT NO. 99990001/97-008

Dear Mr. Winters:

A special inspection was conducted by the NRC from May 12 through May 23, 1997, of activities authorized by the general license contained in Title 10, Code of Federal Regulations, Part 31.5 (10 CFR 31.5) (Enclosure 1). The inspection included a visit by NRC inspectors to 1200 Commerce Avenue, Union, New Jersey, where generally licensed "EXIT" signs (devices) containing tritium, a radioactive material regulated by NRC, were installed. The purpose of this inspection was to review the circumstances leading to the removal of these devices from the location where they were installed which resulted in contamination of members of the public and a residence occupied by members of the public. The findings of the inspection are described in the enclosed report (Enclosure 2).

The general license in 10 CFR 31.5 authorizes individuals or entities to acquire, possess, use or transfer exit signs containing tritium, under specified conditions. The devices are distributed under the authorization of a specific license issued by NRC or an Agreement State. An individual or an entity acquiring these devices becomes a general licensee. A general licensee is required to use, transfer and dispose of these devices in accordance with the conditions of the general license that are stated in 10 CFR 31.5.

Our initial review of the results of this inspection indicates that these devices were transferred and handled in ways that were not in full compliance with the regulatory requirements. In 1983 Abex Corporation purchased three devices for use at its property located at 1200 Commerce Avenue. It appears that Abex Corporation either abandoned the devices or failed to provide the required documentation to Selrite Millworks Corporation and to the NRC upon transfer of the site containing these devices to Selrite Millworks Corporation. Similarly, it appears that Selrite Millworks Corporation either abandoned the devices or failed to provide the required documentation to Carco Construction and to the NRC when it transferred the site to Carco Construction. Finally, it appears that Carco Construction removed the devices from the site and either abandoned the devices or disposed of them improperly. These apparent violations contributed to one of the signs being broken which caused contamination of members of the public and a private residence.

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These apparent violations are being considered for escalated enforcement action in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600 (Enclosure 3). However, before finalizing the escalated enforcement action, it is the NRC policy to provide the licensees with an opportunity to discuss with the NRC management, the issues and the apparent violations, and present any additional information or mitigating factors that may not have been available during the inspection. Accordingly, no Notice of Violation is presently being issued for these inspection findings. The violations and facts are described in the enclosed report. Please be advised that the number and characterization (severity) of the apparent violations described in the inspection report may change as a result of further NRC review, including review of information presented at the enforcement conference discussed below. You should also be aware that we will consider separately the nature, extent and significance of each licensee's violations in an effort to ascertain whether one licensee is more responsible for the loss of control of the devices than the others.

An open predecisional enforcement conference to discuss these apparent violations has been scheduled for July 10, 1997, at 10:00 a.m. We understand that you plan to attend the conference. The conference will also be attended by representatives of Abex and Carco Construction. The conference will be open to the general public for observation only, and the proceedings will be transcribed. The decision to hold a predecisional enforcement conference does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference is being held to obtain information to enable the NRC to make an enforcement decision, such as a common understanding of the facts, root causes, missed opportunities to identify the apparent violation sooner, significance of the issues and the need for lasting and effective corrective action. In addition, this is an opportunity for you to point out any errors in our inspection report and for you to provide any information concerning your perspectives on 1) the severity of the violation(s), 2) the application of the factors that the NRC considers when it determines the amount of a civil penalty that may be assessed in accordance with Section VI.B.2 of the Enforcement Policy, and 3) any other application of the Enforcement Policy to this case, including the exercise of discretion in accordance with Section VII. In presenting your corrective action, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violations. The guidance in the enclosed NRC Information Notice 96-28 (Enclosure 4), "SUGGESTED GUIDANCE RELATING TO DEVELOPMENT AND IMPLEMENTATION OF CORRECTIVE ACTION," may be helpful.

You will be advised by separate correspondence of the results of our deliberations on this matter. No response regarding these apparent violations is required at this time. In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be placed in the NRC Public Document Room.

So that we may arrange for appropriate meeting space, a member of my staff will contact you shortly to determine how many representatives you plan to send to the conference. Directions to the Region I office are enclosed (Enclosure 5).

Sincerely,

A. Randolph Blough, Director
Division of Nuclear Materials Safety

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Enclosures:
1. 10 CFR Part 30
2. Inspection Report No. 99990001/97-008
3. NUREG 1600
4. Information Notice 96-28
5. Directions to Region I Office

cc:
State of New Jersey

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