

# **Withdrawn**

NRC Information Notice 2012-22, "Counterfeit, Fraudulent, Suspect Item Training Offerings," dated January 25, 2013 (ADAMS Accession No. ML12137A248), has been withdrawn and superseded by IN 2012-22, Rev. 1 (ADAMS Accession No. ML19017A118).

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
OFFICE OF NEW REACTORS  
OFFICE OF NUCLEAR REACTOR REGULATION  
OFFICE OF FEDERAL AND STATE MATERIALS AND  
ENVIRONMENTAL MANAGEMENT PROGRAMS  
OFFICE OF NUCLEAR MATERIAL SAFETY  
AND SAFEGUARDS  
WASHINGTON, DC 20555-0001

January 25, 2013

NRC INFORMATION NOTICE 2012-22: COUNTERFEIT, FRAUDULENT, SUSPECT  
ITEM (CFSI) TRAINING OFFERINGS

**ADDRESSEES**

All holders of and applicants for a specific source material license under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 40, "Domestic Licensing of Source Material."

All holders of an operating license, research and test reactor operating license, or construction permit for a nuclear power reactor under 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," including those who have permanently ceased operations and have certified that fuel has been permanently removed from the reactor vessel.

All holders of and applicants for a power reactor early site permit, combined license, standard design certification, standard design approval, or manufacturing license under 10 CFR Part 52, "Licenses, Certifications, and Approvals for Nuclear Power Plants."

All holders of and applicants for a fuel cycle facility license or a special nuclear material license authorizing the possession, use, or transport of formula quantities of strategic special nuclear material under 10 CFR Part 70, "Domestic Licensing of Special Nuclear Material."

All holders of and applicants for a transportation package certificate of compliance or for a specific approval for transport of radioactive material shipping containers under 10 CFR Part 71, "Packaging and Transportation of Radioactive Material."

All holders of and applicants for an independent spent fuel storage installation license or a certificate of compliance under 10 CFR Part 72, "Licensing Requirements for the Independent Storage of Spent Nuclear Fuel, High-Level Radioactive Waste and Reactor-Related Greater Than Class C Waste."

All holders of and applicants for a gaseous diffusion plant certificate of compliance or an approved compliance plan under 10 CFR Part 76, "Certification of Gaseous Diffusion Plants."

All contractors and vendors that supply basic components to U.S. Nuclear Regulatory Commission (NRC) licensees.

**ML12137A248**

## **PURPOSE**

The NRC is issuing this information notice (IN) to inform addressees of a sampling of the entities that offer training on how to detect potential counterfeit, fraudulent, and suspect items (CFSI) that may enter the supply chain. This IN also is being issued to heighten each addressee's awareness of CFSI issues. The NRC expects that recipients will review the list of available training resources listed in this IN as it may be useful for educating personnel involved in NRC-regulated activities on current trends in CFSI, and techniques to prevent the use of CFSI parts. The suggestions contained within this IN are not NRC requirements; therefore, no specific action or written response is required. Addressees can review this information and consider actions, as appropriate.

## **BACKGROUND**

Over the past two decades, the NRC has issued several generic communications to inform licensees of counterfeit or misrepresented vendor products, including Generic Letter (GL) 89-02, "Actions to Improve the Detection of Counterfeit and Fraudulently Marketed Products," dated March 21, 1989 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML031140060). The GL emphasized the three characteristics of effective procurement and dedication programs that NRC inspections have identified. These characteristics are (1) the involvement of engineering staff in the procurement and product acceptance process, (2) effective source inspection, receipt inspection, and testing programs, and (3) thorough, engineering-based programs for review, testing, and dedication of commercial-grade products for suitability of use in safety-related applications. The NRC found that programs that embodied the above three characteristics generally were effective in providing enhanced capability to detect counterfeit or fraudulently marketed products and in assuring the quality of procured products, both in safety-related and other plant systems. These three characteristics are as relevant today as they were more than two decades ago.

In addition to GL 89-02, the NRC staff issued IN 89-70, dated October 11, 1989, and a supplement on April 26, 1990, both entitled, "Possible Indications of Misrepresented Vendor Products," to inform licensees of misrepresented vendor products and to provide information on the detection of such products (ADAMS Accession No. ML031180470). The NRC staff also issued IN 2008-04, "Counterfeit Parts Supplied to Nuclear Power Plants," dated April 7, 2008, to inform addressees of the potential for counterfeit parts to enter their supply chains (ADAMS Accession No. ML093620098).

The NRC recently stressed the importance of the nuclear industry's vendors and suppliers establishing a positive nuclear safety culture by including them in the recent "Safety Culture Policy Statement," issued June 14, 2011 (ADAMS Accession No. ML111650336). On January 17, 2012, the NRC reinforced the importance of the Safety Culture Policy Statement through Regulatory Issue Summary 2012-01, "Availability of Safety Culture Policy Statement" (ADAMS Accession No. ML112940226). This policy statement identified, among other qualities, the need for continuous learning, effective safety communications, and employees with a questioning attitude as characteristics of a positive safety culture. A summary of the Safety Culture Policy can be found in NUREG/BR-0500, "Safety Culture Policy Statement" (ADAMS Accession No. ML11165A021).

## DISCUSSION

Industrial counterfeiting has been on the rise. Recent examples that underscore this trend include: the Construction Industry Institute's issuance of a 2010 study entitled, "Product Integrity Concerns in Low-Cost Sourcing Countries: Counterfeiting in the Construction Industry," in which the consensus of the 187 industry and government leaders from eight countries interviewed, was that the magnitude of the problem has grown from "big" to "very big." In November of 2012, a nuclear utility located outside the United States, shut down two operating nuclear power plants based on investigations at those plants that led to the identification of numerous parts that may not have been properly qualified or certified for their intended use: and in the same month, an individual pleaded guilty in U.S. Federal Court to making false statements during an investigation led by the NRC Office of Investigations (OI), which found, among other things, that he had directed an employee to file off the serial number on a safety-related part taken off of a working display from a U.S. nuclear power plant and installed on a refurbished display destined for application in another operating U.S. nuclear power plant without informing either plants. As a result, industries affected have generated a significant amount of training to raise personnel awareness, develop detection skills, protect intellectual property, investigate fraud, and incorporate effective prevention techniques against industrial counterfeiting. While much of this information is either free, or available at a nominal fee, other training is fee-based. While the recent adverse trend in industry CFSI has not directly affected NRC-regulated activities, the agency recognizes the potential implications industrial CFSI could have, combined with anticipated increases in procurement activities associated with NRC-licensed facilities. The NRC believes it is both prudent and warranted at this time to make deliberate efforts toward understanding how the regulator and industry could address new CFSI challenges.

The NRC is issuing this IN to create awareness of the evolving trends with CFSI in today's global industrial supply chain. Many industries already are modifying their purchasing policies and procedures in response to CFSI threats. While the NRC staff is not aware of similar CFSI trends in NRC-regulated activities, it is necessary for the agency to heighten the industry's awareness of CFSI issues and enhance the skill sets of individuals with the power to prevent the entry of CFSI into the commercial nuclear supply chain. Proactive anti-CFSI policies should stress the need to share CFSI information and to train the workforce in current identification, avoidance, management, and response techniques. Each organization's commitment to CFSI training will vary based on many factors, including reliance on procurement strategies that carry higher CFSI risks (e.g., unfamiliar supply sources, or suppliers known to exhibit questionable business practices). As many published best practices recommend, every individual involved in specifying, procuring, and installing components is responsible for combating CFSI. Providing training and awareness programs to these individuals will help prevent the inadvertent introduction of nonconforming parts into the supply chain. This message is particularly important in keeping pace with the growing trends in business-to-business commerce. While many organizations today have implemented some form of electronic commerce (e-commerce), each organization must weigh the level of risk along with the legitimacy of a supplier's offer when purchasing critical items. It is vitally important that all final procurement decisions, including those steps programmed into automated systems, consider best possible anti-counterfeiting purchasing practices before the final purchase.

Training, including hands-on instruction, should be considered for all employees supporting the procurement process, including purchasing (materials and services), quality assurance, product receiving, maintenance, and investigation personnel. Refresher training also may be regularly

emphasized to update employees on new threats, identification techniques, and communication strategies.

Table 1 of this IN (ADAMS Accession No. ML12318A216) presents a snapshot of CFSI training courses offered from a variety of sources. The list is not intended to be a complete listing, nor is it the staff's intent to maintain this list current. The listing is intended to inform industry of existing CFSI training curriculum and to encourage industry representatives to expand the body-of-knowledge to meet the changing roles and responsibilities anticipated in this dynamic field. This list focuses on traditional supply chain procurement responsibilities from product development through product receipt. It also includes some often overlooked support functions including offerings focused on establishing and protecting one's intellectual property rights.

Furthermore, the list also recognizes the needs of fraud investigators and prosecutors and provides offerings for them. Most of this training was developed with specific non-nuclear industry perspectives in mind, but it may be adapted for the commercial nuclear industry according to their representatives. Many of the organizations contacted were willing to tailor sessions to a specific topic or audience. The NRC staff made no attempts to evaluate, rate, or endorse one curriculum over another, but rather provides this list to those organizations and individuals seeking this unique knowledge/skill set. The NRC cautions users of this list to contact resource representatives directly and to perform due diligence to determine if the offering adequately satisfies their specific needs.

## CONTACT

This IN requires no specific action or written response. Please direct any questions about this matter to the technical contact listed below or the appropriate NRC project manager.

Note: NRC generic communications may be found on the NRC public Web site, <http://www.nrc.gov>, under "NRC Library."

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**ADAMS ACCESSION No.:** ML12137A248

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