



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

June 21, 2012

Mr. Mark Lambert
Managing Partner
Transport Logistic International, Inc.
8161 Maple Lawn Blvd, Suite 450
Fulton, MD 20759

SUBJECT: U.S. NUCLEAR REGULATORY COMMISSION INSPECTION REPORT OF
TRANSPORT LOGISTICS INTERNATIONAL, INC.; MAY 2012

Dear Mr. Lambert:

The U.S. Nuclear Regulatory Commission (NRC) conducted a responsive inspection of the export and import licensing program at the Transport Logistics International (TLI) Fulton, Maryland facility on May 16, 2012. The purpose of this inspection was to ensure that, following recently identified apparent violations associated with export licenses XSNM3649 and XSNM3704, TLI has sufficient management recordkeeping and procedural controls in place to ensure that exports are conducted in accordance with the requirements contained in 10 CFR Part 110, and in conformance with the terms and conditions of specified licenses.

Additionally, NRC inspectors communicated with representatives from Westinghouse Electric Company and Virgil C. Summer Nuclear Station on May 17, 2012, to obtain information associated with the noted licensed exports that TLI was unable to provide.

The enclosed report presents the results of the inspection, which were discussed with members of your staff during an exit meeting held at the conclusion of the inspection on May 16, 2012.

Areas examined during the inspection include: licensing requirements and processes for applications, procedural controls for imports and exports, management structure, corrective action program, and recordkeeping. Within these areas, the inspection consisted of selective examinations of procedures and representative records, and interviews with management and operations personnel.

Based on the results of the inspection, the NRC has determined that two violations of NRC requirements have occurred concerning export licenses XSNM3649 and XSNM3704. The violations were evaluated in accordance with the NRC Enforcement Policy included on the NRC's Web site at www.nrc.gov; select **What We Do, Enforcement**, and then **Enforcement Policy**. The violations are being cited in a separate publicly available letter addressed to you.

M. Lambert

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Should you have any questions concerning this report, please contact Brian Wittick at (301) 415-2496.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen Dembek", with a stylized flourish at the end.

Stephen Dembek, Acting Deputy Director
Office of International Programs

License No.: XSNM3649
XSNM3704

Enclosure:
NRC Inspection Report – License XSNM3649 and XSNM3704

cc: (See page 3)

M. Lambert

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cc:

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U.S. Department of Energy
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Manager, U.S. Export Licensing, Legal & Contracts
Westinghouse Electric Company
1000 Westinghouse Drive
Cranberry Twp, PA 16066

South Carolina Electric & Gas Company
Virgil C. Summer Nuclear Station
P.O. Box 88 M/C 563
Jenkinsville, SC 29065

USEC Inc.
6903 Rockledge Drive
Bethesda, Maryland 20817

Transport Logistics International, Inc. (TLI)
NRC Inspection Report – Licenses XSNM3649 and XSNM3704

EXECUTIVE SUMMARY

This export license inspection examined the adequacy of measures taken by the licensee to ensure effective management recordkeeping and procedural controls are in place, and assessed whether exports are conducted in accordance with the requirements contained in 10 CFR 110 and in conformance with the terms and conditions of specific licenses. During interviews and document reviews, licensee staff identified challenges to recordkeeping and procedural controls. The results of the inspection are summarized below.

Recordkeeping

The licensee had established auditable records sufficient to demonstrate that regulatory requirements for recordkeeping had been met. (Section 1)

Resolution Program

The licensee had not implemented an adequate management program or controls to prevent exceeding license conditions on two occasions, and failed to notify the Office of International Programs at least 40 days in advance of the shipment of foreign obligated material. (Section 2)

1. Recordkeeping

a. Scope and Observations

During the course of the inspection the inspectors reviewed transportation files and other documentation supporting the export of special nuclear material. Inspectors reviewed several case files from the previous five years and found the documentation for those files to be mostly complete and auditable. Inspectors confirmed transportation coordinators are trained mostly by on the job training. Inspectors verified that the licensee had maintained the required records in an auditable form and that the records were readily available for inspection as required by 10 CFR Part 110.53(b)(1).

b. Conclusions

- The licensee had established auditable records sufficient to demonstrate that regulatory requirements for recordkeeping had been met.
- Supervisory and Compliance checks were not consistently annotated as having been completed for all sections requiring completion on the Shipment Checklist.

2. Resolution Program

a. Scope and Observations

The inspectors interviewed TLI staff and reviewed procedures governing the processing and administering of transportation and licensing files. The inspectors identified two violations concerning the licensee's failure to establish, document, and maintain a management structure

which ensured adequate review and implementation of critical export license allowances. The inspectors concluded that reviewed procedures and checklists, and associated transportation coordinator training associated with the processing of transportation files, did not provide adequate controls to prevent the transporter from exceeding license allowances and conditions on two occasions.

Additionally, the inspectors determined that during the course of shipping obligated material under license XSNM3704 the licensee failed to comply with the specific license criteria of 10 CFR Part 110.50(b)(3) for export of obligated material.

Lastly, inspectors noted that, while the licensee identified the existence of a quality control procedure for Corrective and Preventive Action (QP 16-01), interviews with TLI staff demonstrated a lack of familiarity with the procedure, and there was no evidence of the procedure having been utilized to address apparent licensing violations.

b. Conclusions

- The licensee had not implemented an adequate management program or controls to prevent exceeding license conditions on two occasions. Specifically,
 - o XSNM3649 – on November 23, 2010, TLI was responsible for the export of plutonium in excess of the maximum quantity and type applied for and licensed.
 - o XSNM3704 – on March 19, 2012, TLI exported Australian obligated material, which was not authorized under license conditions.
- The licensee failed to comply with 10 CFR Part 110.50(b)(3) regarding shipments of foreign obligated materials.

3. **Exit Meeting**

A summary of the inspection scope and results was presented during an exit meeting with licensee management on May 16, 2012. The licensee acknowledged the inspection findings.

PARTIAL LIST OF PERSONNEL CONTACTED

M. Lambert	Managing Partner
D. Condrey	Managing Partner
W. Lichtenberg	Director of Operations
P. Black	Transportation Coordinator

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

XSNM3649	VIO	Failure to document and maintain a management structure which ensures adequate controls for the export of material as allowed by license.
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XSNM3704

VIO Failure to document and maintain a management structure which ensures licensee complies with regulatory requirements associated with export of foreign obligated material.

**U.S. NUCLEAR REGULATORY COMMISSION
OFFICE OF INTERNATIONAL PROGRAMS**

Docket No.: 11005870
11005970

License No.: XSNM-3649
XSNM-3704

Inspection Report: Licenses XSNM3649 and XSNM3704; May 2012

Licensee: Transport Logistic International, Inc.

Location: Fulton, MD

Inspection Date(s): May 16, 2012

Inspectors: Brian D. Wittick, Sr. Licensing Officer
David C. Ditto, MC&A Physical Scientist

Approved by: Janice E. Owens, Branch Chief
Export Controls and International Organizations Branch
Office of International Programs