



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

Region III
2443 Warrenville Road, Suite 210
Lisle IL 60532-4352

October 19, 2012

EA-12-181

Mr. Jerry Slocum, General Manager
Detector Electronics Corporation
6901 West 110th Street
Minneapolis, Minnesota 55438

**SUBJECT: NOTICE OF VIOLATION – DETECTOR ELECTRONICS CORPORATION;
NRC REACTIVE INSPECTION REPORT NO. 03017824/2012001(DNMS)**

Dear Mr. Slocum:

This refers to a Nuclear Regulatory Commission (NRC) reactive inspection conducted on July 2 and 3, 2012, with continued in-office review through September 6, 2012. During the inspection, an apparent violation of NRC requirements was identified. The significance of the issue and the need for lasting and effective corrective actions were discussed with you at the final telephonic exit meeting on September 6, 2012. Details regarding the apparent violation were provided in NRC Inspection Report No. 03017824/2012001(DNMS) dated September 19, 2012.

In the letter transmitting the inspection report, we provided you with the opportunity to address the apparent violation identified in the report in one of three ways: (1) by providing a written response; (2) by requesting a pre-decisional enforcement conference, or (3) by verbally responding to the NRC that no additional information would be provided. On October 4, 2012, Ms. Linda Rival of your organization verbally responded to Ms. Tamara Bloomer, Materials Inspection Branch Chief, that you did not plan to provide any further response.

Based on the information developed during the inspection, as documented in the inspection report, and information contained in the initial letter you submitted to the NRC on March 30, 2012, which self-disclosed the exports, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding it are described in detail in our inspection report dated September 19, 2012. Specifically, the NRC determined that Detector Electronics Corporation exported byproduct material to Iraq, an embargoed country, without specific authorization, which is a violation of Title 10 of the Code of Federal Regulations (10 CFR) 110.20(a), 110.23(a), 110.5 and 110.28.

The failure to seek authorization prior to exporting byproduct material is of concern to the NRC because it impacted the NRC's ability to perform its regulatory function to ensure that the material being exported did not represent a security risk inimical to the common defense and security of the United States and that intended foreign recipients are appropriately authorized to receive and possess the materials. The root cause of the event was that your trade compliance group was not aware that you manufactured items with radioactive material, such as ultraviolet flame detectors containing krypton-85 electron tubes. A contributing cause of the violation was your lack of awareness of NRC regulations prohibiting exports to embargoed destinations. Therefore, this violation has been categorized in accordance with the NRC Enforcement Policy at Severity Level III.

In accordance with the NRC Enforcement Policy, a base civil penalty in the amount of \$17,500 is normally considered for a Severity Level III violation to distributors. Because your facility has not been the subject of escalated enforcement actions within the last two years, the NRC considered whether credit was warranted for *Corrective Action* in accordance with the civil penalty assessment process described in Section 2.3.4 of the Enforcement Policy. The NRC determined that credit was warranted for the corrective actions taken. The NRC's understanding of the corrective actions, as described in NRC Inspection Report No. 03017824/2012001(DNMS) were that you: (1) instituted a compliance hold for all inquiries and orders with the ultimate destination of Iraq until all regulatory jurisdictions and/or classifications were corrected; (2) undertook a 5-year review of transactions involving product lines that contained byproduct materials; (3) determined that no other shipments to embargoed destinations occurred; (4) revised your procedures to require all quotations and orders with the ultimate destination of any embargoed destination in 10 CFR 110.28 to undergo an additional independent compliance screening; (5) developed a comprehensive "where-used" list to capture all part and model numbers involving byproduct material; (6) conducted training on changes for applicable organizations; and (7) turned down all business involving the export of ultraviolet flame detectors to Iraq.

Therefore, to encourage prompt and comprehensive correction of violations, and in recognition of the absence of previous escalated enforcement action, I have been authorized, after consultation with the Director, Office of Enforcement, not to propose a civil penalty in this case. However, significant violations in the future could result in a civil penalty. In addition, issuance of this Severity Level III violation constitutes escalated enforcement action that may subject you to increased inspection effort.

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation, and the date when full compliance was achieved, was adequately addressed on the docket in NRC Inspection Report No. 03017824/2012001(DNMS) dated September 19, 2012, and in your letter dated March 30, 2012. Therefore, you are not required to respond to this letter unless the description therein does not accurately reflect your corrective action or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response, if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. Therefore, to the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such information, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or

J. Slocum

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financial information). The NRC also includes significant enforcement actions on its Web site at <http://www.nrc.gov/reading-rm/doc-collections/enforcement/actions/>.

Sincerely,

/RA by S. West for/

Charles A. Casto
Regional Administrator

Docket No. 030-17824
License No. 22-18199-02E

Enclosure:
Notice of Violation

cc w/encl: State of Minnesota

NOTICE OF VIOLATION

Detector Electronics Corporation
Minneapolis, Minnesota

Docket No. 030-17824
License No. 22-18199-02E
EA-12-181

During a U.S. Nuclear Regulatory Commission (NRC) inspection conducted on July 2 and 3, 2012, with continuing in-office review through September 6, 2012, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

Title 10 of the Code of Federal Regulations (10 CFR) 110.5 states, in part, that no person may export any nuclear equipment or material listed in 10 CFR 110.8 and 10 CFR 110.9, unless authorized by a general or specific license issued under this part. Ten CFR 110.9(c) lists "byproduct material" as nuclear material under NRC export licensing authority.

Title 10 CFR 110.20(a) states that a person may use an NRC general license as authority to export or import nuclear equipment or material, if the nuclear equipment or material to be exported or imported is covered by the NRC general licenses described in 10 CFR 110.21 through 110.27. If an export or import is not covered by the NRC general licenses described in 10 CFR 110.21 through 110.27, a person must file an application with the Commission for a specific license in accordance with 10 CFR 110.31 through 110.32.

Title 10 CFR 110.23(a) states, in part, that a general license is issued to any person to export byproduct material to any country not listed in 10 CFR 110.28.

Title 10 CFR 110.28 titled "Embargoed Destinations" lists the following countries: Cuba, Iran, Iraq, North Korea, Sudan, and Syria.

Contrary to the above, on April 20, 2007, September 25, 2009, December 21, 2010, and June 24, 2011, the licensee exported byproduct material that was not covered by the NRC general license in 10 CFR 110.23(a) to an embargoed destination and did not file an application with the Commission for a specific license. Specifically, the licensee exported flame detectors with electron tubes containing krypton-85 to Iraq and did not have specific authorization to export byproduct material to Iraq as required by 10 CFR 110.5.

This is a Severity Level III Violation.

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to be taken to correct the violation, and the date when full compliance was achieved, is already adequately addressed on the docket in NRC Inspection Report No. 03017824/2012001(DNMS) dated September 19, 2012, and in your letter dated March 30, 2012. However, you are required to submit a written statement or explanation pursuant to 10 CFR 2.201 if the description therein does not accurately reflect your corrective

actions or your position. In that case, or if you choose to respond, clearly mark your response as a "Reply to a Notice of Violation, EA-12-181," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to the Regional Administrator, Region III, 2443 Warrenville Road, Suite 210, Lisle, IL 60532, within 30 days of the date of the letter transmitting this Notice of Violation (Notice).

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

If you choose to respond, your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. Therefore, to the extent possible, the response should not include any personal privacy, or proprietary, information so that it can be made available to the Public without redaction.

In accordance with 10 CFR 19.11, you may be required to post this Notice of Violation within two working days of receipt.

Dated this 19th day of October, 2012

financial information). The NRC also includes significant enforcement actions on its Web site at <http://www.nrc.gov/reading-rm/doc-collections/enforcement/actions/>.

Sincerely,

/RA by S. West for/

Charles A. Casto
Regional Administrator

Docket No. 030-17824
License No. 22-18199-02E

Enclosure:
Notice of Violation

cc w/encl: State of Minnesota

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See next page

SEE PREVIOUS CONCURRENCE

FILE NAME: G:\ORAI\EICS\ENFORCEMENT\Cases\Enforcement Cases 2012\EA-12-172 St John Macomb Oakland Hospital\EA-12-172 St Jphn Macomb Oakland draft Final Action.docx

OFFICE	RIII	RIII	RIII	D:OE	RIII	RIII
NAME	Lougheed	Bloomer	Boland	Zimmerman ¹	Orth	Casto S. West for
DATE	10/09/12	10/10/12	10/11/12	10/17/12	10/18/12	10/19/12

OFFICIAL RECORD COPY

1 OE concurrence received via e-mail from L. Sreenivas on October 17, 2012.

Letter to Jerry Slocum from Charles A. Casto dated October 19, 2012

SUBJECT: NOTICE OF VIOLATION – DETECTOR ELECTRONICS CORPORATION
NRC REACTIVE INSPECTION REPORT NO. 03017824/2012001(DNMS)

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