



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION III
2443 WARRENVILLE RD. SUITE 210
LISLE, IL 60532-4352

February 19, 2016

Ms. Keri J. Wallace
President
Wallace & Associates, LLC.
8134 West Main St.
Kalamazoo, MI 49009

**SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 03036875/2015001(DNMS) AND
NOTICE OF VIOLATION – WALLACE & ASSOCIATES, LLC.**

Dear Ms. Wallace:

On December 3, 2015, and January 19, 2016, an inspector from the U.S. Nuclear Regulatory Commission (NRC) conducted a routine inspection at your facility in Kalamazoo, Michigan, with continued in-office review through January 27, 2016. The purpose of the inspection was to review activities performed under your NRC license to ensure that activities were being performed in accordance with NRC requirements. The inspection was also conducted to review the facts and circumstances of information submitted to the NRC on August 10, 2015, regarding the storage location of your radioactive materials and oversight of your radiation safety program. The in-office review included a review of documentation that was not immediately available during the onsite portion of the inspection. Mr. Edward Kulzer of my staff conducted a final exit meeting by telephone with Ms. Jillian Frazee, your Radiation Safety Officer, on January 27, 2016, to discuss the inspection findings.

During this inspection, the NRC staff examined activities conducted under your license related to public health and safety. Additionally, the staff examined your compliance with the Commission's rules and regulations as well as the conditions of your license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of this inspection, the NRC has determined that two Severity Level IV violations of NRC requirements occurred. The violations were evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's website at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The first violation concerned the failure to confine the possession and use of byproduct material to the locations authorized on the license, as required by Title 10 of the *Code of Federal Regulations* (CFR) Part 30.34(c). The second violation involved the failure for the individual specifically authorized by Condition 12 of Amendment No. 08 of your NRC Materials License to fulfill the duties and responsibilities as Radiation Safety Officer (RSO). These violations are cited in the enclosed Notice of Violation (Notice). The NRC is citing the violations in the enclosed Notice because the inspector identified violations.

The inspector determined that the root cause of the violations was a lack of understanding of the terms and conditions of your NRC license. As corrective actions to restore compliance, you

K. Wallace

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updated your license to ensure the authorized locations reflect the actual storage and use areas and appointed a new RSO. As corrective action to prevent recurrence, you are now aware of the need to request amendments to your NRC license before replacing the RSO with an individual knowledgeable in NRC regulations and changing locations where licensed activities are conducted.

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation and prevent recurrence, and the date when full compliance was achieved is already adequately addressed on the docket in this letter. Therefore, you are not required to respond to this letter unless the description herein does not accurately reflect your corrective actions 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's Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC's Web site at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made publicly available without redaction.

Please feel free to contact Mr. Kulzer of my staff if you have any questions regarding this inspection. Mr. Kulzer can be reached at 630-829-9875.

Sincerely,

/RA/

Aaron T. McCraw, Chief
Materials Inspection Branch
Division of Nuclear Materials Safety

Docket No. 030-36875
License No. 21-32557-01

Enclosure:
Notice of Violation

cc w/encl: Jillian F. Frazee, RSO
State of Michigan

updated your license to ensure the authorized locations reflect the actual storage and use areas and appointed a new RSO. As corrective action to prevent recurrence, you are now aware of the need to request amendments to your NRC license before replacing the RSO with an individual knowledgeable in NRC regulations and changing locations where licensed activities are conducted.

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Sincerely,

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Aaron T. McCraw, Chief
Materials Inspection Branch
Division of Nuclear Materials Safety

Docket No. 030-36875
License No. 21-32557-01

Enclosure:
Notice of Violation

cc w/encl: Jillian F. Frazee, RSO
State of Michigan

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OFFICE	RIII-DNMS		RIII-DNMS		RIII		RIII	
NAME	EKulzer:ps		AMccraw					
DATE	2/17/2016		2/19/2016					

OFFICIAL RECORD COPY

Letter to Keri Wallace from Aaron McCraw dated February 19, 2016

SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 03036875/2015001(DNMS) AND
NOTICE OF VIOLATION – WALLACE & ASSOCIATES, LLC.

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NOTICE OF VIOLATION

Wallace & Associates, LLC.
Kalamazoo, Michigan

License No. 21-32557-01
Docket No. 030-36875

During a U.S. Nuclear Regulatory Commission (NRC) inspection conducted on December 3, 2015, and January 19, 2016, with continued in-office review through January 27, 2016, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. Title 10 of the *Code of Federal Regulations* (CFR) Section 30.34(c) requires, in part, that each person licensed by the Commission pursuant to the regulations in this part and parts 31 through 36 and 39 shall confine his possession and use of byproduct material to the locations and purposes authorized in the license.

Condition 10 of NRC License 21-32557-01, Amendment No. 02, dated May 8, 2015, states that licensed material shall be used or stored only at the licensee's facilities located at 15307 M-60, Three Rivers, Michigan, and used at temporary job sites of the licensee anywhere in the United States where the U.S. Nuclear Regulatory Commission maintains jurisdiction for regulating the use of licensed material.

Contrary to the above, as of August 10, 2015, the licensee failed to store its portable gauges, each containing a nominal 44 millicuries of americium-241 nominally, at a facility authorized by the license. Specifically, the licensee relocated its portable gauges from the authorized facility in Three Rivers, Michigan, to a facility in Kalamazoo, Michigan – a facility not authorized on the license – prior to receiving NRC approval.

This is a Severity Level IV violation (Section 6.3).

- B. Condition 12 of NRC License No. 21-32557-01, Amendment No. 02, dated May 8, 2015, authorized a specifically named individual to fulfill the duties and responsibilities of the Radiation Safety Officer (RSO) for the license.

Contrary to the above, as of August 10, 2015, the named individual, specifically authorized by Condition 12 of the license to fulfill the duties and responsibilities as RSO, was not employed by the licensee and did not fulfill the duties and responsibilities of the RSO. Specifically, the individual listed as RSO left the company on August 10, 2015; and until November 8, 2015, the licensee had not appointed a new individual to perform the duties and responsibilities of the RSO.

This is a Severity Level IV violation (Section 6.3).

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation and prevent recurrence, and the date when full compliance was achieved, is already adequately addressed on the docket in letter transmitting this Notice of Violation (Notice). 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, IR 03036875/2015001(DNMS)" 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, within 30 days of the date of the letter transmitting this Notice.

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 Agencywide Documents Access and Management System (ADAMS), accessible from the NRC's web site at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made publicly available without redaction.

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.

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

Dated this 19th day of February, 2016.