

**SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE**

Date: 3-January-2017
Docket No.: 030-29601
License No.: 24-24817-01
Licensee: TestAmerica Laboratories - St. Louis
Address: 13715 Rider Trail North, Earth City, MO 63045
Technical Reviewer: Sara A. Forster, M.S., Materials Licensing Branch, Division of Nuclear Materials Safety

SUMMARY AND CONCLUSIONS:

TestAmerica Laboratories - St. Louis ("the licensee") is authorized by NRC License 24-24817-01 for the possession and use of byproduct material. Via letter dated September 28, 2016 (ML16279A470), the licensee notified the U.S. Nuclear Regulatory Commission (NRC) of a Transfer of Control of the licensee's parent company TestAmerica Environmental Services, LLC ("the transferor"). The letter indicated that the transferee had been acquired by JSTI Group ("the transferee"), which is a publicly traded company based in China and listed on the Shenzhen stock exchange, on September 23, 2016, the. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed the request for consent to a high-level indirect license transfer submitted by the licensee that would result from that acquisition of the transferor by the transferee. As a result of the acquisition, the transferee would be the indirect owner of the licensee. However, the transferor would continue to be a U.S.-based company, incorporated in Delaware. The U.S. company would continue to have direct control over the licensee. As noted above, the indirect transfer of control is described in Agency Documents Access and Management System (ADAMS) accession number ML16279A470.

The request for consent was reviewed by NRC staff for a direct change in control of a Title 10 *Code of Federal Regulations* (CFR) Part 30 license using the guidance in NUREG 1556, Volume 15, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated November 2000. The NRC staff finds that the information submitted by the licensee describes and documents the transaction and commitments made by the licensee and the transferee, as applicable, sufficient to provide consent to the Transfer of Control. Additional information may be needed from the transferor and transferee to complete a license amendment incorporating this consent.

As required by 10 CFR 30.34 and Section 184 of the Atomic Energy Act of 1954, as amended (the Act), NRC staff has reviewed the application and finds that the proposed change in control is in accordance with the Act. The staff finds that, after the change of control, the licensee will remain qualified to use byproduct material for the purpose requested, and will continue to have the equipment, facilities, and procedures needed to protect public health and safety, and to promote the security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Web Based Licensing (WBL) System, the licensee has held an NRC license since February 10, 1987. The NRC most recently conducted inspections of the licensee on September 28, 2005, April 1 – May 1, 2009, July 21-29, 2009, April 5-17, 2012, and December 19, 2014, and identified no violations during those inspections. In the licensee's request for NRC consent to the direct transfer of control, commitments made by the licensee on behalf of the transferee and the transferor state that the licensee:

- A. Will not change the Radiation Safety Officer (RSO) listed on the NRC license;
- B. will not change the personnel involved in licensed activities;
- C. will not change the locations, facilities, and equipment authorized in the NRC license;
- D. will not change the radiation safety program authorized in the NRC license; and
- E. will keep regulatory required surveillance records and decommissioning records.

Although JSTI Group is a Chinese corporation, the intermediate company TestAmerica Environmental Services, LLC, is a United States corporation, incorporated in Delaware, and company names are unchanged. The authority of TestAmerica Environmental Services, LLC over licensed activities has not changed as a result of the high level and indirect acquisition of the licensee by JSTI Group. Accordingly, the transferee is considered a known entity following the guidance provided by the NRC's Office of Federal and State Materials and Environmental Management Programs (FSME) "Checklist to provide a basis for confidence that radioactive materials will be used as specified on the license," September 3, 2008 revision, as no other aspects of the company have changed. The purpose of this checklist is for the NRC to obtain reasonable assurance from new license applicants or NRC licensees transferring control of licensed activities that the licensed material will be used for its intended purpose and not for malevolent use.

The licensee is required to have decommissioning financial assurance based on the types and amount of material authorized by License No. 24-24817-01, decommissioning funding plan criteria, and regulatory requirements. Financial assurance requirements have not changed.

REGULATORY FRAMEWORK

License No. 24-24817-01, was issued under 10 CFR Part 30, Rules of General Applicability to Domestic Licensing of Byproduct Material. Under 10 CFR 30.34(b), for licenses "issued or granted pursuant to the regulations in [Parts 30] through 36," the Commission is required to determine if the change of control is in accordance with the provisions of the Act, and give its consent in writing. Specifically, no 10 CFR Part 30 licenses, "nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing." The review was completed in accordance with NUREG 1556, Volume 15, and informed by 63 *Federal Register* 66721, "10 CFR Parts 2 and 51, RIN 3150-AG09, Streamlined Hearing Process for NRC Approval of License Transfers, Nuclear Regulatory Commission, Final Rule," dated Dec. 3, 1998.

DESCRIPTION OF TRANSACTION

In letter dated September 28, 2016, TestAmerica Laboratories - St. Louis notified the U.S. Nuclear Regulatory Commission that the transferee, via an indirect transfer, planned to acquire 100 percent of the transferor's assets. The transaction is described in ADAMS accession number ML16279A470. After completion of the acquisition, the licensee would continue as the owner of all licensed activities authorized under NRC Materials License No. 24-24817-01, with no significant changes to the RSO, other key responsible personnel, licensed facilities, or equipment.

The NRC staff finds that the request for consent adequately provides a complete and clear description of the transaction, and is consistent with the guidance provided in NUREG-1556, Volume 15, rev. 1, Appendix E.

THE TRANSFEREE'S COMMITMENT TO ABIDE BY THE TRANSFEROR'S COMMITMENTS

The NRC staff finds that the commitments and information submitted by TestAmerica Laboratories - St. Louis under letter dated September 28, 2016, is sufficiently consistent with the guidance outlined in NUREG-1556, Volume 15 to authorize the Transfer of Control.

ENVIRONMENTAL REVIEW

An environmental assessment for this action is not required since this action is categorically excluded under 10 CFR 51.22(c)(21).

CONCLUSION

The staff has reviewed the request for consent submitted by both parties- via designated contact person Kristen Ely – with regard to an indirect change of control of byproduct materials license No. 24-24817-01 and approves the application pursuant to 10 CFR 30.34(b).

Submitted information sufficiently describes the transaction; documents the understanding of the license and commitments; demonstrates that personnel have the experience and training to properly implement and maintain the license and that they will maintain the existing records; And, in the future, will abide by all existing commitments to the license, consistent with the guidance in NUREG-1556, Volume 15, rev. 1.

In accordance with the above analysis, the staff concludes that the proposed change in control would not alter previous findings, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.