



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
2100 RENAISSANCE BOULEVARD, SUITE 100
KING OF PRUSSIA, PA 19406-2713

January 26, 2017

Docket No. 03029170

License No. 47-24837-01

Ken Smith
Director, Business Operations/
Support Services
Clearon Corporation
95 MacCorkle Ave, SW
South Charleston, WV 25303

Dear Mr. Smith:

On November 2, 2016, with continuing in-office through January 19, 2017, Todd Jackson of this office conducted a safety inspection at your facility. The inspection was an examination of your licensed activities as they relate to radiation safety and to compliance with the Commission's regulations and the license conditions. The inspection consisted of observations by the inspector, interviews with personnel, and a selective examination of representative records. Additional information provided in your email correspondence dated December 2, 2016, were also examined as part of the inspection. The findings of the inspection were discussed with you at the conclusion of the inspection.

Based on the results of this inspection and in accordance with the NRC Enforcement Policy, the NRC has determined that one Severity Level IV violation of NRC requirements occurred. The violation involved the failure to obtain written consent from the NRC prior to an indirect transfer of control of the license. Specifically, the licensee transferred indirect control of Clearon Corporation on March 1, 2016, through a complete transfer of Clearon stock from Israel Chemicals Ltd (ICL) to Hui Yu Xin American Corporation (Dalian Group) without informing NRC until December 2, 2016.

The violation is cited in the enclosed Notice of Violation (Notice), because the violation was identified by the NRC. Following the onsite inspection by the NRC, you provided notification of the transfer of control by letter dated December 2, 2016, (ML16350A388) that included details of the change of ownership, including information necessary for the NRC to make a determination of the acceptability of the transfer.

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 will be achieved is already adequately addressed on the docket. Therefore, you are not required to respond to this letter unless the description herein does not accurately reflect your corrective actions or your position. If you contest this violation or its significance, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001, with copies to: (1) the Regional Administrator, Region I and (2) the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

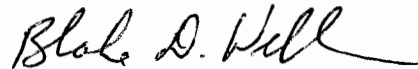
In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and your response, if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC document system (ADAMS), accessible from the NRC Web site 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 available to the Public without redaction.

Current NRC regulations and guidance are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Med, Ind, & Academic Uses**; then **Regulations, Guidance and Communications**. The current Enforcement Policy is included on the NRC's website at www.nrc.gov; select **About NRC, Organizations & Functions; Office of Enforcement; Enforcement documents**; then **Enforcement Policy (Under 'Related Information')**. You may also obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-866-512-1800. The GPO is open from 8:00 a.m. to 5:30 p.m. EST, Monday through Friday (except Federal holidays).

The NRC's Safety Culture Policy Statement became effective in June 2011. While a policy statement and not a regulation, it sets forth the agency's *expectations* for individuals and organizations to establish and maintain a positive safety culture. You can access the policy statement and supporting material that may benefit your organization on NRC's safety culture Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/safety-culture.html>. We strongly encourage you to review this material and adapt it to your particular needs in order to develop and maintain a positive safety culture as you engage in NRC-regulated activities.

Please contact Todd Jackson at 610-337-5308 if you have any questions regarding this matter.

Sincerely,



Blake D. Welling, Chief
Commercial, Industrial, R&D
and Academic Branch
Division of Nuclear Materials Safety

Enclosure:
Notice of Violation

cc w/Encl: Amanda Marcks, RSO
State of West Virginia

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter 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 document system (ADAMS), accessible from the NRC 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 available to the Public without redaction.

Current NRC regulations and guidance are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Med, Ind, & Academic Uses**; then **Regulations, Guidance and Communications**. The current Enforcement Policy is included on the NRC's website at www.nrc.gov; select **About NRC, Organizations & Functions; Office of Enforcement; Enforcement documents**; then **Enforcement Policy (Under 'Related Information')**. You may also obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-866-512-1800. The GPO is open from 8:00 a.m. to 5:30 p.m. EST, Monday through Friday (except Federal holidays).

The NRC's Safety Culture Policy Statement became effective in June 2011. While a policy statement and not a regulation, it sets forth the agency's *expectations* for individuals and organizations to establish and maintain a positive safety culture. You can access the policy statement and supporting material that may benefit your organization on NRC's safety culture Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/safety-culture.html>. We strongly encourage you to review this material and adapt it to your particular needs in order to develop and maintain a positive safety culture as you engage in NRC-regulated activities.

Please contact Todd Jackson at 610-337-5308 if you have any questions regarding this matter.

Sincerely,

Blake D. Welling, Chief
Commercial, Industrial, R&D
and Academic Branch
Division of Nuclear Materials Safety

Enclosure:
Notice of Violation

cc w/Encl: Amanda Marcks, RSO
State of West Virginia

DISTRIBUTION:
BBickett, RI

DOCUMENT NAME: G:\WordDocs\Current\Insp Letter\L47-24837-01.2016001.docx

SUNSI Review Complete: TJackson

After declaring this document "An Official Agency Record" it will be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy w/o attach/encl "E" = Copy w/ attach/encl "N" = No copy

OFFICE	DNMS/RI	N	DNMS/RI				
NAME	T.Jackson/tjj*		BWelling <i>BW</i>				
DATE	1/18/17		1/26/17				

*see previous concurrence

Administrator, Region I and (2) the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter 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 document system (ADAMS), accessible from the NRC 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 available to the Public without redaction.

Current NRC regulations and guidance are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Med, Ind, & Academic Uses**; then **Regulations, Guidance and Communications**. The current Enforcement Policy is included on the NRC's website at www.nrc.gov; select **About NRC, Organizations & Functions; Office of Enforcement; Enforcement documents**; then **Enforcement Policy (Under 'Related Information')**. You may also obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-866-512-1800. The GPO is open from 8:00 a.m. to 5:30 p.m. EST, Monday through Friday (except Federal holidays).

The NRC's Safety Culture Policy Statement became effective in June 2011. While a policy statement and not a regulation, it sets forth the agency's *expectations* for individuals and organizations to establish and maintain a positive safety culture. You can access the policy statement and supporting material that may benefit your organization on NRC's safety culture Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/safety-culture.html>. We strongly encourage you to review this material and adapt it to your particular needs in order to develop and maintain a positive safety culture as you engage in NRC-regulated activities.

Please contact Todd Jackson at 610-337-5308 if you have any questions regarding this matter.

Sincerely,

Blake D. Welling, Chief
Commercial, Industrial, R&D
and Academic Branch
Division of Nuclear Materials Safety

Enclosure:
Notice of Violation

cc w/Encl: Amanda Marcks, RSO

← Bruce

DOCUMENT NAME: G:\WordDocs\Current\Insp Letter\L47-24837-01.2016001.docx

SUNSI Review Complete: TJackson

After declaring this document "An Official Agency Record" it will be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy w/o attach/encl "E" = Copy w/ attach/encl "N" = No copy

OFFICE	DNMS/RI	N	DNMS/RI				
NAME	TJackson/tjj*		BWelling				
DATE	1/18/17						

*see previous concurrence

last

DOCUMENT NAME: G:\WordDocs\Current\Insp Letter\L47-24837-01.2016001.docx

SUNSI Review Complete: T Jackson

After declaring this document **an Official Agency Record** it **will** be released to the Public.

To receive a copy of this document, indicate in the box: **ACe** = Copy w/o attach/encl **AEe** = Copy w/ attach/encl **ANe** = No copy

OFFICE	DNMS/RI	N	DNMS/RI	DNMS/RI			
NAME	T Jackson		BWelling				
DATE	1/18/17						

OFFICIAL RECORD COPY

NOTICE OF VIOLATION

Clearon Corporation
South Charleston, WV

Docket No. 03029170
License No. 47-24837-01

During an NRC inspection conducted on November 2 and 18, 2016, December 2, 2016, and January 19, 2017, one violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

10 CFR 30.34.(b)(1) requires, in part, that no license issued or granted pursuant to the regulations in this Part and Parts 31 through 36, and 39 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, give its consent in writing.

Contrary to the above, the licensee failed to obtain written consent from the NRC prior to an indirect transfer of control of the license. Specifically, the licensee transferred indirect control of Clearon Corporation on March 1, 2016, through a complete transfer of Clearon stock from Israel Chemicals Ltd (ICL) to Hui Yu Xin American Corporation (Dalian Group) without informing NRC until December 2, 2016. As a result of this failure the NRC was not provided with the opportunity to find that the transfer was in accordance with the provisions of the Atomic Energy Act.

This is a Severity Level IV violation (Enforcement Policy 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 will be achieved is already adequately addressed on the docket. 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," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555 with a copy to the Regional Administrator, Region I, 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 to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001. Under the authority of Section 182 of the Act, 42 U.S.C. 2232, any response which contests an enforcement action shall be submitted under oath or affirmation.

Your response will be placed in the NRC Public Document Room (PDR) and on the NRC Web site. To the extent possible, it should, therefore, not include any personal privacy, proprietary, or safeguards information so that it can be made publically available without redaction. However, if you find it necessary to include such information, you should clearly indicate the specific information that you desire not to be placed in the PDR, and provide the legal basis to support your request for withholding the information from the public.

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

Dated This 26th day of January 2017