



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

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

February 15, 2017

EA-16-281

Mr. James Bell, President
ADCO Services, Inc.
[HOME ADDRESS DELETED
UNDER 10 CFR 2.390(a)]

SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 03007490/2016001(DNMS)
ADCO SERVICES, INC.

Dear Mr. Bell:

On November 21 and 23, 2016, with continued in-office review through December 20, 2016, an inspector from the U.S. Nuclear Regulatory Commission (NRC) conducted a routine inspection at the licensee's previous facility in Tinley Park, Illinois, which is now under new ownership. The purpose of this inspection was to review activities performed under your NRC license to ensure that activities were being performed in accordance with NRC requirements. The in-office review included information that was unavailable during the onsite inspection, including the status of principal activities and the radiation safety officer (RSO). The enclosed inspection report presents the results of this inspection.

During this inspection, the NRC staff examined activities conducted under your license as they relate to public health and safety, compliance with the Commission's rules and regulations, and compliance with the conditions of your license. Within these areas, the inspection consisted of interviews with personnel and touring your previous facility in Tinley Park, Illinois.

Based on the results of this inspection, one apparent violation was identified and is being considered for escalated enforcement action 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 apparent violation concerned the licensee's failure to ensure that the individual who is named as the licensee's RSO in Condition 11.A of NRC Materials License No. 12-11286-01 performed the duties and functions of RSO. Specifically, the individual no longer considered himself in the employ of the licensee, and therefore, no longer considered himself obligated to perform the duties and functions the RSO for the license. Mr. Robert Gattone of my staff attempted to contact you on January 18, 2017, and January 30, 2017, to discuss the circumstances surrounding the apparent violation, the significance of the issue, and the need for lasting and effective corrective actions; however, as of the date of this letter, Mr. Gattone has not received a return telephone call from you on the matter.

Because the NRC has not made a final determination in this matter, a Notice of Violation is not being issued for these inspection findings at this time. Before the NRC makes its enforcement decision, we are requesting your attendance at a pre-decisional enforcement conference (PEC).

Please contact Aaron T. McCraw, Chief of the Materials Inspection Branch at 630 829-9650 or Aaron.McCraw@nrc.gov within 10 days from the date of this letter to schedule the PEC. The PEC should be held within 30 days of the date of this letter. If you do not respond to this request for a PEC or if you choose to forego the PEC, the NRC will proceed with its enforcement decision based on the information in the enclosed inspection report.

The PEC will afford you the opportunity to provide your perspective on the matter and any other information that you believe the NRC should take into consideration before making an enforcement decision. The scheduling of a PEC does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference would be conducted to obtain information to assist the NRC in making an enforcement decision. If a PEC is held, it will be open for public observation. The NRC will issue a press release to announce the time and date of the conference.

The topics discussed during the conference may include information to determine whether a violation occurred, information to determine the significance of a violation, information related to the identification of a violation, and information related to any corrective actions taken or planned. Furthermore, the NRC would also like to specifically discuss how your corrective actions in response to this apparent violation will be more effective than corrective actions for similar previous violations and your future plans for licensed activities in light of your NRC materials license revocation status for failure to pay annual fees. In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions would be considered in assessing any civil penalty for the apparent violations. The guidance in the NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," may be helpful. You can find the Information Notice on the NRC's website at <http://pbadupws.nrc.gov/docs/ML0612/ML061240509.pdf>.

Following the PEC, you will be advised by separate correspondence of the results of our deliberations on this matter. Please be advised that the number and characterization of apparent violations described in the enclosed inspection report may change as a result of further NRC review. No response regarding these apparent violations is required at this time.

In accordance with Title 10 of the *Code of Federal Regulations* (CFR) Section 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter and its enclosure 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's website at <http://www.nrc.gov/reading-rm/adams.html>. If you have any questions concerning this matter, please contact Mr. McCraw at 630-829-9650 or Aaron.McCraw@nrc.gov.

Sincerely,

/RA/

John B. Giessner, Director
Division of Nuclear Materials Safety

Docket No. 030-07490
License No. 12-11286-01

Enclosure:
IR 03007490/2016001(DNMS)

cc w/encl: State of Illinois

J. Bell

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Letter to James Bell from John Giessner dated February 15, 2017

SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 03007490/2016001(DNMS)
ADCO SERVICES, INC.

DISTRIBUTION w/encl:

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DATE	2/13/2017		2/14/2017		2/14/2017		2/15/2017	

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**U.S. NUCLEAR REGULATORY COMMISSION
REGION III**

Docket No. 030-07490

License No. 12-11286-01

Report No. 03007490/2016001(DNMS)

EA No. EA-16-281

Licensee: ADCO Services, Inc.

Facility: Tinley Park, Illinois

Date: November 21 and 23, 2016, with continued in-office review through December 20, 2016

Inspector: Robert G. Gattone, Jr.,
Senior Health Physicist

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

Enclosure

EXECUTIVE SUMMARY

ADCO Services, Inc. NRC Inspection Report 03007490/2016001(DNMS)

This was a routine inspection of ADCO Services, Inc.'s licensed activities in U.S. Nuclear Regulatory Commission (NRC) jurisdiction. The licensee was a service provider company previously located in Tinley Park, Illinois. At the time of the inspection, the licensee's facility was under new ownership. ADCO Services, Inc. was authorized by NRC Materials License No. 12-11286-01 for removal and packaging of industrial gauging devices and possession of leak test analytical samples at temporary jobsites in NRC jurisdiction.

As a result of the inspection, the NRC inspector identified one apparent violation. The apparent violation involved the licensee's failure to appoint a qualified individual to act as the Radiation Safety Officer (RSO) for NRC Materials License No. 12-11286-01, following the departure from the licensee's employ of the individual specifically listed in Condition 11.A. of Amendment No. 40 of the license to fulfill the duties and responsibilities of the RSO. The inspector determined that the root cause of the apparent violation was the licensee's president's misconception that compliance was achieved because he thought that: (1) when ADCO's facility was released for unrestricted use after close-out surveys were done and the Illinois Emergency Management Agency (IEMA) revoked ADCO's IEMA license, he did not need to worry about the NRC license at that point; and (2) he did not "release" the RSO from being the RSO. As such, the principal disputed the apparent violation and had not implemented corrective action to prevent recurrence at the time of publication of this inspection report.

REPORT DETAILS

1 Program Overview

ADCO Services, Inc. was authorized under NRC Materials License No. 12-11286-01 for use of radioactive materials at customers' facilities incident to removal and packaging of industrial gauging devices and for possession of leak test analytical samples. The licensee was located in Illinois, an Agreement State, but the licensee maintained an NRC license to perform authorized services anywhere in the United States where the NRC maintains jurisdiction for regulating the use of radioactive materials. There were two authorized users listed on the ADCO Services, Inc. license: the RSO and the president of ADCO Services, Inc. At the time of the onsite inspection, the licensee had an application for license renewal; however, on December 24, 2016, the NRC issued an "Order Revoking License Within 20 Days Based on Non-Payment of License Fees". NRC revoked ADCO Services, Inc.'s license on January 19, 2017.

The last NRC inspection was conducted on April 5, 2013, and it resulted in a Severity Level III violation for failure to appoint a qualified individual to act as the RSO for NRC Materials License No. 12-11286-01, following the departure of the individual specifically listed as RSO in Condition 11.A. of the license.

The previous NRC inspection on May 20, 2011, resulted in a cited Severity Level IV violation involving the licensee's failure to have its NRC license amended to include the name of the new, qualified RSO that was appointed in 2009, after the previous RSO identified in Condition 11.A. of the license left the company.

2 Radiation Protection Program

2.1 Inspection Scope

The inspector reviewed the licensee's radiation protection program by touring the accessible exterior areas of the licensee's facility in Tinley Park, Illinois that was now under new ownership. In addition, the inspector interviewed the licensee's president, the individual listed as the RSO on the license, and an attorney representing the company that bought the licensee's previous facility in Tinley Park, Illinois.

2.2 Observations and Findings

On January 31, 2012, ADCO Services, Inc.'s IEMA radioactive materials license for its Tinley Park facility expired and was not renewed. The nonrenewal of the licensee's IEMA license had no direct effect on the authorizations under the licensee's NRC license; however, the licensee's main facility, listed on both the IEMA and NRC licenses, was ultimately decommissioned and released for unrestricted use.

The inspector noted that the licensee's Tinley Park facility had been bought by a new company on April 20, 2016. The inspector observed that exterior doors to the building were locked. The inspector was unable to review any records of licensed activities in NRC jurisdiction, because the president stated that no principal activities had been conducted under the NRC license since about 15 to 20 years ago.

At the time of the onsite inspection, the licensee had an application for license renewal. In addition, the president informed the inspector that he planned to submit a new NRC license application to conduct business from a location in Indiana. As of the publication of this inspection report, the NRC had not received an application for such request.

The president stated that the RSO was the individual named as the licensee's RSO in Condition 11.A of the NRC license. On December 14, 2016, the president stated that he had not spoken to the individual named as the licensee's RSO in Condition 11.A of the NRC license since about 1.5 years ago. Per the inspector's request, the president provided contact information for the individual named as the licensee's RSO in the license, including phone numbers and an address. The inspector used the information provided, but the phone numbers and address were invalid for contacting the individual named as the licensee's RSO in the license.

Subsequently, the president found another phone number for the individual named as the licensee's RSO in the license and he provided it to the inspector who made contact with the individual. The individual stated that he was the licensee's RSO until at least 2 years ago. At about that time, the licensee began issuing paychecks to the RSO that bounced, and the licensee ultimately stopped sending paychecks to the RSO. The RSO called the president about not receiving payments, but the president was unresponsive. As a result, the RSO stopped considering himself as being obligated to perform the duties and functions of the licensee's RSO about 2 years ago, as he was no longer being compensated for his services. The individual confirmed that he had not spoken with the president since about 2 years ago.

Condition 11.A. of Amendment No. 40 of NRC License No. 12-11286-01 names an individual as the RSO for the activities authorized by the license. On or about November 21, 2014, the individual named as the licensee's RSO stopped serving as the RSO because he was not being paid by the licensee. The licensee's failure to appoint a qualified individual to serve as the RSO for the license following the departure of the RSO specifically listed in Condition 11.A. is an apparent violation of Condition 11.A of the license.

The president stated that he disputed the apparent violation because he thought that when ADCO's facility was released for unrestricted use after close-out surveys were done and IEMA revoked ADCO's IEMA license, he did not need to worry about the NRC license at that point. In addition, the president stated that the apparent violation is disputed because the president did not "release" the RSO from being the RSO. As a result, no corrective actions to prevent a similar violation were discussed.

The inspector determined that the root cause of the apparent violation was the president's misconception that compliance was achieved because he thought that: (1) when ADCO's facility was released for unrestricted use after close-out surveys were done and IEMA revoked ADCO's IEMA license, he did not need to worry about the NRC license at that point; and (2) he did not "release" the RSO from being the RSO.

2.3 Conclusions

The inspector identified an apparent violation in which the licensee failed to seek a license amendment to name a new RSO on the license and appoint a qualified individual to serve as the RSO for the license following the departure of the RSO specifically listed in Condition 11.A.

3 **Exit Meeting Summary**

The licensee did not identify any documents or processes reviewed by the inspector as proprietary. A preliminary telephonic exit meeting was conducted on December 20, 2016. The licensee acknowledged the findings presented. The inspector made multiple attempts on January 18, 2017, and January 30, 2017, to contact the licensee to conduct a final exit meeting; however, at the time of publication of this report, the licensee had not returned the inspector's phone calls.

LIST OF INDIVIDUALS CONTACTED

* James Bell, President
Christopher Kolb

* Participated in preliminary exit meeting on December 20, 2016