



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

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

May 30, 2017

EA-16-281

Mr. James Bell, President
ADCO Services, Inc.
7541 Cashew Dr.
Orland Park, IL 60462

SUBJECT: NOTICE OF VIOLATION AND EXERCISE OF ENFORCEMENT DISCRETION;
NRC ROUTINE INSPECTION REPORT NO 03007490/2016001(DNMS) - ADCO
SERVICES INC.

Dear Mr. Bell:

This letter refers to the U.S. Nuclear Regulatory Commission (NRC) inspection conducted on November 21 and 23, 2016, at your previous facility in Tinley Park, Illinois, with continued in-office review through December 20, 2016. The purpose of this inspection was to review activities performed under your NRC license to ensure those activities were being performed in accordance with NRC requirements. During the inspection, an apparent violation of NRC requirements was identified. Details regarding the apparent violation were provided in NRC Inspection Report No. 03007490/2016001(DNMS), dated February 15, 2017. The inspection report can be found in the NRC's Agencywide Documents Access and Management System (ADAMS) at Accession Number ML17046A065. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

In the letter transmitting the inspection report, we provided you with the opportunity to address the apparent violation identified in the report by appearing at a pre-decisional enforcement conference (PEC). On April 20, 2017, the PEC was conducted with you in the Region III office to discuss the apparent violation, its root cause, and your corrective actions. During the PEC, the NRC presented the details regarding the apparent violation of Condition 11.A of your license. During the PEC, you indicated that you did not believe you were in violation of the license, because the individual named on the license was never released by you from his responsibilities. You further indicated that you did not plan to apply for a new license and that you planned to retire.

Based on the information developed during the inspection, as well as the information you provided at the PEC, 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 the subject inspection report. The violation involved the failure to ensure that the individual who is named as the licensee's Radiation Safety Officer (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 or under contract with the licensee, since he had not been paid for nor provided his services for approximately two years. The failure to have a qualified individual to fulfill the

duties and responsibilities of the RSO is a significant regulatory concern because you could have performed services under your NRC license without having an RSO available to ensure that work would be performed safely, in accordance with NRC requirements, and the conditions of your license. The root cause of the violation was your mistaken belief that you were in compliance because you had not released the individual from being the RSO nor requested his name be removed from the license. The NRC has categorized the violation at Severity Level III, in accordance with the Enforcement Policy.

Because your facility has been the subject of an escalated enforcement action¹ with the last two inspections, the NRC considered whether credit was warranted for *Identification* and *Corrective Actions* in accordance with the civil penalty assessment process in Section 2.3.4 of the Enforcement Policy. Credit for *Identification* is not warranted because the violation was NRC identified. Credit for *Corrective Action* is not warranted because corrective actions were not implemented since you believed that the individual named as the RSO on the license was still the RSO. In accordance with the NRC Enforcement Policy, a civil penalty, two times the base, in the amount of \$14,000 is considered for a Severity Level III violation with previous escalated enforcement and no credit for *Identification* or *Corrective Actions*.

After consultation with the Director of the Office of Enforcement, the NRC is exercising discretion to not propose a civil penalty in accordance with Section 3.6 of the Enforcement Policy, "Use of Discretion in Determining the Amount of a Civil Penalty" because your license was earlier revoked for non-payment of required fees and has since been terminated. Specifically, on December 9, 2016, the NRC issued you an "Order Revoking License Within 20 Days Based on Nonpayment of License Fees," and then on January 19, 2017, issued "Final Action Order Revoking NRC License No. 12-11286-01" for the failure to pay the fiscal year 2016 annual license fee. During the PEC, you indicated that you do not plan to apply for a new license, do not possess any licensed radioactive material, and plan to retire. Therefore, in accordance with Section III.H. of the "Order Revoking License Within 20 Days Based on Nonpayment of License Fees," dated December 9, 2016, the NRC has determined that the requirements of Title 10 of the *Code of Federal Regulations* (CFR) Section 30.36 have been met and your license has been terminated (copy enclosed). Should you decide to resume operations, you will be required to pay all debts to the NRC and apply for, and be issued, a new license, which also requires payment of an application fee. In addition, if applicable, you may be required to address what actions you would take to ensure that you will maintain a qualified individual to fulfill the duties and responsibilities of the RSO.

The NRC has concluded that information regarding: (1) the reason for the violation; (2) the corrective actions that have been taken and the results achieved; and (3) the date when full compliance was achieved is already adequately addressed on the docket in the subject inspection report and this letter. Therefore, you are not required to respond to this letter unless the description therein 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 enclosures, and your response, if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room and in ADAMS. To the extent possible, your response should not include any personal privacy, proprietary, or

¹On October 30, 2013, the NRC issued a Notice of Violation to ADCO Services, Inc., (ML13309A891) involving the failure to have a radiation safety officer as listed on the NRC license.

safeguards information so that it can be made available to the Public without redaction. The NRC also includes significant enforcement actions on its Web site at <http://www.nrc.gov/reading-rm/doc-collections/enforcement/actions/>.

Sincerely,

/RA/

Cynthia D. Pederson
Regional Administrator

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

Enclosures:

1. Notice of Violation
2. License No. 12-11286-01, Amendment No. 41 (termination)

NOTICE OF VIOLATION

ADCO Services, Inc.
Tinley Park, Illinois

Docket No. 030-07490
License No. 12-11286-01
EA-16-281

During a U.S. Nuclear Regulatory Commission (NRC) inspection conducted on November 21 and 23, 2016, with continued in-office review through December 20, 2016, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

License Condition 11 A. of NRC License No. 12-11286-01, Amendment No. 40, authorized a specifically named individual to fulfill the duties of the Radiation Safety Officer (RSO) for the license.

Contrary to the above, from approximately November 21, 2014, through December 20, 2016, the named individual, specifically authorized by Condition 11.A of the license to fulfill the duties and responsibilities as RSO, did not fulfill the duties and responsibilities as RSO. Specifically, the RSO stopped fulfilling the duties and responsibilities as RSO on, or about, November 21, 2014, and the licensee did not appoint a new individual that was qualified to fulfill the duties and responsibilities of RSO.

This is a Severity Level III 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 Inspection Report No. 03007490/2016001(DNMS) and in the letter transmitting this Notice of Violation (Notice). However, you are required to submit a written statement or explanation pursuant to Title 10 of the *Code of Federal Regulations* (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-16-281" 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.

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's 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>. Therefore, to the extent possible, the response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

Dated this 30th day of May 2017.

Enclosure 2

MATERIALS LICENSE

Licensee 1. ADCO Services, Inc. 2. 17650 Duvan Drive Tinley Park, IL 60477	3. License number: 12-11286-01
	4. Expiration Date not applicable
	5. Docket No.: 030-07490 Reference No.:

In accordance with Order Revoking NRC License No. 12-11286-01 Within 20 days Based on Nonpayment of License Fees dated December 9, 2016 (Item III.H.)(ML16343A119), Final Action Order Revoking NRC License No. 12-11286-01 dated January 19, 2017 (ML17018A361), and the provisions of 10 CFR 30.36 (k), NRC License No. 12-11286-01 is hereby terminated.

Date: MAY 12 2017

FOR THE U.S. NUCLEAR REGULATORY COMMISSION

By: Patricia J. Pelke
Region III

Letter to Mr. James Bell from Ms. Cynthia D. Pederson dated May 30, 2017

SUBJECT: ADCO SERVICES INC. - NOTICE OF VIOLATION; NRC ROUTINE INSPECTION REPORT NO 03007490/2016001(DNMS)

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² 2 OE concurrence provided via e-mail from Leelavathi Sreenivas on May 30, 2017