



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

February 14, 2018

EA-18-014

Mr. Todd Treado  
President, Beverly Microwave Division  
Communications & Power Industries LLC  
150 Sohier Road  
Beverly, MA 01915

SUBJECT: U.S. NUCLEAR REGULATORY COMMISSION RECORDS INSPECTION AND  
NOTICE OF VIOLATION – THE BEVERLY MICROWAVE DIVISION OF  
COMMUNICATIONS & POWER INDUSTRIES LLC

Dear Mr. Treado:

This is in reference to your letter dated July 6, 2017, Agencywide Documents Access and Management System (ADAMS) Accession No. ML17198A382, informing the U.S. Nuclear Regulatory Commission (NRC) that ownership of all activities under NRC License 20-02237-02E would be transferred within a month from Communications & Power Industries LLC's indirect parent company to CPI Holdings, Inc., which is a controlled affiliate of Odyssey Investment Partners LLC.

Based on this letter, the NRC staff conducted a records inspection. The purpose of the records inspection was to review activities performed under your NRC license to ensure that activities were being performed in accordance with NRC requirements. The NRC records inspection identified that the transfer occurred on July 26, 2017, prior to you receiving NRC approval of the transfer on October 17, 2017. On January 31, 2018, a telephonic exit meeting was held between you and Ms. Samantha Crane.

Based on the results of this inspection, the NRC has determined that a Severity Level IV violation of NRC requirements occurred. The violation was evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The violation concerned the failure to receive the NRC's consent in writing prior to transferring control of your NRC license to CPI Holdings, Inc., which is a controlled affiliate of Odyssey Investment Partners LLC, as required by Title 10 of the *Code of Federal Regulations* (10 CFR) 30.34(b). The violation is cited in the enclosed Notice of Violation (Notice).

The root cause of the violation was your lack of awareness of the requirement to receive the NRC's consent prior to a change of ownership. You notified the NRC of the change of ownership prior to the transfer date, but completed the transfer prior to receiving NRC written approval. On August 14, 2017, you provided confirmation to the NRC that the change of ownership had occurred on July 26, 2017. On October 17, 2017, the NRC issued a license amendment documenting the change of ownership, therefore, no further action is required. As such, you are now in compliance with the NRC requirements.

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 Public Document Room or from the NRC 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.

Sincerely,

*/RA/*

Kevin Williams, Deputy Director  
Division of Materials Safety, Security, State  
and Tribal Programs  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 03004621  
License No.: 20-02237-03E

Enclosures:

1. Basis of Violation
2. Notice of Violation

cc: Commonwealth of Massachusetts

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**ML18019B197**

OFC	NMSS/MSST	NMSS/MSST/BC	NMSS EC	NMSS/MSST
NAME	RStruckmeyer	SCrane	MBurgess	KWilliams
DATE	1/23/18	1/31/18	1/31/18	2/14/18

**OFFICIAL RECORD COPY**

## **Basis of Violation**

Title 10 of the *Code of Federal Regulations* 30.34(b), states that no license issued or granted pursuant to the regulations in Parts 30 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, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing.

The Beverly Microwave Division of Communications & Power Industries LLC submitted a letter dated July 6, 2017 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML17198A382), informing the U.S. Nuclear Regulatory Commission (NRC) that ownership of all activities under NRC License 20-02237-02E would be transferred within a month from Communications & Power Industries LLC's indirect parent company to CPI Holdings, Inc., which is a controlled affiliate of Odyssey Investment Partners LLC.

An e-mail dated August 14, 2017, from Mr. Todd Treado, President, ADAMS Accession No. ML17256A980, stated that the transaction took place on July 26, 2017.

Based on the letter and e-mail, NRC staff conducted a records inspection. The purpose of the records inspection was to review activities performed under the NRC license to ensure that activities were being performed in accordance with NRC requirements.

The NRC identified that the licensee transferred control prior to the licensee receiving approval from NRC for the transfer. Although the licensee submitted the transfer request prior to the transfer occurring, the licensee did not wait until receiving NRC before completing the transfer.

## NOTICE OF VIOLATION

Beverly Microwave Division,  
Communications & Power  
Industries LLC  
Beverly, MA

Docket No. 03004621  
License No. 20-02237-03E

During a U.S. Nuclear Regulatory Commission (NRC) records inspection conducted on August 14, 2017, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

Title 10 of the Code of Federal Regulations (10 CFR) 30.34(b), states that no license issued or granted pursuant to the regulations in Parts 30 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, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing.

Contrary to the above, on July 26, 2017, the licensee failed to receive consent in writing from the NRC prior to transferring control of its license to another company. Specifically, NRC License No. 20-02237-03E, issued pursuant to 10 CFR Part 32, was transferred to the ownership of CPI Holdings, Inc., which is a controlled affiliate of Odyssey Investment Partners, LLC, without prior written approval of the transfer.

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 the 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, EA-18-014," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to the Director MSST, within 30 days of the date of the letter transmitting this Notice.

If you choose to respond, your response 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, accessible from the NRC Web site 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.

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

Dated this 14th day of February 2018.