

**SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE
NUMBER 52-23044-01, HOSPITAL HERMANOS MELENDEZ, INC.**

DATE: August 23, 2019

DOCKET NO.: 030-20209

LICENSE NO.: 52-23044-01

LICENSEE: Hospital Hermanos Meléndez, Inc.
P.O. Box 306
Bayamón, Puerto Rico 00960

TECHNICAL REVIEWER: Tara Weidner, Senior Health Physicist

SUMMARY AND CONCLUSIONS

Hospital Hermanos Meléndez, Inc., is authorized by NRC License No. 52-23044-01 for the possession and use of byproduct material under 10 CFR 35.100, 35.200, and 35.300. By letter dated February 9, 2019 (Agency Documents Access and Management System (ADAMS) Accession No. ML19063B415), Hospital Hermanos Meléndez, Inc., informed the U.S. Nuclear Regulatory Commission (NRC) that all of its shares of common stock had been acquired by Bayamón Medical Center, LLC, a Puerto Rico limited liability company. Following the acquisition, Bayamón Medical Center, LLC, merged with and into Hospital Hermanos Meléndez, Inc., with Hospital Hermanos Meléndez, Inc., being the surviving entity. The legal name was changed to Bayamon Medical Center Corp. The owner of all of the issued and outstanding shares of common stock of Bayamón Medical Center Corp. is BMHC, LLC, a Puerto Rico limited liability company. The majority owner of BMHC, LLC, is Quiros Investment Holdings, LLC. Bayamón Medical Center, LLC, and Hospital Hermanos Meléndez, Inc., completed this transaction without first requesting and obtaining the NRC's prior written approval as required by Section 30.34(b) of Title 10 of the *Code of Federal Regulations* (10 CFR) and section 184 of the Atomic Energy Act of 1954, as amended.

The NRC staff treated the February 9, 2019 notification as a request for NRC consent to the direct transfer of NRC License No. 52-23044-01 and initiated a review. The request for consent was reviewed by NRC staff for a direct change in control of a 10 CFR Part 30 license using the guidance in NUREG 1556, Volume 15, Revision 1, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated June 2016 (ADAMS Accession No. ML16181A003). The NRC staff finds that the information submitted by Hospital Hermanos Meléndez, Inc., in the letter received February 9, 2019, and additional information submitted July 11, 2019, sufficiently describes and documents the transaction and commitments made by Bayamón Medical Center Corp. and Hospital Hermanos Meléndez, Inc.

As required by 10 CFR 30.34 and section 184 of the Atomic Energy Act of 1954, as amended (the Act), the NRC staff has reviewed the application and finds that, other than a failure to obtain the NRC's prior written approval of the direct transfer of control, the proposed change in control is in accordance with the Act. The NRC staff finds that, after the change of control, Bayamón Medical Center Corp. will be qualified to use byproduct material for the purpose requested and

will have the equipment, facilities, and procedures needed to protect public health and safety and promote the common defense and security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the licensee's NRC docket file, Hospital Hermanos Meléndez, Inc., has been an NRC licensee since November 29, 1984. The NRC conducted an inspection of Hospital Hermanos Meléndez, Inc., on June 25, 2018, and no violations were identified during this inspection. As stated in commitments submitted to the NRC, Bayamón Medical Center Corp.:

- A. will not change the radiation safety officer listed in the NRC license;
- B. will not change the personnel involved in licensed activities other than the addition of two authorized users;
- 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;
- E. will change the organization's name listed in the NRC license to Bayamón Medical Center Corp.; and
- F. will keep required surveillance records and decommissioning records.

The indirect majority owner of Bayamón Medical Center Corp. is Quiros Investment Holdings, LLC, which is an indirect majority owner of Dorado Health. Dorado Health is the owner of Manatí Medical Center Hospital (NRC License No. 52-24916-01). A pre-licensing visit was not required because Bayamón Medical Center, Corp., is considered a known entity, following the guidance provided by the NRC's Nuclear Material Safety and Safeguards "Checklist to Provide a Basis for Confidence that Radioactive Materials Will be Used as Specified on the Application," January 29, 2019 revision. 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.

Bayamón Medical Center Corp., formerly Hospital Hermanos Meléndez, Inc., is not required to have decommissioning financial assurance based on the types and amount of material authorized in License No. 52-23044-01, as outlined by 10 CFR 30.35.

REGULATORY FRAMEWORK

Section 184 of the Atomic Energy Act of 1954, as amended, prohibits the transfer of control of any license unless the Commission finds that the transfer is in accordance with the Act and consents to the transfer in writing.

Hospital Hermanos Meléndez, Inc.'s License No. 52-23044-01 was issued under 10 CFR Part 30, Rules of General Applicability to Domestic Licensing of Byproduct Material.

10 CFR 30.34(b)(1) states: "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, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing."

As previously indicated, the staff evaluation is based on guidance in NUREG-1556, Volume 15, Revision 1. As discussed in NUREG-1556, Volume 15, Revision 1, NRC is generally using the term "change of control" rather than the statutory term "transfer" to describe the variety of events that could require prior notification and written consent of the NRC. The central issue is whether the authority over the license has changed. Hospital Hermanos Meléndez, Inc.'s request for consent describes a direct change of control resulting from a planned sale between Hospital Hermanos Meléndez, Inc., and BMHC, LLC, and, as such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

Following the transaction, Bayamón Medical Center Corp. will be the licensee and control all licensed activities under Materials License No. 52-23044-01. With the exception of Bayamón Medical Center, LLC, (now renamed Bayamón Medical Center Corp.) and Hospital Hermanos Meléndez, Inc.'s failure to request and obtain the NRC's prior written approval of the license transfer, 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 Appendix F of NUREG-1556, Volume 15, Revision 1.

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

The NRC staff finds that the information submitted by Hospital Hermanos Meléndez, Inc., sufficiently describes and documents the commitments made by Bayamón Medical Center Corp. and Hospital Hermanos Meléndez, Inc., and is consistent with the guidance in NUREG-1556, Volume 15, Revision 1.

ENVIRONMENTAL REVIEW

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

CONCLUSION

The NRC staff has reviewed the request for consent submitted by both parties with regard to a direct change of control of byproduct materials license No. 52-23044-01 pursuant to 10 CFR 30.34(b). The NRC consents to the proposed direct change of control.

The submitted information sufficiently describes the transaction, documents the transferee's understanding of the license and commitments, demonstrates that personnel have the experience and training to properly implement and maintain the license, and confirms that the licensee will maintain the existing records. The submitted information also demonstrates that the licensee will abide by all existing commitments to the license, consistent with NRC regulations and the guidance in NUREG-1556, Volume 15, Revision 1.

Therefore, the NRC staff concludes that the proposed change in control would not alter the previous findings, made under 10 CFR Part 30, that licensed operations will not be inimical to the common defense and security or to the health and safety of the public.