

APPENDIX A

NOTICE OF VIOLATION

David Witherspoon, Inc.

License No. SNM-952

As a result of the investigation conducted on March 9-10, 1981, and in accordance with the Interim Enforcement Policy, 45 FR 66754 (October 7, 1980), the following violations were identified.

- A. 10 CFR 70.42 requires in part, that no licensee shall transfer special nuclear material except to persons authorized to receive such special nuclear material under terms of a specific license.

Contrary to the above, the requirement to transfer special nuclear material only to persons licensed to receive it was not met in that a statement provided by a previous company officer indicates that during 1969 or 1970 David Witherspoon, Inc. transferred approximately 200,000 pounds of scrap metal containing 1760 grams of special nuclear material to Knoxville Iron Company, who was not licensed to receive such material.

This is a Severity Level V Violation (Supplement VII.)

- B. 10 CFR 70.54 requires that each licensee who receives or transfers one gram or more of uranium-235 shall complete and distribute Nuclear Material Transaction Report on Form NRC-741. In addition, 10 CFR 70.53(a) requires that each licensee who is authorized to possess more than 350 grams of uranium-235 shall complete and submit Material Status Reports on Form NRC-742. Such reports shall be made as of March 31 and September 30 of each year and shall concern special nuclear material received, produced, possessed, transferred, consumed, disposed of or lost by the licensee.

Contrary to the above, the requirement to complete and distribute Nuclear Material Transaction Report on Form NRC-741 was not met in that no Form NRC-741 was submitted when David Witherspoon, Inc., received 1760 grams of uranium-235 from Babcock and Wilcox in 1968 and 1969 nor were they submitted when David Witherspoon, Inc., transferred 1760 grams of uranium-235 in 1969 or 1970. Additionally, the requirements of 10 CFR 70.53(a) were not met in that signed Form NRC-742s submitted by David Witherspoon, Inc., from 1970 to 1980 indicated that David Witherspoon, Inc. possessed 1760 grams of uranium-235 when, in fact, this material had been transferred by David Witherspoon, Inc., in 1969 or 1970.

This is a Severity Level V Violation (Supplement VII.)

Pursuant to the provisions of 10 CFR 2.201, you are hereby required to submit to this office within twenty-five days of the date of this Notice, a written statement or explanation in reply, including: (1) admission or denial of the alleged violations; (2) the reasons for the violations if admitted; (3) the corrective steps which have been taken and the results achieved; (4) corrective steps which will be taken to avoid further violations; and (5) the date when full compliance will be achieved. Under the authority of Section 182 of the Atomic Energy Act of 1954, as amended, this response shall be submitted under oath or affirmation.

Date: JUN 15 1981