

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA,

Petitioner,

v.

MEREDITH CORPORATION,
Hillside, New Jersey,

Respondent.

DECLARATION OF RAMON CILIMBERG

I, Ramon Cilimberg, do hereby declare that the following is true and correct to the best of my ability under penalty of perjury:

1. I make the following statements from my own personal knowledge or from knowledge received in my official capacity and relied upon by me in the ordinary course of my duties.

2. I am a metallurgical engineer in the Vendor Inspection Branch (VIB), Division of Reactor Inspection and Safeguards, Office of Nuclear Reactor Regulation at the U.S. Nuclear Regulatory Commission ("NRC" or "Commission"). I am responsible for inspections of vendors engaged in manufacturing or supplying fuel, components, and materials for licensed nuclear power plants. In addition, I perform special inspections at reactor sites, licensee corporate offices, and testing laboratories. These inspections require knowledge of records

maintenance, metallurgy, welding, destructive tests and nondestructive examination, i.e., tensile, impact, chemical, ultrasonic, liquid penetration tests.

3. On June 26, 1989, I and two other NRC inspectors arrived at the Meredith Corporation, Pressure Vessel Nuclear (PVN), located at 460 Hillside Avenue, Hillside, New Jersey at 11:00 a.m. to perform an inspection. The other two inspectors were S. M. Matthews and R. N. Moist.

4. We advised Mr. Hamilton Vazquez, Vice President and Quality Assurance (QA) Manager of PVN that this unannounced inspection was being performed in reaction to a May 4, 1989 indictment of PVN, together with Alloy & Carbon Steel, Incorporated (Alloy), also located in Hillside, New Jersey, by the U.S. Department of Justice (DOJ) on behalf of the U.S. Department of Defense.

5. We requested document packages (DPs) covering nuclear orders filled by PVN and Alloy during the periods 1984-1985, 1986-1987, and 1988-1989 to commercial nuclear power plants licensed by the NRC.

6. We specifically requested DPs containing purchase requirements, certified material test reports (CMTRs), and other documents covering material supplied to PVN and Alloy by Bethlehem Steel Corporation, Phoenix Steel Corporation and Levinson Steel Company relevant to commercial nuclear purchase orders.

7. Mr. William Lanza, President of PVN, advised the inspectors to speak by telephone with Mr. Roger Adelman, an

attorney with Kirkpatrick and Lockhart (KL) in Washington, D.C. He stated that KL was representing PVN.

8. Mr. Lanza placed a telephone call to Mr. Adelman, who spoke with me. Mr. Adelman advised me that he would advise his client not to allow the inspection to proceed until he was provided a written document stating the authority and the purpose for the inspection. Accordingly, we left the PVN site because Mr. W. Lanza would not provide access to the DPs.

9. At 3:45 p.m. on June 29, 1989, I again arrived at the Meredith facility with inspectors Matthews and Moist. I again requested access to perform an inspection. At 4:00 p.m. we met with Mr. William H. Lanza, Mr. Hamilton Vazquez, Vice President and QA Manager, and Mr. Peter Gilbreth, an attorney from the Stephen Weinstein law firm in Morristown, N.J.

10. I handed Mr. William Lanza a copy of a June 28, 1989 letter from Mr. William Brach, Chief of the Vendor Inspection Branch, to Mr. Roger Adelman. I informed Mr. Lanza that the NRC team was at PVN to perform an inspection and the letter provided the legal authority and the purpose for the inspection as requested by Mr. Adelman.

11. Mr. Lanza stated that he had been provided a copy of the letter by Mr. Adelman, who had previously visited the PVN site and already departed. Mr. Lanza stated that "there would be no inspection of PVN today" and introduced Mr. Gilbreth, who stated that "arrangements" were being made by Karla Letsche,

another attorney representing PVN, with NRC attorneys to accommodate the NRC inspections.

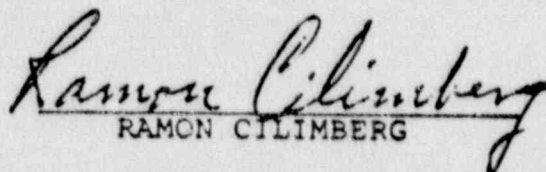
12. I called my supervisors, who had no knowledge of any "arrangements."

13. At the suggestion of Messrs. Lanza and Gilbreth, a conference telephone call was placed to Ms. Letsche. The call included myself and the other NRC inspectors, PVN officials Lanza and Vazquez, my NRC supervisors, NRC attorneys, Ms. Letsche and Mr. Gilbreth.

14. Upon Ms. Letsche's advice, PVN officials refused to allow the NRC inspectors to inspect the premises of PVN.

15. At that point, the conference call was terminated and we left the PVN site.

Further Declarant sayeth naught.


RAMON CILIMBERG

Executed this 10 day of July, 1989

at Rockville, Maryland.

B11

CONVERSATION RECORD		TIME 9:40	DATE 9/1/89
TYPE <input type="checkbox"/> VISIT <input type="checkbox"/> CONFERENCE <input checked="" type="checkbox"/> TELEPHONE		<input checked="" type="checkbox"/> INCOMING <input type="checkbox"/> OUTGOING	
Location of Visit/Conference:			
NAME OF PERSON(S) CONTACTED OR IN CONTACT WITH YOU DEAN LANZA	ORGANIZATION (Office, dept., bureau, etc.) meredith (PVN)	TELEPHONE NO. (201) 964-5300	
SUBJECT PVN Response to 99901129/89-01			
ROUTING			
NAME/SYMBOL		INT	

SUMMARY Dean Lanza returned call that I made (201) 964-5306 FACS To William Lanza re PVN's response to Brad's letter of 7/21/89 transmitting NRC inspection report 99901129/89-01. PVN had requested an extension to Sept. 15, 1989 for answering the report. I advised Dean Lanza that the extension was acceptable to NRC. Dean Lanza requested that I document that acceptance with a FACS. I agreed and terminated the conversation. Stu Magruder witnessed the call.

ACTION REQUIRED

NAME OF PERSON DOCUMENTING CONVERSATION Ray Cilimberg	SIGNATURE R. Cilimberg	DATE 9/1/89
ACTION TAKEN		

SIGNATURE	TITLE	DATE

D11

HEADQUARTERS DAILY REPORT

September 25, 1989

OFFICE OF NUCLEAR REACTOR REGULATION

Associate Director for Special Projects

Comanche Peak

Meredith Corporation and affiliates Pressure Vessel Nuclear (PVN) and ALLOY and Carbon Steel Company, Incorporated, allegedly falsified certifications of materials that was sold to Department of Defense Contractors. The defendants in the pending case allegedly falsely marked and stenciled steel, created false documentation bearing the letterhead of various companies, altered certified material test reports, and prepared false certificates of conformance.

CPSES has purchased steel from Pressure Vessel Nuclear and Meredith Corporation. Further applicant technical evaluation is required to determine the safety significance of this deficiency.

Onsite inspectors will followup per MC 2512.

OFFICE OF ENFORCEMENT

Significant Enforcement Action

LICENSEE/FACILITY	AMOUNT	NOTIFICATION/SUBJECT
Tennessee Valley Authority (Sequoyah)	\$87,500	A Notice of Violation and Proposed Imposition of Civil Penalty was issued on September 22, 1989. The action was based on three examples of failure to implement or adhere to safety review program requirements. (EN 89-88)
U.S. Testing Co., Inc. Modesto, California	\$280,000	A Notice of Violation and Proposed Imposition was issued on September 22, 1989. The action was based on numerous violations which demonstrated, at a minimum, careless disregard for radiation safety and a serious breakdown in management oversight and control. (EN 89-92)

Inf
cc. Brack
Baker
Cowan
Cutler
Hann