



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

MAY 11 1982

MEMORANDUM FOR: R. F. Warnick, Director, Investigation and Enforcement Staff

THRU: *WDL* W. S. Little, Chief, Engineering Inspection Branch

FROM: W. D. Shafer, Chief, Management Programs Section

SUBJECT: ZACK COMPANY ALLEGATIONS

On May 3, 1982, at 1:05 p.m., I was notified by the RIII Telephone Operator that a person wishing to make an allegation was in the lobby. I stated that I would take care of it and proceeded to the lobby where I met Mr. Albert (Terry) Howard who stated he had previously been with the Zack Company who dealt with heating, ventilation, and air conditioning. We proceeded to my office where I was joined by Mr. C. Williams and Mr. J. Peschel.

Mr. Howard began to explain what his problems were. With some encouragement he stated that he was recently informed (April 30, 1981) by Zack that his services were no longer required. Prior to this, Mr. Howard was the Supervisor of Documentation for this organization in their Cicero, Illinois office.

He stated that approximately three weeks ago he had notified Consumers Power Company (a Mr. Leonard), by telephone, of certain problems that had occurred with the quality records relating to the Midland Nuclear Plant. He presented a document identifying three allegations:

1. Potential tampering with records;
2. QA personnel were being intimidated;
3. Access control of documents.

Mr. Howard then discussed his employment at the Zack Company. He stated that he had started employment on October 19, 1981, and that he was responsible for four other personnel whose main assignment was finding quality records for work accomplished at the Clinton, LaSalle, and Midland sites. Apparently, documents such as Certificates of Conformance for safety-related purchases were not in the quality records. This resulted in a search of "massive" piles of records to find these documents and ensure they were properly stored.

At this time, Mr. Williams invited Mr. J. Foster and Mr. H. Wescott to join our group. We then moved to J. Konklin's office to continue the discussion.

Mr. Howard continued his discussions about what was happening or what he perceived was happening at the Zack Company. At this time, his description was very confusing and certainly disjointed as Mr. Howard jumped from one problem to another (this was probably due also to the questions being asked about the various documents he was showing us).

To the best of my recollection, Mr. Howard identified two major problems:

1. He stated that documents were being removed from the quality record files without following the controls he had imposed on these records. For example, records were to be reviewed at a reference table and not removed from the file room and that copies would be made for documents that were needed overnight. Mr. Howard did not identify anyone in particular who had taken the documents, but did state that documents began to appear in the files that had not previously been there. This was apparently noted because a log was maintained on file entries. The log did not show that entries had been made for these documents; also, Mr. Howard did not identify any documents in particular that were placed in the file in this manner.

In addition, he stated that records in the file showed indications of tampering - such as signature whiteout.

2. Mr. Howard stated that a Mr. R. Perry, a Zack QA representative was also concerned with the quality of records and had reported this to his management. For this effort, Mr. Howard stated that this person was verbally threatened (the shaking of a finger in his face) and told it was not his concern.

Further discussions regarding the allegations Mr. Howard made to the Consumers Power Company (CPCo) organization revealed that an investigation was made by CPCo with three CPCo representatives. A review of approximately 50 documents was made during this investigation. No results were identified by Mr. Howard.

The final area or problem discussed by Mr. Howard was that a Corrective Action Report (CAR) #20 was written on his department regarding the lack of training on quality record keeping. His response to the CAR was apparently not accepted by management and he was sent what appeared to be at least a severe reprimand. (This was one of the documents presented.)

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As stated previously, Mr. Howard's statements were rather disjointed and it was difficult to determine exactly what all of his concerns were, let alone relaying the exact sequence in which issues were discussed; I would like to list some of the things he said:

1. He felt records were being tampered with but could not prove it.
2. Stated he knew of 9 purchase orders that had changes made to the original records - the original record indicated that material was to be returned to the vendor and then later (after the material was used) the return to vendor statement was cancelled.
3. Stated the QA representative previously threatened had been released without cause.
4. Stated that his clerk had been intimidated until she quit.
5. Stated he had additional records at home and would bring them in.
6. Stated he had been denied a raise in salary even though recommended on paper.

At the end of the interview/interrogation, Mr. Foster gave Mr. Howard his personal card and stated that Mr. Howard should get in touch with him if he had any further questions and he would do likewise. It is my understanding that further investigation of Mr. Howard's statements will be implemented, if deemed appropriate by management.

Should you have any questions regarding this memo, please do not hesitate to contact me.

W.D. Shafer
W. D. Shafer, Chief
Management Programs Section

cc: C. Williams
J. Peschel
H. Wescott
J. Foster