

MAR 04 1994

Docket Nos. 030-05260
040-08188
070-00314

License Nos. 29-01442-01
SMC-1181
SNM-296

EA. 94-043

Ledoux & Company
ATTN: Bruce Peterson
Vice President
359 Alfred Avenue
Teaneck, New Jersey 07666

SUBJECT: NRC INSPECTION NOS. 030-05260/93-001, 040-08188/93-001 AND
070-00314/93-001

This refers to the inspection conducted by Eric H. Reber of this office on October 18 and 19, 1993. The inspection included a review of activities authorized by the above referenced NRC licenses for your Teaneck, New Jersey facility. The purpose of the inspection was to determine whether activities authorized by your licenses were conducted safely and in accordance with NRC requirements.

At the conclusion of the inspection, the findings, including your failure to provide the required financial assurance for decommissioning for your facility, were discussed with you. At that time you stated that efforts were ongoing to provide financial assurance. You were informed that enforcement action will be taken against you if you do not provide financial assurance for decommissioning as required by 10 CFR 30.35, 10 CFR 40.36 and 10 CFR 70.25. Based on your commitment to provide the required financial assurance by the end of 1993, no violation was issued and the matter was left as an unresolved issue. This fact was documented in a NRC letter dated November 16, 1993.

A brief history of correspondence regarding this issue follows: In your letter dated October 30, 1990, you stated that you would provide appropriate documentation of your compliance with the financial assurance requirement within the next several weeks. You were contacted on January 13, 1992 by telephone by Steven Shaffer of this office regarding your efforts to provide a suitable financial assurance mechanism. A Demand for Information dated August 18, 1992, concerning this issue, was sent to you. An NRC letter dated October 21, 1992, in response to

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your letter dated September 10, 1992, requested additional information concerning your response to the Demand for Information. To date, you have provided the information required by the Demand except that 1.) the information provided was not "under oath or affirmation" as required by the Demand; 2.) you have not provided the required financial information (i.e. your most recent audited balance sheet showing all assets and liabilities, your most recent audited profit and loss statement, and your federal tax returns for the last three years); and 3.) you have not provided a statement demonstrating why the NRC staff should have confidence that you will be able to fully decontaminate your site by the expiration date of your license. In your letter dated November 5, 1993, you stated that you intended to provide a suitable financial assurance mechanism by January 1, 1994. In a telephone conversation on December 14, 1993 between you and Dr. Mohamed Shanbaky and Eric H. Reber of our staff, you were informed that NRC may take enforcement action in the near future if financial assurance is not provided for your licenses.

As of the date of this letter, you have failed to provide the required financial assurance. Failure to provide suitable financial assurance is a violation of NRC requirements and is being considered for escalated enforcement action in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), 10 CFR 2, Appendix C (copy enclosed).

No Notice of Violation is presently being issued for this inspection finding because appropriate enforcement action will be considered after the Enforcement Conference.

As discussed during a telephone conversation between you and Dr. Mohamed Shanbaky of this office on February 28, 1994, an enforcement conference to discuss this apparent violation has been scheduled for March 15, 1994, at 1:00 p.m. The conference will be held at the NRC Region I Office at 475 Allendale Road, King of Prussia, Pennsylvania. (Directions to Region I are enclosed.) The purposes of this conference are to discuss your failure to provide suitable financial assurance in accordance with 10 CFR 30.35, 40.36 and 70.25; to provide you an opportunity to point out any mitigating or extenuating circumstances that may have contributed to your failure to provide financial assurance; and to provide an opportunity for you to present your completed and proposed corrective actions. In particular, we expect you to address how you will provide an appropriate financial assurance mechanism in accordance with 10 CFR 30.35, 10 CFR 40.36 and 10 CFR 70.25.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room.

No reply to this letter is required. Your cooperation with us in this matter is appreciated.

Sincerely,

Original Signed By:
Charles W. Hehl

Charles W. Hehl, Director
Division of Radiation Safety
and Safeguards

Enclosures:

1. Directions to Region I
2. 10 CFR 2, Appendix C

cc:

Public Document Room (PDR)
Nuclear Safety Information Center (NSIC)
State of New Jersey

bcc:

Region I Docket Room (w/concurrences)
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W. F. Kane, RI
C. J. Paperiello, NMSS
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