



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

DCS

NOV 28 1990

Docket No. 030-17088
License No. 53-19179-01
EA 89-101

C & R Laboratories
ATTN: Mr. Roland Watson
President and Radiation Safety Officer
2248 Aumakua Street
Pearl City, Hawaii 96782

Dear Sir:

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY - \$1500
AND ORDER MODIFYING LICENSE (INVESTIGATION REPORT 5-89-005)

This refers to the investigation conducted by the Region V Office of Investigations (OI:RV) from April 3, 1989 to July 13, 1990 into your conduct of licensed activities on the island of Oahu, Hawaii, including your radiographic operations at the Honolulu Resource Recovery Venture, Hawaii. The investigation uncovered violations of NRC requirements. The preliminary findings of this investigation were discussed with you by Messrs. R. Thomas and A. Johnson of the NRC staff during an Enforcement Conference on May 12, 1989; a report on this Conference was mailed to you on July 7, 1989. The synopsis of the completed investigation (copy enclosed) was also discussed with you during a telephone conference on August 17, 1990.

The findings of the investigation indicate that certain of your activities are in violation of NRC requirements, as specified in the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Notice). The three violations identified, committed by a former part-time employee, include (a) the failure to conduct required radiation surveys of an exposure device on removal of the device from and return to the licensee's mobile laboratory, (b) the willful creation of false records to make it appear that these NRC-required radiation surveys had been performed, and (c) the failure to post "Caution, Radioactive Material" signs on your mobile laboratory van that was used for storing a radiographic exposure device. Although these violations could have been assessed at Severity Level III, in light of the relatively low safety significance of the surveys in question, the violations have been categorized in the aggregate as a Severity Level IV problem. Nevertheless, these violations demonstrate the need to assure proper supervision of part-time or temporary employees.

The staff recognizes that you took immediate corrective action when the NRC identified the violations to you, i.e., you terminated the employment of the responsible employee. However, because an inaccurate record was willfully created, and to emphasize the importance of making proper surveys, creation of accurate records, and proper supervision of part-time and temporary employees, I have been authorized, after consultation with the Commission, to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalty in the amount of \$1,500 for the Severity Level IV problem. The base value of a civil

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penalty for a Severity Level IV problem is \$1,500. The escalation and mitigation factors in the Enforcement Policy were considered. Mitigation for your corrective action was offset by escalation for your prior poor performance based on a civil penalty assessed in 1988 for a survey violation (EA 88-256).

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. Your response should specifically address what actions will be taken to assure that part-time or temporary employees are properly supervised. After reviewing your response to this Notice, and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

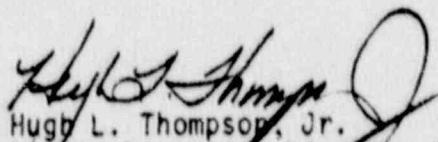
In addition to the enclosed Notice, an Order modifying your license is also enclosed. The Order formalizes your commitment to us that you will not utilize Gary Wood in licensed activities without providing to this office prior, written, specific notice of your intent to do so.

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

The responses directed by this letter and the enclosed Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Pub. L. No. 96-511.

If you have any questions concerning this letter, Notice, and Order, please contact Robert J. Pate at (415) 943-3752.

Sincerely,


Hugh L. Thompson, Jr.
Deputy Executive Director for Nuclear
Materials Safety, Safeguards, and
Operations Support

Enclosures:
Notice of Violation and Proposed
Imposition of Civil Penalty
Order Modifying License
OI:RV Investigation Synopsis