



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

APR 8 1982

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MEMORANDUM FOR: Chairman Palladino
Commissioner Gilinsky
Commissioner Ahearne
Commissioner Roberts

FROM: *CK* Carlton Kammerer, Director
Office of Congressional Affairs

SUBJECT: MARKEY HEARING ON THE NRC INVESTIGATION OF
ALLEGATIONS CONCERNING THE HAYWARD TYLER PUMP COMPANY

On Tuesday, April 6, 1982, the Subcommittee on Oversight and Investigations of the House Interior Committee held a hearing into circumstances surrounding the transmittal of draft inspection/investigation reports to attorneys representing the Hayward Tyler Pump Company. The hearing was chaired by Rep. Edward Markey (D-Mass.). Chairman Palladino, NRC Staff members and Marcus Rowden testified. A complete witness list is attached.

Mr. Markey opened the hearing with a statement critical of the NRC's performance in handling the investigation, stating that the transmittal of draft reports to the company's lawyers "has totally and irreparably compromised the results of this important vendor investigation." A copy of the statement is attached.

Chairman Palladino gave the attached testimony, describing the NRC actions concerning the investigation and inspection and described future actions being considered on the conduct of investigations. In responding to a question from Rep. Markey, Chairman Palladino indicated that the Commission had not found that disciplinary action is needed and added the Commission is currently evaluating the agency's needs and procedures to assure that investigations are properly done. With respect to the staff being influenced by a past Chairman of the agency, Chairman Palladino indicated the NRC staff withstood any influence to make unwarranted changes in the transmittal letter. In discharging Chairman Palladino, Mr. Markey charged that Region IV mishandled the investigation from the very beginning and that it was time to "clean house" at Region IV; that the agency should have a separate Office of Investigations which reports to the Commission; and that the Commission should devise a clear policy for handling investigations.

Mr. Markey then separately called and questioned the individuals listed as the NRC Panel. The questions involved each person's participation in the inspection/investigation and the subsequent meetings with other NRC staff members and with counsel for the vendor.

Marcus Rowden and John Boese, attorneys retained by Indian Head, Inc. (the parent company of Hayward Tyler Pump Company), described their contacts with NRC staff before during and after the Region IV investi-

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gation and inspection at the Hayward Tyler facility. Mr. Rowden charged that Mr. Markey's opening statement was a selective recitation of the facts in the case and tended to divert attention from the very safety issues that Mr. Markey stated were his concern. Mr. Markey responded that Mr. Rowden's testimony was invited to complete the record and that his (Mr. Markey's) problem is the "selective amnesia" of the persons involved in the case. Mr. Rowden did not have an opening statement prepared but asked that his April 5, 1982 letter to the Subcommittee (attached) be inserted in the record.

Mr. Rowden stated that his law firm had been retained to conduct a separate investigation of the allegations, and to serve as a point of contact with the NRC. Thus, his contacts with the NRC were principally to advise the NRC of the separate investigation and its results. Mr. Boese indicated he requested the February 12 meeting at Region IV to discuss the safety significance of his findings and was disappointed to learn that the Region had completed its reports. However, he took the Region IV reports and agreed to conduct a proprietary review. Mr. Rowden indicated that he was concerned that the cover letter to the reports did not reflect the fact that HTPC was under new management and that the report did not discuss the safety significance of the findings. He added that he stated his concerns to Mr. Seyfrit in a February 24 meeting and to Mr. Dircks in a February 25 meeting.

In closing, Mr. Markey indicated his interest in reviewing changes in the NRC's investigative program and assigned responsibilities.

Attachments:

As stated

cc: EDO ✓
OPE
OGC
SECY
OIA
ELD
IE
DEDOGR
REG IV

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

A Hearing focusing on the Irregularities surrounding the NRC's
Investigation of the Hayward-Tyler Pump Company.

Tuesday, April 6, 1982
10:00 a.m.; 1324 LHOB

WITNESS LIST

Dr. Nunzio Palladino, Chairman, U.S. Nuclear Regulatory
Commission.

NRC Panel

John Collins, Regional Administrator, Region IV,
Arlington, Texas.

Karl V. Seyfrit, Deputy Regional Administrator, Region IV,
Dallas, Texas.

Richard K. Herr, Investigator, Enforcement and Investigations
Staff, Region IV, Dallas, Texas.

William Dircks, Executive Director for Operations.

James H. Sniezek, Deputy Director, Enforcement and
Investigations Staff.

James J. Cummings, Director, Office of Inspector and
Auditor.

Panel from the Firm of Fried, Frank, Harris, Shriver and Kampelman

Marcus Rowden, Attorney-at-Law.

John Boese, Attorney-at-Law.

Jay R. Kraemer, Attorney-at-Law.