



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

October 20, 1983

MEMORANDUM FOR: Ben B. Hayes, Director  
Office of Investigations  
*Roger A. Fortuna*  
FROM: Roger A. Fortuna, Deputy Director  
Office of Investigations  
SUBJECT: TELECONS WITH DENNIS SAUNDERS

As you know, I received a telephone call from you on September 27, 1983, at approximately 9:10 p.m. at my home. You advised that Mr. Saunders had made a telephone call that evening to Chairman Palladino's residence and he had spoken to Mrs. Palladino. You requested that I contact Mr. Saunders promptly in order to elicit his concerns/requests. I placed a call to Mr. Saunders at 9:32 p.m. on 301/565-3955. An answering machine responded to my call. I immediately redialed and got the prerecorded message again. Approximately five minutes later, I redialed and an individual identifying himself as Dennis Saunders spoke with me for about five to ten minutes. In my opinion, Mr. Saunders seemed at first to be half asleep. I repeated my name several times and identified my organization. When I mentioned my supervisor's name (Ben Hayes), he advised he remembered me and my boss "Ben Casey." Mr. Saunders immediately began to shout, demanded a meeting with the Chairman and then rumbled incoherently. His conversation was peppered with profanities. After about two minutes, I raised my voice and told Mr. Saunders to calm down and try to express himself more clearly. Saunders calmed down somewhat for a minute or so and in that time said he had talked to some big shots at NRC like Vic Stello, Thomas Edison (later identified by Saunders with my help as possibly Edson Case) and others. Mr. Saunders again became incoherent. I finally had to shout over his shouting and said, "Look Dennis, have you been drinking?" Mr. Saunders advised that I call him in the morning and hung up.

On the morning of September 28 and throughout the day, I called or was called by Mr. Saunders several times. Mr. Saunders was much more composed on the 28th. His and my morning calls revolved around his insistence on meeting with the Chairman, Victor Stello, and James Keppler regarding matters that Stello and Keppler were "aware of." Although Mr. Saunders was much more composed, he continued to be surly, short-tempered, and out of focus. In the first two conversations, he expressed anger and frustration over having to talk with me rather than the three above named individuals. He expressed dissatisfaction principally with myself and Messrs. Foster (former OI employee) and Weil (OI:RIII). Mr. Saunders believed that OI should have acted upon his concerns more promptly and thoroughly. I advised Mr. Saunders that Foster and Weil had been dispatched to his former residence in order to totally debrief him last fall. I also advised that he had been extended invitational travel orders to come to Region III for a further debrief. Mr. Saunders said that Foster was "worthless" and Weil might have some hope but that they really wasted his time.

8406050033 840517  
PDR FOIA  
RICE84-96 PDR

Mr. Saunders advised in our second conversation that he is presently residing at 302 East Indian Spring Drive, Silver Spring, Maryland 20901.

I told Mr. Saunders that the Chairman would not meet with him and further that I had personally advised Mr. Stello (I did not contact Mr. Keppler) that only I or an OI staff member should speak with Saunders. Mr. Saunders was upset by this comment. During this conversation, I told Mr. Saunders to form his concerns, be specific and then I could analyze them to see if they fell under OI jurisdiction. I explained OI's investigative jurisdiction as well as the role of the Region, IE, and OIA. I stated that I could get his concerns down and place them with the proper NRC component(s). In order to pin Mr. Saunders down, I repeatedly asked for his concerns. He finally stated that they were all contained in an eight page memorandum that OI had in its possession. I advised Mr. Saunders I would locate a copy and call back in half an hour. I was wrapping up another telephone conversation at the half hour point and consequently was a few minutes late for Mr. Saunders. Before I could reach Saunders, he called at the 37 minute point and chastised me for my tardiness. I apologized and began to review his eight page statement (attached) with him. Mr. Saunders repeatedly interrupted and finally said in essence, "Do I have to draw you pictures?" I advised that perhaps it might be helpful since I was having trouble following him. Mr. Saunders advised me to call back later when I had read his statement more thoroughly. On our next call, Mr. Saunders read two passages of his statement which he felt were related to OI's "wrongdoing" mission (see underscored paragraphs). I attempted to draw Mr. Saunders out on the two referenced items since they appeared to me to be opaque at best. Finally, in my opinion, Mr. Saunders was convinced that his eight page statement regarding "wrongdoing" was not specific enough. He then advised that I should take notes and he would lay out his concerns in more detail. They follow:

1. Mr. Saunders has a tape from about two years ago wherein Mr. Keppler in a conversation with Saunders said, "Consumers Power was beyond help." Saunders felt that this was in contradiction with what Keppler had told Udall on June 16, 1983 and consequently Keppler was a liar. He later softened this statement and said that Keppler was at the least inconsistent.
2. Region III was not regulating and Keppler knew or should know this if he is a good manager (this was in reference to Midland). Mr. Saunders felt Keppler was in Region III long enough to be aware of all the Midland problems.
3. Mr. Saunders referenced an "independent third party verification program" being conducted at Midland and advised it was "pathetic" since nine people from Stone and Webster involved in this effort were reporting to a Mr. Miller. Mr. Saunders stated Miller was the head of construction at Midland. Mr. Saunders advised there could be no independence since "the fox was watching the chicken house."

October 20, 1983

Finally, Saunders advised he was not really an allegor but wanted to help the NRC clean up Midland. He said it could be accomplished in a sit down with Chairman Palladino. He said he would tell Palladino that Keppler was doing a poor job (Stello was trying but since Keppler reported to DeYoung, there wasn't anything Stello could really do) and once Palladino knew this, Keppler would tell the Chairman who was at fault in Region III or be relieved.

At about this point I believed that the tape had run out on Mr. Saunders recorder and so advised him. I suspected he was taping since he had on several occasions tried to lead me into making derogatory remarks about the NRC and individual NRC employees. After a moment of silence, Mr. Saunders admitted he had been taping.\* I asked if he would provide me a copy of the tape since he had requested I give him a copy of a memorandum I said I would draft regarding his concerns/allegations. Mr. Saunders declined to provide me with a copy of the tape. I also asked that he provide me with a copy of all tapes he had made of conversations with other NRC personnel. Mr. Saunders declined. I finally asked if he was going to destroy all his tapes. He did not answer. I advised Mr. Saunders in closing that OI would provide a recounting in writing of his concerns to Messers. Keppler, Stello, and the Chairman for review and action as deemed appropriate. Upon final questioning, I said I did not speak for Stello or Keppler and, consequently, Saunders would be free to attempt to set up a meeting with them.

\*(Nonconsensual tape recording [consent by all parties] is a criminal violation in the state of Maryland.)

bcc: Chairman Palladino  
Commissioner Asselstine  
V. Stello, DEDO  
J. Keppler, RA, RIII

Distribution:

OI s/f 3-82-051 Info  
FAC 1/Midland  
✓ OI c/f  
Pending  
5/198306/CC

Office : OI  
Surname: R.Fortuna:dl  
Date : 10/20/83