

7 PAGE FAX TO

ERNE WILSON, USNRC, REG 1
 OFFICE OF INVESTIGATION
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FROM ARNIE GUNDERSEN

(I CAN BE REACHED AT
 DRESDEN STATION
 815-942-2920 x 2682
 EO ZEUS'S PHONE)

IF YOU HAVE QUESTIONS

AS A RESULT OF JIM DWYER'S
 INSPECTION, IT IS OBVIOUS THAT
 NES MISSTATED THE CONDITION
 OF ITS NRC LICENSE.

ATTACHED IS BACKUP.

Arnie
 6/17/92

F/59

Release

Documentation to **ERNIE WILSON**
of materially false statements by
Nuclear Energy Services Penn Central Corporation (NES/PCC)
regarding former NES/PCC employee and senior vice president
Arnold Gundersen

Arnold Gundersen was wrongfully discharged by the Nuclear Energy Services Division of Penn Central Corporation (NES/PCC) on May 21, 1990 after three weeks of harassment and intimidation for bringing forth nuclear safety concerns and violations. Mr. Gundersen filed a complaint for wrongful discharge with the DOL as a nuclear whistleblower on June 12, 1990 and was assigned case #1-0280090-045, file #90-107-05886.

The following report is documentation of the materially false statements made by NES/PCC during June 1990 to DOL inspector Judith McFarren in which NES/PCC maintained there were no nuclear violations. A technical reinspection report issued by the Nuclear Regulatory Commission (NRC) June 12, 1992 shows not only seven violations, but other issues pertaining to this case and others are being investigated by the NRC's Inspector General and Office of Investigations.

Materially false statement #1

DOL Report from William Manion, President NES/PCC

On the front of page 1 of William Manion's testimony to the DOL, Mr. Manion said, "The radio-nuclide storage event resulted in Mr. Gundersen's removal from the Radiation Safety Committee because of his actions in handling the event"

This is a materially false statement. Upon discovering radioactive material, Mr. Gundersen immediately sought the advice and assistance of the NES/PCC Radiation Safety Officer (RSO). Mr. Gundersen discovered NES/PCC was in violation of its license by not having an RSO. This illegal action on the part of NES/PCC obstructed Mr. Gundersen's actions to properly handle this event.

Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC did not have an RSO for a 10 month period.

Mr. Manion was aware of the license violations at the time he made his statement to the DOL.

Materially False Statement #2

On the back of page 4, of William Manion's testimony to the DOL, Mr. Manion said, "Mr. Gundersen proceeded to notify no one."

This is a materially false statement. Upon discovering radioactive material, Mr. Gundersen immediately sought the advice and assistance of the NES/PCC Radiation Safety Officer (RSO). Mr. Gundersen discovered NES/PCC was in violation of its license by not having an RSO. This illegal action on the part of NES/PCC obstructed Mr. Gundersen's actions to properly handle this event.

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Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC did not have an RSO for a 10 month period.

Mr. Manion was aware of the license violations at the time he made his statement to the DOL.

Materially False Statement #3

On the back of page 5 of William Manion's testimony to the DOL, Mr. Manion said, "What puzzled me was the delay in Gundersen's reporting of the situation I couldn't understand lack of action...."

This is a materially false statement. Upon discovering radioactive material, Mr. Gundersen immediately sought the advice and assistance of the NES/PCC Radiation Safety Officer (RSO). Mr. Gundersen discovered NES/PCC was in violation of its license by not having an RSO. This illegal action on the part of NES/PCC obstructed Mr. Gundersen's actions to properly handle this event.

Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC did not have an RSO for a 10 month period.

Mr. Manion was aware of the license violations at the time he made his statement to the DOL.

Materially False Statement #4

On the back of page 6 of William Manion's testimony to the DOL, Mr. Manion said, "We as members of the Radiation Safety Committee, must set the example for proper radiation safety procedures. His [Mr. Gundersen's] actions were the opposite."

This is a materially false statement. Upon discovering radioactive material, Mr. Gundersen immediately sought the advice and assistance of the NES/PCC Radiation Safety Officer (RSO). Mr. Gundersen discovered NES/PCC was in violation of its license by not having an RSO. This illegal action on the part of NES/PCC obstructed Mr. Gundersen's actions to properly handle this event.

Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC did not have an RSO for a 10 month period.

Mr. Manion was aware of the license violations at the time he made his statement to the DOL.

DOL Documentation, Gundersen, case #1-0280090-045, file #90-107-05886

page 3

Materially False Statement #5

On the front of page 8 of William Manion's testimony to the DOL, Mr. Manion said, "Gundersen only attempted to contact Dr. Ryan of the Radiation Safety Committee."

This is a materially false statement. Upon discovering radioactive material, Mr. Gundersen immediately sought the advice and assistance of the NES/PCC Radiation Safety Officer (RSO). Mr. Gundersen discovered NES/PCC was in violation of its license by not having an RSO. This illegal action on the part of NES/PCC obstructed Mr. Gundersen's actions to properly handle this event.

Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC did not have an RSO for a 10 month period.

Mr. Manion was aware of the license violations at the time he made his statement to the DOL.

Materially False Statement #6

On the back of page 8 of William Manion's testimony to the DOL, Mr. Manion acknowledges in Item 7A that NES/PCC had no Radiation Safety Officer from September 1989 until April 1990.

Mr. Manion said he "chose to allow" this situation "..... since there were no ongoing activities involving our by-product materials license nor any indication of an upcoming requirement"

This casual "choice" was in fact a violation of the NES/PCC License. This violation was discovered by Mr. Gundersen

This is a materially false statement. The NRC reinspection report dated June 12, 1992 states that NES/PCC was in violation of this license requirement for a 10 month period extending until June 9, 1990.

Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC was in violation of its license requirements.

Mr. Manion was aware of the license violations at the time he made his statement to the DOL.

Materially False Statement #7

On the back of page 8 of William Manion's testimony to the DOL, Mr. Manion said, "Since our NRC license precludes NES from having any licensable quantities of radioactive material at the Danbury site, it is not necessary to post the NRC license in Danbury. Furthermore, it is not required that Form 3's be posted in Danbury."

This is a materially false statement. NRC personnel have informed Mr. Gundersen that licensed activities do occur in Danbury and that posting of the license and Form 3's are required by law.

Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC was in violation of its license requirements.

Mr. Manion was aware of the license violations at the time he made his statement to the DOL.

Materially False Statement #8

On the front of page 9 continuing to the back of page 9 of William Manion's testimony to the DOL, Mr. Manion said, "...his [Mr. Gundersen's] conscious decision to delay the reporting of that situation for an extraordinarily long time demonstrated his [Mr. Gundersen's] lack of concern for radiation safety and were the reasons for his removal for the Radiation Safety Committee."

This is a materially false statement. Upon discovering radioactive material, Mr. Gundersen immediately sought the advice and assistance of the NES/PCC Radiation Safety Officer (RSO). Mr. Gundersen discovered NES/PCC was in violation of its license by not having an RSO. This illegal action on the part of NES/PCC obstructed Mr. Gundersen's actions to properly handle this event.

Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC did not have an RSO for a 10 month period.

Mr. Manion was aware of the license violations at the time he made his statement to the DOL.

Materially false statement #9

DOL Report from Greg Kenny, Vice-President PCC

On the front of page 1 of Greg Kenny's testimony to the DOL, Mr. Kenny said that Manion "..... noted that a safety issue had been raised by Arnie, but it was a false alarm due to a misread label. I quickly reviewed the facts of the incident to make sure we were proper in our safety procedures. I was disappointed that Bill was not quickly alerted...."

This is a materially false statement. The NRC reinspection report dated June 12, 1992 found seven violations by NES/PCC to its license.

Most critical to the DOL investigation was the fact that during a 10 month interval which included the time Mr. Gundersen raised his safety concerns, NES/PCC was in violation of its license by not having a Radiation Safety Officer (RSO) serving the Licensee.

Mr. Gundersen immediately sought the advice and assistance of the RSO, however NES/PCC did not have an RSO in violation of its license. This illegal action on the part of NES/PCC obstructed Mr. Gundersen's actions.

Mr. Kenny states that NES/PCC's procedures were "proper", but the NRC has found seven violations in this investigation and has investigations moving forward with both the Inspector General and the Office of Investigation.

NES/PCC's own violation to its license is swept under the rug by Mr. Kenny's materially false statement.

Mr. Gundersen brought this violation, and others, to the attention of NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

Mr. Kenny was aware of the license violations at the time he made his statement to the DOL.

Materially false statement #10

DOL Report from George Hamilton, Executive Vice-President NES/PCC

On the front of page 2 of George Hamilton's testimony to the DOL, Mr. Hamilton said, "I did consider Arnie's mishandling of the sources in the vault as confirmation of his proper selection for the layoff."

This is a materially false statement. As part of his handling of sources in the vault, Mr. Gundersen immediately sought the advice and assistance of the RSO, however NES/PCC did not have an RSO as required by its license.

Mr. Gundersen found NES/PCC was in violation of its license. Mr. Gundersen brought this violation, and others, to the attention of Mr. Hamilton and NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC did not have an RSO for a 10 month period.

Mr. Gundersen acted appropriately by seeking the advice of the RSO. This license violation, which was an illegal action on the part of NES/PCC obstructed Mr. Gundersen's actions.

Mr. Hamilton was aware of the license violations at the time he made his statement to the DOL.

Materially false statement #11

On the back of page 2 of George Hamilton's testimony to the DOL, Mr. Hamilton said, "My feeling is that at the time of this issue, Arnie panicked."

This is a materially false statement. The NRC reinspection report dated June 12, 1992 notes that NES/PCC was in violation of its license at the time of the incident because it did not have a Radiation Safety Officer serving the licensee.

Mr. Gundersen did not panic, but rather immediately sought the advice and assistance of the RSO. The company's own violation to its license obstructed Mr. Gundersen's actions and logical solution to the problem.

Mr. Hamilton was informed by Mr. Gundersen that NES/PCC did not have an RSO as required by its license. Mr. Hamilton chose to blame Mr. Gundersen for "panic" rather than acknowledge NES/PCC had conducted illegal activities and was in violation of its license.

Mr. Gundersen found NES/PCC was in violation of its license. Mr. Gundersen brought this violation, and others, to the attention of Mr. Hamilton and NES/PCC's management. He was harassed, intimidated and wrongfully discharged.

The NRC reinspection report dated June 12, 1992 confirms Mr. Gundersen's allegations of seven license violations including the fact that NES/PCC did not have an RSO for a 10 month period.

Mr. Hamilton was aware of the license violations at the time he made his statement to the DOL.

Materially false statement #12

DOL Report from Bonnie Iannuzzi, Personnel Director NES/PCC

On the back of page 1 of Bonnie Iannuzzi's testimony to the DOL, Ms. Iannuzzi said, "...His [Mr. Gundersen's] performance reviews consistently sited problem areas with little or no improvement."

This is a materially false statement. Mr. Gundersen's most recent performance review in December 1989 (copy enclosed) rated his performance as a "4" on a scale of "1 to 5" with a 5 the highest rating, and given only for perfect performance.

Additionally, Mr. Gundersen's salary increase for 1989 was outstanding.

Finally, only one other NES employee at the level of vice president and above even received a raise in 1989. Mr. Manion, Mr. Hamilton, Mr. Keenan, and Mr. Schmidt did not receive any salary increases in 1989 due to their poor performance. Only Mr. Gundersen and Mr. Uziel received performance increases.

Further documentation of Mr. Gundersen's performance is available upon request, including but not limited to the year end accounting statements. These accounting statements document an outstanding performance for the entire nine years of Mr. Gundersen's profit and loss responsibility. These reports also show a detailed comparison to the other officers. Mr. Uziel was the only other officer who was financially successful during this time frame, and for during several other years.