



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION III  
799 ROOSEVELT ROAD  
GLEN ELLYN, ILLINOIS 60137

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July 22, 1982

MEMORANDUM FOR: James G. Keppler, Regional Administrator, Region III  
THRU: James E. Foster, Acting Director, Office of Investigation,  
Chicago Field Office *JEF 7/22/82*  
FROM: Charles H. Weil, Investigator  
SUBJECT: ALLEGATIONS INVOLVING THE ZACK COMPANY (OI-CHICAGO NO. 3-82-25)

This memorandum details allegations of problems with document control procedures and using unapproved vendors by the Zack Company.

BACKGROUND OF ALLEGATIONS

The Zack Company is a heating, ventilation and air conditioning (HVAC) firm located at 4600 West 12th Place, Chicago, Illinois 60650. Zack is the HVAC subcontractor at three nuclear power plant construction sites within Region III (Clinton, LaSalle and Midland).

On October 5, 1981, Illinois Power Company reported information pursuant to 10 CFR 50.55(e) that an investigation by Zack Company was currently being performed to review material certifications for HVAC materials. Several inconsistencies were found, including: certifications with incomplete information, certifications with technical inaccuracies, and certification with unauthorized and improper modifications. Part of the Zack Company's corrective action was to expand their document review staff.

Information in this record was deleted  
in accordance with the Freedom of Information  
Act, exemptions (b)(7)(C) & (b)(7)(D)  
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On May 3, 1982, [redacted] came to the Regional Office and spoke with several members of the staff, including W. D. Shafer, Chief, Management Programs Section. [redacted] made three allegations to Shafer: (1) Potential tampering with records; (2) QA personnel were being intimidated; and (3) inadequate access control of documents. Shafer's memo of the meeting with [redacted] is attached. Subsequently, [redacted] made the following documents available for Region III review and copying:

- a. Zack Company Potential Reportable Defect Evaluation for Material Certification Deficiencies with Zack Corrective Action Report (CAR) No. 14 and its accompanying documents.
- b. Zack Company correspondence to Consumers Power Company reporting a potential 10 CFR 50.55(e) deficiency.
- c. Zack correspondence to U. S. Steel dated January 23, 1981, pertaining to certified material test reports.
- d. Various personnel documents pertaining to Howard, i.e. resume, personnel evaluation, etc.
- e. Zack Company Document Controls Record Policy, dated April 16, 1982.

On May 10, 1982, [redacted] telephoned Region III and spoke to Investigator G. A. Phillip. [redacted] expressed [redacted] dissatisfaction with the NRC's performance, as it appeared Region III had not taken any action on [redacted] allegations. Phillip's memorandum of the telephone call is attached.

On May 19, 1982, [redacted] came to the Region III offices where [redacted] was interviewed by Investigators G. A. Phillip and C. H. Weil. The following information was obtained during this interview:

6.7c & 7D portions

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REGION III ACTIONS

On May 20, 1982, Region III Investigators G. A. Phillip and C. H. Weil met with Hank Leonard, HVAC Section Head, Midland QA Department, to discuss the status of the Consumers Power investigation of ██████████ concerns. Leonard stated a team from Consumers and Bechtel had spent at least two weeks in the Zack offices including a personal interview of ██████████. The team had found several problem areas, but no major problems. It was agreed Consumers Power should proceed with their investigation since ██████████ had contacted Consumers before coming to the NRC with the same allegations. It was also agreed the NRC would review the results of Consumers' investigation upon its conclusion. On June 2, 1982, Leonard was interviewed in his Midland office and stated the investigation was not concluded, but to date no major finding had been identified.

On June 28, 1982, Baldwin Associates stopped all Zack Company safety related work at Clinton for problems uncovered by a Baldwin audit. The audit of Zack had been initiated as a result of commitments made to Region III after the recent Region III investigation at Clinton involving the electrical discipline. Copies of the Baldwin audit and associated documents are attached.

On June 28 and July 12, 1982, Hank Leonard was contacted. Leonard advised the Consumers Power report of investigation dealing with ██████████ concerns was not available. Leonard stated he anticipated the report would be finalized by July 16, 1982. A copy of the report, dated July 13, 1982, was received July 16, 1982 (attached).

*James E. Foster*  
Charles E. Weil *for*  
Investigator

Attachments: As stated

cc w/o attachments:

R. L. Spessard  
R. J. Cook  
H. H. Livermore  
W. G. Guildemond  
R. F. Warnick  
J. R. Kniceley  
I. N. Jackiw  
W. D. Shafer

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