

JUN 02 1997

Joseph Hoffman  
Senior Vice President  
CSM Industries, Inc.  
21801 Tungsten Road  
Cleveland, OH 44117-1117

Dear Mr. Hoffman:

This refers to your amendment request dated November 15, 1995, in which you notified the NRC of the transfer of ownership and control of NRC License No. STB-1161, and to several phone conversations between James R. Mullauer of my staff and Terry Herzberger of your staff.

As discussed, the change of ownership transaction required an amendment to the existing license. Failure to obtain NRC consent to the change of ownership prior to the change is a violation of 10 CFR 30.34(b) and is addressed in the attached Notice of Violation. The root cause and corrective action for the violation appear to have been addressed by CSM Industries, Inc., therefore, no response to the violation is required. However, we caution you that future violations of this type involving CSM Industries licensed activities may result in escalated enforcement actions.

We have reviewed your decommissioning financial assurance submittal provided with letter dated November 6, 1996. Within the scope of our review, no deficiencies were identified. However, two issues concerning your financial assurance program need to be brought to your attention as follows:

1. Paragraph 2 of the submitted letter of credit contains an apparent typographical error. It states the following:

NRC has promulgated regulations in Title 10, Chapter I of the Case of Federal Regulations, Part 40, which require that a holder of, or an applicant for a license issued under 10 CFR Part 40, provide assurance that funds will be available when need (sic) for decommissioning. (emphasis added)

According to the recommended wording in *Regulatory Guide 3.66*, page 4-33, the underlined word above should be "Code." Please be advised that if any amendments are made to the letter of credit, this typographical error should be corrected.

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2. Paragraph 4 of the submitted letter of credit is worded as follows:

Whenever this letter of credit is drawn on under and in compliance with the term (sic) of this letter of credit, we shall duly honor such draft upon its presentation to us within 30 days, we shall deposit the amount of the draft directly into the standby trust fund of CSM Industries, Inc. which is maintained by State Street Bank & Trust, Co., Corporate Trust Dept. located at 2 International Place, 4th Fl., Boston, MA, 02110 in accordance with your instructions. (emphasis added)

The language underlined above is not included in the recommended wording in *Regulatory Guide 3.66*, page 4-34. Please be advised that this language would need to be revised if the standby trust should ever be amended to specify a new trustee, if the address of the trustee changes, or if an entirely new standby trust is established with a trustee other than the one listed in the letter of credit.

A copy of your financial assurance program will be placed in your license file in Region III.

Enclosed is Amendment No. 07 to your NRC Material License No. STB-1161 in accordance with your request. Please review the document carefully and be sure that you understand all conditions. If there are any errors or questions, please notify the U.S. Nuclear Regulatory Commission, Region III office at (630) 829-9887 so that we can provide appropriate corrections and answers.

Please note that we have extended your NRC license expiration date by five years. Please refer to our letter dated May 7, 1996, (enclosed) which discusses the recent regulatory change that grants a one-time five-year extension for certain licenses.

Please also note that we have deleted License Condition 16 which required that you, as the licensee, maintain records of information important to safe and effective decommissioning until the NRC terminates this license. The condition is deleted because the NRC states the same requirement in the regulations under 10 CFR 40.36(f). We advise you that the NRC still requires that you comply with that requirement.

Please be advised that your license expires at the end of the day, in the month, and year stated in the license. Unless your license has been terminated, you must conduct your program involving byproduct materials in accordance with the conditions of your NRC license, representations made in your license application, and NRC regulations. In particular, note that you must:

1. Operate in accordance with NRC regulations 10 CFR Part 19, "Notices, Instructions and Reports to Workers; Inspections," 10 CFR Part 20, "Standards for Protection Against Radiation," and other applicable regulations.

2. Notify NRC, in writing, within 30 days:
  - a. When the Radiation Safety Officer permanently discontinues performance of duties under the license or has a name change; or
  - b. When the mailing address listed on the license changes. (No fee is required if the location of byproduct material remains the same.)
3. In accordance with 10 CFR 30.36(b) and/or license condition, notify NRC, promptly, in writing, and request termination of the license when a decision is made to terminate all activities involving materials authorized under the license.
4. Request and obtain a license amendment before you:
  - a. Change Radiation Safety Officers;
  - b. Order byproduct material in excess of the amount, or radionuclide, or form different than authorized on the license;
  - c. Add or change the areas of use or address or addresses of use identified in the license application or on the license; or
  - d. Change ownership of your organization.
5. Submit a complete renewal application with proper fee or termination request at least 30 days before the expiration date of your license. You will receive a reminder notice approximately 90 days before the expiration date. Possession of byproduct material after your license expires is a violation of NRC regulations. A license will not normally be renewed, except on a case-by-case basis, in instances where licensed material has never been possessed or used.

In addition, please note that NRC Form 313 requires the applicant, by his/her signature, to verify that the applicant understands that all statements contained in the application are true and correct to the best of the applicant's knowledge. The signatory for the application should be the licensee or certifying official rather than a consultant.

You will be periodically inspected by NRC. Failure to conduct your program in accordance with NRC regulations, license conditions, and representations made in your license application and supplemental correspondence with NRC will result in enforcement action against you. This could include issuance of a notice of violation, or imposition of a civil penalty, or an order suspending, modifying or revoking your license as specified in the General Statement of Policy and Procedure for NRC Enforcement Actions. Since serious consequences to employees and the public can result from failure to comply with NRC



requirements, prompt and vigorous enforcement action will be taken when dealing with licensees who do not achieve the necessary meticulous attention to detail and the high standard of compliance which NRC expects of its licensees.

Sincerely,

Roy J. Caniano, Acting Director  
Division of Nuclear Materials Safety

License No. STB 1161  
Docket No. 040-08155

Enclosures: 1. Notice of Violation  
2. NRC letter dated 5/7/96  
3. Enforcement Policy (NUREG-1600)  
4. Amendment No. 07

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