

UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
2443 WARRENVILLE RD. SUITE 210
LISLE, IL 60532-4352



August 28, 2020

Michael G. Wiese
Radiation Safety Officer
Universal Medical Resources, Inc.
207 Lange Dr.
Washington, MO 63090

Dear Mr. Wiese:

Enclosed is Amendment No. 10 to your NRC Material License No. 24-32189-01 in accordance with your request.

Please review the enclosed 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) 829-9807 so that we can provide appropriate corrections and answers.

By application dated December 10, 2019, and letters dated January 29, 2020, and February 5, 2020, Universal Medical Resources, Inc. submitted to the U.S. Nuclear Regulatory Commission (NRC) a Request for Consent to Direct License Transfer of NRC Materials License No. 24-32189-01.

Based on the information you provided, we understand that as a result of the gradual sale of shares of the company from the original owners in 1999 to Jason Kitchell, control of Universal Medical Resources, Inc. was directly, and finally completely transferred, on January 1, 2019. We further understand that this transfer has not resulted in any change to the licensed materials, location of use of licensed material, or persons responsible for the licensee's radiation safety program. Two previous authorized users were removed from the license in this amendment.

Based on the above understandings and as more fully detailed in the enclosed NRC staff's Safety Evaluation Report, which documents the NRC staff's review of the request, we have no objection to the transfer.

For future reference, NUREG 1556 Vol. 15, Rev. 1, including, but not necessarily limited to, section 5 in the front of the book; Appendix C describes direct and indirect transfers and sample transactions; and Appendices D and E are also very useful. Here is a link: <https://www.nrc.gov/reading-rm/doc-collections/nureqs/staff/sr1556/v15/>

The following is a Regulatory Issue Summary (RIS) from 2014 on this subject:

<https://www.nrc.gov/docs/ML1518/ML15181A223.pdf>

The above link updates our original RIS from 1989 on this subject and the topic is also covered in NUREG 1556, Vol. 18, Rev. 1, especially section 9.1: <https://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1556/v18/>

This is a link to our public website where changes of ownership and control are posted for public comment and transparency:

<https://www.nrc.gov/about-nrc/regulatory/adjudicatory/hearing-license-applications.html#top>

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

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.

The NRC's Safety Culture Policy Statement became effective in June 2011. While a policy statement and not a regulation, it sets forth the agency's *expectations* for individuals and organizations to establish and maintain a positive safety culture.

You can access the policy statement and supporting material that may benefit your organization on NRC's safety culture Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/safety-culture.html>.

M. Wiese

- 3 -

We strongly encourage you to review this material and adapt it to your particular needs in order to develop and maintain a positive safety culture as you engage in NRC-regulated activities.

Sincerely,



Colleen Carol Casey
Materials Licensing Branch

License No. 24-32189-01
Docket No. 030-35121

Enclosures:

1. Amendment No. 10
2. SER dated August 28, 2020

**SAFETY EVALUATION REPORT
CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE NUMBER
24-32189-01, UNIVERSAL MEDICAL RESOURCES, INC.**

DATE: August 28, 2020

DOCKET NO.: 030-35121

LICENSE NO.: 24-32189-01

LICENSEE: Universal Medical Resources, Inc.
207 Lange Drive
Washington, MO 63090

TECHNICAL REVIEWER: Colleen Carol Casey

SUMMARY AND CONCLUSIONS

Universal Medical Resources, Inc. is authorized by NRC License 24-32189-01 for the possession and use of sealed and unsealed forms of byproduct material for the purpose of testing response and performance systems in gamma cameras. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed requests for consent to a complete and direct license transfer of control submitted by Universal Medical Resources, Inc. that resulted from the gradual acquisition of ownership shares of Universal Medical Resources, Inc. by Jason Kitchell between December 31, 2000, and January 1, 2019.

Mr. Kitchell bought out the original owners' shares in a series of transactions between these dates. The last original co-owner, Robert Rogers, sold his shares to Mr. Kitchell as of January 1, 2019. None of the previous changes in ownership were brought to the attention of the NRC and there were no requests for NRC's written consent to the changes in ownership either before or after the transactions took place, until the present time.

The licensee's requests dated December 10, 2019, and January 29, 2020, did not explicitly identify the correspondence as a request for "a direct transfer of control." On the contrary, the licensee's application dated December 10, 2019, notes that the error in not requesting "an amendment prior to the transfer of the license to another entity" for the change in control was noted on December 3, 2019. The information in the application was very scant and insufficient to process the request. NRC requested additional information pursuant to NUREG 1556 Vol. 15, Rev.1, June 2016, in telephone discussions held with Mr. Kitchell and Mr. Wiese on several dates, including, but not limited to, February 3, 2020. The licensee's letter dated January 29, 2020, denied that any changes of ownership or control had taken place and requested rescission of the previous amendment request.

NRC rejected this assertion as the transactions described verbally clearly constituted changes of ownership and control, from several original owners to one owner over a span of 19 years.

The licensee documented the transactions in its response letter dated February 5, 2020, and NRC staff considered that the requests implicitly constituted a complete direct transfer of ownership and control.

The direct transfer of control is described in Agency Documents Access and Management System (ADAMS) accession ML19347D215, ML20031E728 and ML20041E864.

The licensees' letter dated February 5, 2020, signed by appropriate management representatives for both parties, Robert Rogers (seller) and Jason Kitchell (buyer) essentially requested NRC's consent to the direct change in control.

The application dated December 10, 2019 and the letters dated January 29, 2020, and February 5, 2020, were reviewed by NRC staff and considered to constitute a request for consent to direct changes in control of a 10 CFR Part 30 license, using the guidance in NUREG 1556, Volume 15, Rev. 1, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated June 2016. The NRC staff finds that the information submitted by Universal Medical Resources, Inc. sufficiently describes and documents the transactions that took place and the commitments made by Universal Medical Resources, Inc.

As required by 10 CFR 30.34 and section 184 of the Atomic Energy Act of 1954, as amended (the Act), NRC staff has reviewed the application dated December 10, 2019 and the letters dated January 29, 2020, and February 5, 2020, and finds that the direct change in control was in accordance with the Act. The staff finds that Universal Medical Resources, Inc. remains qualified to use byproduct material for the purposes requested, and continues to have the equipment, facilities, and procedures needed to protect public health and safety, and promote the security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Licensing Tracking System (LTS), Universal Medical Resources, Inc. has been an NRC licensee since August 31, 1999. The NRC conducted an inspection of Universal Medical Resources, Inc. on September 22, 2016, and one violation was identified during this inspection. The commitments made by Universal Medical Resources, Inc. state that Universal Medical Resources, Inc. License No. 24-32189-01:

- A. has not changed the radiation safety officer listed in the NRC license;
- B. will not change the personnel involved in licensed activities, except for the departure of two former authorized users;
- C. will not change the locations, facilities, and equipment authorized in the NRC license;
- D. will not change the radiation safety program authorized in the NRC license;
- E. has not changed the organization's name listed in the NRC license; and
- F. will keep regulatory required surveillance records and decommissioning records.

As a result of this transaction, Universal Medical Resources, Inc. still owns and operates this facility. The sole owner, Jason Kitchell, was one of the original authorized users and subsequently purchased all of the outstanding shares of the company. Therefore, for security purposes, Universal Medical Resources, Inc. is considered a known entity, following the

guidance provided by the NRC's Office of Federal and State Materials and Environmental Management Programs (FSME) "Checklist to provide a basis for confidence that radioactive materials will be used as specified on the license," January 1, 2019, revision. The purpose of this checklist is for the NRC to obtain reasonable assurance from new license applicants, or NRC licensees transferring control of licensed activities, that the licensed material will be used for its intended purpose and not for malevolent use.

Universal Medical Resources, Inc. is not required to have decommissioning financial assurance, based on the types and amount of material authorized in License No. 24-32189-01.

REGULATORY FRAMEWORK

Universal Medical Resources, Inc.'s License No. 24-32189-01 was issued under 10 CFR Part 30, Rules of General Applicability to Domestic Licensing of Byproduct Material. The Commission is required by 10 CFR 30.34 to determine if the change in control is in accordance with the provisions of the Act and give its consent in writing.

10 CFR 30.34(b) states: "No license issued or granted pursuant to the regulations in this part and parts 31 through 36, and 39 nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing."

As previously indicated, the staff evaluation is based on guidance in NUREG-1556, Volume 15, Rev. 1, June 2016. As discussed in NUREG-1556, Volume 15, NRC is generally using the term "change of control" rather than the statutory term "transfer" to describe the variety of events that could require prior notification and written consent of the NRC. The central issue is whether the authority over the license has changed.

The Universal Medical Resources, Inc.'s requests for consent describe a complete, direct change of control resulting from the gradual acquisition of all outstanding shares of the company from its previous original owners over a span of 19 years. As the completion of the final transaction took place on January 1, 2019, Universal Medical Resources, Inc.'s control changed to just one owner. As such, the transfer required NRC consent.

DESCRIPTION OF TRANSACTION

The transactions are described in Agency Documents Access and Management System (ADAMS) accession ML19347D215, ML20031E728 and ML20041E864. Since each previous transaction date, as well as the final transaction date of January 1, 2019, Universal Medical Resources, Inc. has continued as the licensee and remains in control of all licensed activities under Materials License No. 24-32189-01, as described above. The NRC staff finds that the requests for consent, especially the letter dated February 5, 2020, adequately provides complete and clear descriptions of the transaction, and is consistent with the guidance provided in Appendix F of NUREG-1556, Volume 15, Rev. 1, June 2016.

TRANSFeree'S COMMITMENT TO ABIDE BY THE TRANSFEROR'S COMMITMENTS

The NRC staff finds that the information submitted by Universal Medical Resources, Inc. sufficiently describes and documents the commitments made by Universal Medical Resources,

Inc. and MHC and is consistent with the guidance in NUREG-1556, Volume 15, Rev. 1, June 2016.

ENVIRONMENTAL REVIEW

An environmental assessment for this action is not required since this action is categorically excluded under 10 CFR 51.22(c)(14)(xi).

CONCLUSION

The staff has reviewed the requests for consent submitted by both parties (Messrs. Rogers and Kitchell) with regard to a complete direct change of control of byproduct materials license No. 24-32189-01 and approves the application pursuant to 10 CFR 30.34(b).

The submitted information sufficiently describes the transaction; documents the understanding of the licensee and commitments; demonstrates that personnel have the experience and training to properly implement and maintain the license and that they have and will maintain the existing records; and, in the future, will abide by all existing commitments to the license, consistent with the guidance in NUREG-1556, Volume 15, Rev. 1, June 2016.

Therefore, the staff concludes that the proposed change in control would not alter the previous findings, made under 10 CFR Part 30, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.