



FY 2010

USNRC | OFFICE OF INVESTIGATIONS

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ABSTRACT

This report provides the Commission with an overview of Office of Investigations (OI) activities, mission and purpose, along with the framework of case inventory with highlights of significant cases completed by the Nuclear Regulatory Commissions (NRC) OI during fiscal year (FY) 2010 (reference SRM COMJC-89-8, dated June 30, 1989). This is the 22nd OI Annual Report.

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DIRECTOR'S MESSAGE

I am pleased to present this Office of Investigations' (OI) Annual Report, which details OI's investigative activities, highlights, and accomplishments from October 1, 2009 – September 30, 2010. Our overall statistical and professional accomplishments during this period were impressive. OI concluded 226 cases, which included 148 investigations and 78 Investigative Assists to NRC Staff during the reporting period. Investigations which substantiated willful wrongdoing were referred to the Department of Justice.



The investigations summarized in this report demonstrate our dedication to investigative excellence, and to OI's specialized and important role in the NRC's mission to protect public health and safety, promote the common defense, and security, and protect the environment.

Our work during this period reflects our continued commitment to independently conducting credible, thorough, quality, and timely investigations of wrongdoing. OI's mission was mandated in 1982, when the NRC Commission determined the need to establish a separate Office of Investigations to ensure the Commission would have an office dedicated exclusively to the conduct of investigations; staffed with individuals who had the specialized background and training necessary to pursue potential wrongdoing by NRC licensees, applicants, permittees, their contractors or vendors, and their employees.

OI is a national investigations program staffed by a cadre of experienced Federal criminal investigators (GG-1811), and a professional, highly motivated support staff who administer the program in accordance with Commission-approved policies.

As the OI Director, I am deeply appreciative and proud of our staffs' commitment and expertise, and their outstanding work on behalf of the NRC. Together, we are dedicated to maintaining the highest possible standards of professionalism and quality in our investigative mission.

Finally, OI's successes during this past year were due in part to the support provided by the NRC Commission, agency managers, and technical/ professional staff who recognize and value OI's important and independent role in accomplishing the NRC's vital mission.

Cheryl L. McCrary, Director
Office of Investigations

FISCAL YEAR 2010 HIGHLIGHTS

During FY 2010, OI sustained a mission-driven, high-performing, results focused workforce, which enhanced its dedication to effective communication and stakeholder outreach. OI is comprised of experienced Federal Criminal Investigators and a professional administrative support staff. OI staff is continuously motivated to exceed the expectations of both internal and external stakeholders, while increasing opportunities for operational awareness, engagement, empowerment, and the common exchange of ideas in accomplishing OI's role within the mission of the NRC.

The following are significant achievements during FY 2010:

- With the objective of continuous process improvement, OI, in consultation with the Office of the Executive Director for Operations' staff, established a series of more challenging operational performance measures, which were implemented at the beginning of FY 2010. OI effected the new performance measures during the 1st Quarter of FY 2010 and reduced the number of months during which OI closed investigations (in all categories) from 10 months or less to 9 months or less. Additionally, OI increased the percentage of materials investigations to be closed in 9 months or less to 85% from the previous percentage of 80%. OI also increased the percentage (in all categories) of Assists to NRC Staff to be completed in less than 90 days to 90% from the previous percentage of 80%. With these more rigorous performance measures, OI sought to increase operational efficiency and excellence, maintain the conduct of thorough, quality investigative activities.
- 148 investigations closed by OI. 97% developed sufficient information to reach a conclusion of substantiated or unsubstantiated regarding willful wrongdoing. This exceeded OI's performance goal of 90%
- Of the 144 investigations closed with sufficient information to reach a conclusion (substantiated or unsubstantiated) regarding willful wrongdoing, 99% were closed in 9 months or less. This exceeded OI's performance goals of 80% for reactor investigations and 85% for materials investigations.
- Of the 78 Assists to NRC Staff closed, 100% were completed within 90 days, which exceeded OI's performance goal of 90%.
- OI processed 67 actions resulting from Freedom of Information Act requests during FY 2010.
- OI referred 100% of its substantiated wrongdoing investigations to the Department of Justice for prosecution consideration.
- OI special agents conducted law enforcement liaison and attended briefings at various State Fusion Centers in support of the Federal Security Coordinator Program, as required by the Energy Policy Act of 2005, which includes liaison with Federal, State and local law enforcement officials.

- In support of NRC's Federal Security Coordinator responsibilities, OI special agents proactively took on this new role in February 2010, and effectively conducted liaison and initiated communication with Federal, State, and local law enforcement officials. During the period, OI special agents affected 111 law enforcement contacts related to 71 licensed sites.
- OI special agents from Regions I, III, and IV provided law enforcement support to Region IV staff during the service of an NRC revocation order against Mattingly Testing Services (Mattingly) at two business locations in MT. The revocation of the license was the result of regulatory oversight, including substantiated OI investigations specific to Mattingly's violations of NRC licensing requirements and violation of an Alternative Dispute Resolution Order.
- OI staff attended the national law enforcement training conferences held by Women in Federal Law Enforcement (WIFLE) and the National Organization of Black Law Enforcement Executives (NOBLE) located respectively in Atlanta, GA and Baltimore, MD.
- OI special agents participated in an emergency Special Inspection Team to investigate the introduction of a prohibited weapon through the search train and into the protected area of the Fitzpatrick Nuclear Plant. This investigation was the first to test the new Federal law, which provides criminal penalties for the introduction of weapons into a nuclear plant.
- OI effectively addressed the emerging investigations of potential violation of NRC regulation related to Import/Export of licensed materials.
- OI participated in various DOJ Anti-Terrorism Advisory Councils related to national security concerns and counterterrorism.

INTRODUCTION AND OVERVIEW

MISSION AND AUTHORITY

As stated in the NRC's Strategic Plan for FY 2008-2013, the NRC's mission is to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment. The NRC's vision is excellence in regulating the safe and secure use and management of radioactive materials for the public good. The mission and vision provide the framework for the agency's strategies and goals, which in turn guide the allocation of resources across the agency.

OI aligns with the agency's regulatory programs and strategic values and goals to provide for the safe use of radioactive materials and nuclear fuels for beneficial civilian purposes that are enabled by the agency's adherence to the principles of good regulation-independence, openness, efficiency, clarity and reliability, and additionally, by providing regulatory actions that are effective, realistic and timely.

The Commission has delegated to the Director of OI the authority to take the necessary steps to accomplish the OI mission, as described in Title 10 of the Code of Federal Regulations (CFR), Part 1, Section 1.36 (1998). See Section 161(c) of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2201 (c)); and Section 206 of the Energy Reorganization Act of 1974 (42 U.S.C. 5846). OI investigative jurisdiction extends to the investigation of alleged wrongdoing by licensees, certificate holders, permittees, or applicants, by contractors, subcontractors, and vendors of such entities, and/or by management, supervisory, and other employed personnel of such entities who may have committed violations of the Atomic Energy Act, the Energy Reorganization Act, and rules, orders, and license conditions issued by the Commission there under.

Additionally, during the course of an investigation, OI may uncover potentially safety-significant issues that may or may not be related to wrongdoing. In these instances OI provides this information to the technical staff in a timely manner for appropriate action. OI also provides professional investigative support to the NRC staff when requested in the form of Assists to NRC Staff. Generally, these "Assists to Staff" are associated with matters of regulatory concern for which the staff has requested OI's investigative expertise, but which do not initially involve a specific indication of wrongdoing.

THE OFFICE OF INVESTIGATIONS

The Director of the Office of Investigations (OI) reports directly to the Deputy Executive Director for Materials, Waste, Research, State, Tribal, and Compliance Programs (DEDMRT) and provides investigative support to Operating Reactors, New Reactors, and Nuclear Material Users programs.

OI is an independent, national investigations program, which consists of four regionally based field offices headed by Field Office Directors, who report to OI senior management staff located at OI Headquarters. During FY 2010, on average, there were 32 special agents (Job Series GG-1811 Federal criminal investigators) and 8 professional, operational support staff members nationwide.

All NRC OI special agents have extensive backgrounds and experience in Federal criminal investigations. During FY 2010, the professional cadre of OI special agents possessed an average of 21 years of Federal law enforcement service having previously served at various Federal agencies, including other federal law enforcement agencies such as Bureau of Alcohol, Tobacco Firearms and Explosives, Defense Criminal Investigative Service, Naval Criminal Investigative Service, Federal Bureau of Investigation, the United States Secret Service, United States Customs and Border Protection, Drug Enforcement Administration, and various Offices of Inspectors General. Many special agents have extensive experience in white collar crime and financial fraud investigations.

OI conducts and plans investigations of allegations of potential wrongdoing to determine willful / deliberate violations. OI investigations are conducted in accordance with guidelines established by the Council of Inspectors General on Integrity and Efficiency (CIGIE), formerly the President Council on Integrity and Efficiency (PCIE) Quality Standards for Investigations.

OI develops and implements policies, procedures, and quality control standards for investigations of licensees, applicants, and their contractors or vendors. OI conducts and supervises investigations of allegations of wrongdoing by persons or entities within NRC jurisdiction and maintains proactive investigative efforts and liaison with other Federal, State and local law enforcement officials.

DIRECTOR AND FIELD OFFICE REVIEW VISITS

The OI Office Director and/or Deputy Director visit each of the four OI field offices annually. During these visits, particular emphasis is placed upon enhancing effective communications with OI staff as well as internal stakeholders. The Director's visits include individual meetings with each OI employee to discuss and address any concerns or questions. Additionally, OI Headquarters investigation support staff members may accompany the Office Director during visits to OI field offices, which provide opportunities for effective knowledge transfer and operational awareness regarding programmatic issues. The OI Office Director will also initiate meetings with the Regional Administrator or Deputy Regional Administrator, as available to ensure effective stakeholder communication and to address areas of mutual interest. These visits facilitate and encourage open exchanges of ideas and expressions of differing views between OI senior management and OI field office staff, as well as between OI senior managers and their NRC regional counterparts.

Field Office Review visits (FORVs) are annual self-assessments conducted of each OI field office to support the goal of continuous process improvement within OI's investigations program. OI FORVs assess three major focus areas: operations, management and administration.

Each FORV includes a meeting of field office staff to discuss current OI Headquarters initiatives and activities; policy/procedural focus; and special and/or regional items of interest. Also during the self-assessments, OI personnel are interviewed to obtain timely feedback regarding operational or other concerns and any issues of particular concern to the employee. Additionally, the FORV team meets with internal stakeholders, Regional/Deputy Regional Administrator, Regional Counsel, Enforcement Coordinator, Office Allegation Coordinator and any other regional staff deemed appropriate. These meetings are designed to solicit stakeholder input regarding the effectiveness of OI's support and ways to improve the quality, effectiveness, and efficiency of OI's performance.

At the conclusion of the FORVs, exit briefings are conducted with the Field Office Directors and OI staff to discuss the findings and recommendations of the team. A final OI senior management and OI Headquarters staff review of the teams' findings is conducted to identify best practices with a view towards continuous process improvement.

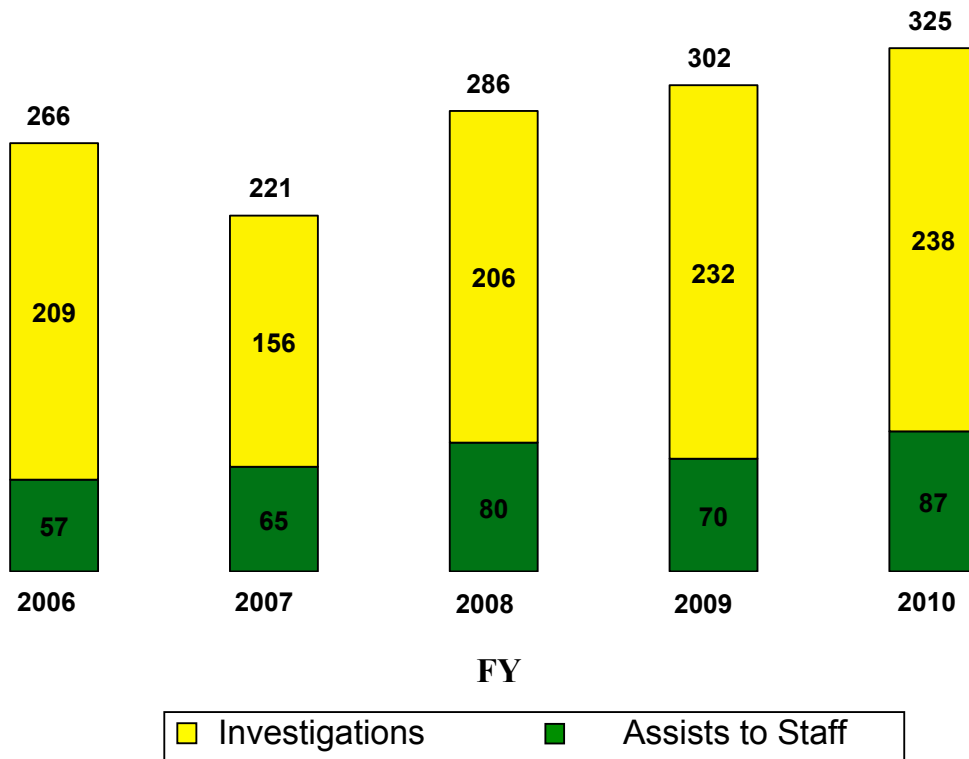
CASES

Case Inventory *

Figure 1 shows the OI case inventory which includes all Investigations and Assists to Staff conducted during the FYs indicated. Generally, Assists to Staff are matters of regulatory concern for which the staff has requested OI's investigative expertise, but which may not involve specific indications of wrongdoing. The total case inventory in FY 2010 was 325. The total includes 238 investigations, 92 of which were carried over from FY 2009. Also included are 87 Assists to Staff, 5 of which were carried over from FY 2009.

Figure 1

Case Inventory



* Cases carried over from previous year, plus cases opened in current year

The total number of cases in the OI inventory during FY 2010 was 325 an 8% increase from 302 in FY 2009.

CASES OPENED

Table 1 shows the number of cases opened by category during FYs 2005 through 2009. In FY 2010 there was a 11% increase in total cases opened from FY 2009. There was a 9% decrease in the number of suspected Material False Statement cases and an 8% decrease in Violations of other NRC regulatory requirements. In FY 2010 discrimination investigations increased by 53% and Assists to Staff increased by 22%. OI opened 228 cases in FY 2010 in the categories listed below:

Table 1. Cases Opened by Category

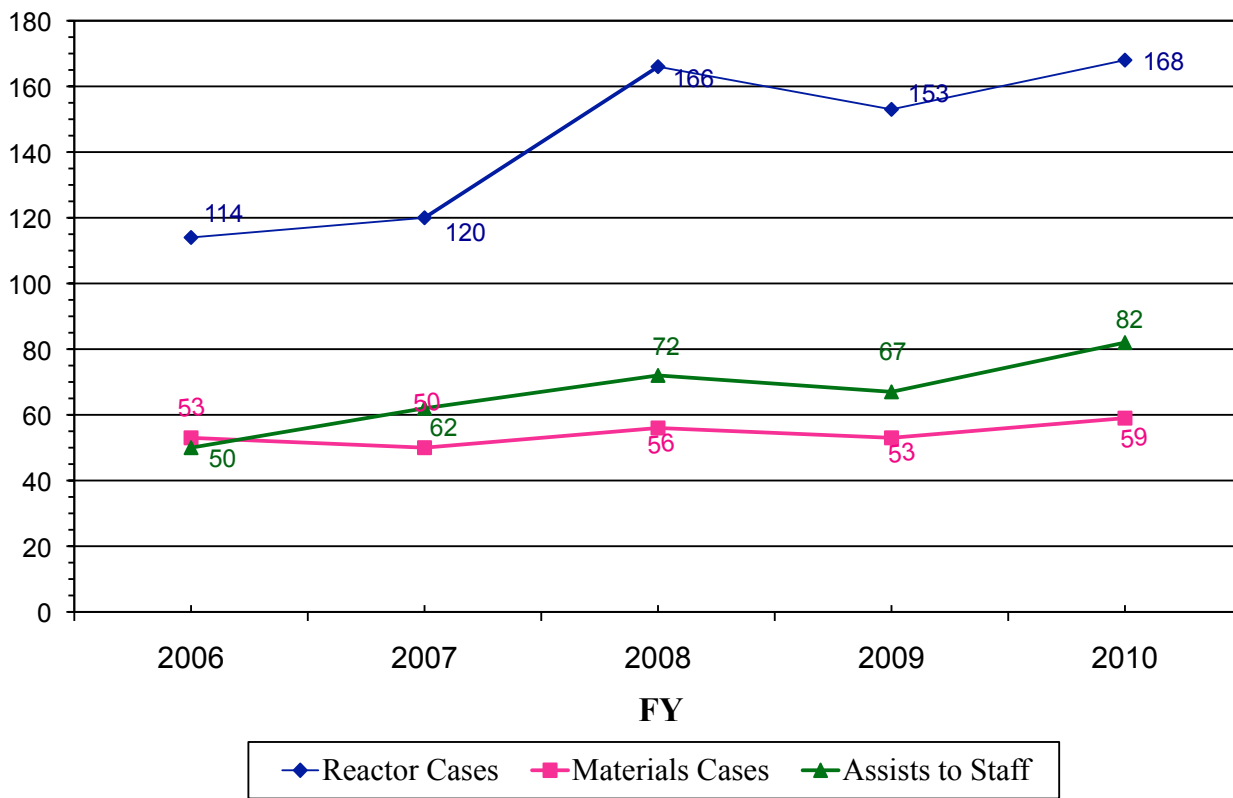
CATEGORY	FY2006	FY2007	FY2008	FY2009	FY2010
Total	167	170	222	206	228
Material False Statement	17	17	21	23	21
Violations of Other NRC Regulatory Requirements	48	66	97	86	79
Discrimination	52	25	32	30	46
Assists to Staff	50	62	72	67	82

Note: During FY 2010, NRC received 670 allegations of potential violations of its rules, regulations, or requirements. The 670 allegations represent a 8% increase from the 622 received in FY 2009.

The graph in Figure 2 shows the distribution of cases opened during FYs 2006 through 2010 for the Reactor and Materials programs. From FY 2009 to FY 2010, the overall number reactor-cases increased 10% with a 5% increase in reactor investigations and a 21% increase in reactor-related Assists to Staff. Materials cases increased overall by 11% with a 3% increase in materials investigations and a 32% increase in materials-related Assists to Staff.

Figure 2

Cases Opened by Reactor / Materials



NOTE: Reactor and Material Assists to Staff are combined

CASES CLOSED

Table 2 shows the number of cases closed by category during FYs 2006 through 2010. The total cases closed during FY 2010 represent a 10% increase from the number closed in FY 2009. Material False Statement investigations comprised 9% of the closed cases in FY 2010. Investigations involving Violations of Other NRC Regulatory Requirements decreased 6%. Discrimination investigations increased 56%, and Assists to Staff increased 20% of the total closed cases. OI closed 226 cases in FY 2010 in the categories listed below:

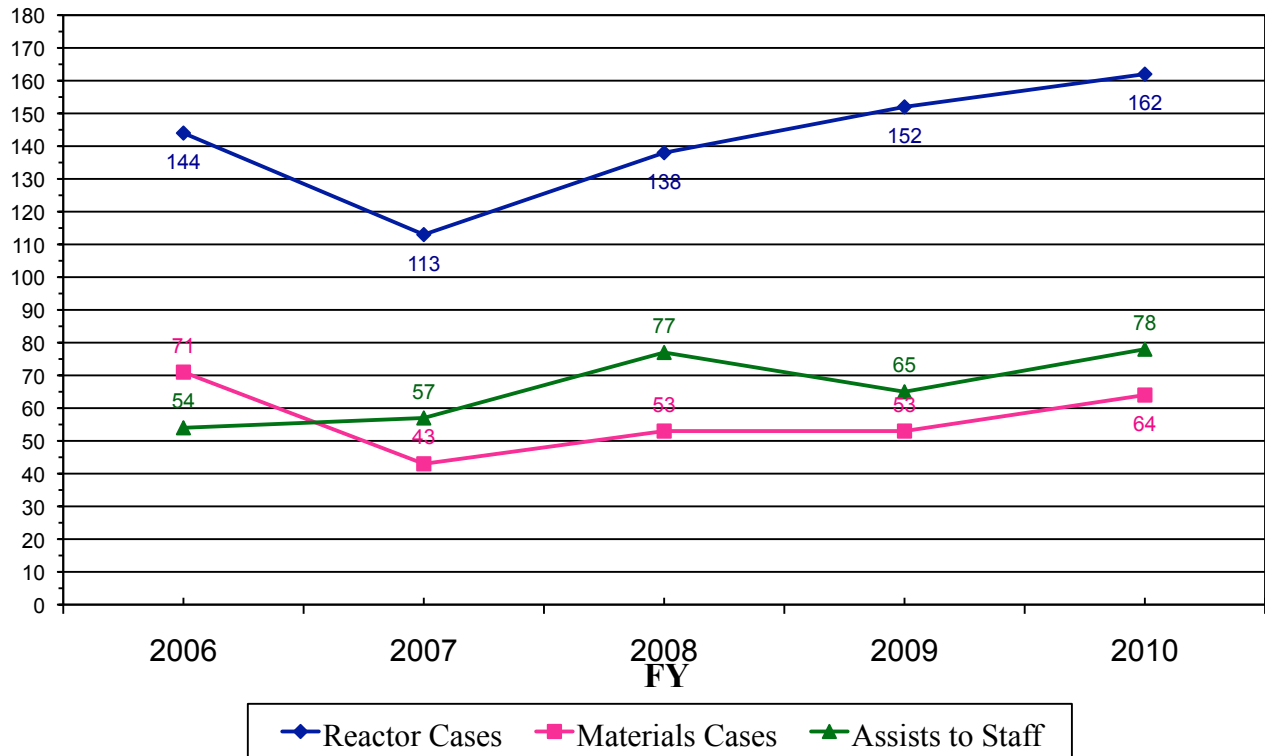
Table 2. Cases Closed by Category

CATEGORY	FY2006	FY2007	FY2008	FY2009	FY2010
Total	215	156	191	205	226
Material False Statement	28	10	12	23	21
Violations of Other NRC Regulatory Requirements	67	59	77	90	85
Discrimination	66	30	25	27	42
Assists to Staff	54	57	77	65	78

The graph in Figure 3 shows the cases closed from FYs 2006 through FY 2010 for the Reactor and Materials programs. From FY 2009 to FY 2010, the overall reactor-related cases increased 7% accompanied by a 1% increase in reactor investigations and a 20% increase in reactor-related Assists to Staff. Materials cases increased overall, accompanied by a 21% increase in materials investigations and a 21% increase in materials-related Assists to Staff during the same period.

Figure 3

Cases Closed by Reactor / Materials



Of the 226 cases closed in FY 2010:

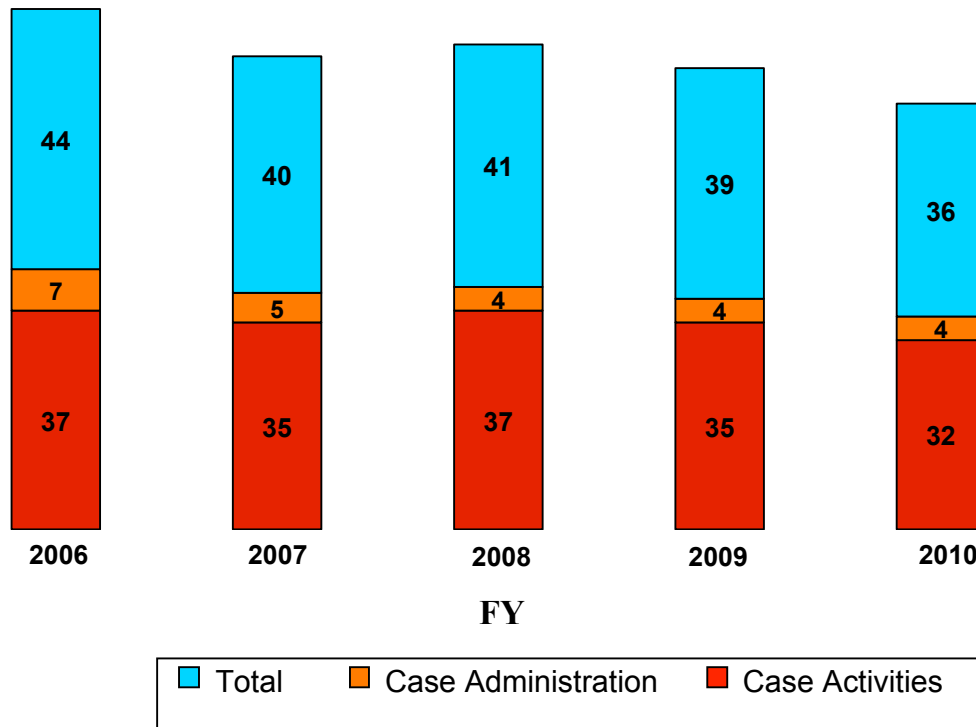
- 34 investigations were closed after OI substantiated willfulness on one or more of the allegations of wrongdoing.
- 110 investigations were closed after OI investigations did not substantiate willful wrongdoing.
- 4 investigations were closed administratively.
- 78 of the total number of cases closed were Assists to the NRC Staff.

MANAGEMENT OF CASES

The total case-specific staff hours in Figure 4 shows a decrease from FY 2009 to FY 2010 (from 39,000 to 36,000 investigative hours). Specifically, in FY 2010 case activities (planning, field work, and analyzing information) decreased while hours towards case administration (FOIA and other miscellaneous activities) remained the same.

Figure 4

Case Specific Staff Hours



SIGNIFICANT INVESTIGATIONS

FITZPATRICK NUCLEAR POWER PLANT

During this investigation, OI agents developed evidence, including an admission, that on multiple occasions a former journeyman Radiation Protection Technician deliberately failed to require licensee employees to complete their annually required quantitative fit tests (involving properly fitted respirators), and then falsified the employees' fit test qualification records indicating that they had in fact completed these required safety qualifications. This investigation also prompted the NRC licensee to institute multiple corrective actions to address concerns identified by OI in the licensee's radiation protection program. This matter is under review by the U.S. Department of Justice (DOJ) for potential prosecution. This matter is under NRC regulatory review.

PEACH BOTTOM ATOMIC POWER STATION

An OI investigation substantiated that an armed security officer (SO) deliberately attempted to subvert the licensee's regulatory required Fitness for Duty (FFD) drug testing program in order to maintain his unescorted access (UA) to the protected area of the nuclear plant. OI determined that the licensee identified that the SO had likely provided a substituted urine specimen at the initial screening and then provided a second specimen while under observation, which tested positive for an illegal substance. OI concluded that the SO provided an adulterated sample in order to defeat the FFD testing program. The licensee terminated the SO and his authorized access was permanently denied. Based on the results of the evidence obtained during the OI investigation, the NRC staff issued a Severity Level III Notice of Violation (NOV) to the former SO.

SUPERIOR WELL SERVICES

An OI investigation confirmed that two highly radioactive well logging sources were inadvertently left out in the public domain (unsecured) for approximately 1.5 hours before being recovered by Superior Well Services (SWS). SWS was required to make a one hour report to the NRC once they learned of the missing sources, but failed to do so. OI also substantiated that three former SWS "open hole operators" deliberately falsified required radiation survey readings of the sources on multiple occasions. The former operators admittedly copied the radiation survey readings from other previous jobs and penciled them in as having been conducted on the radiation survey reports for new job sites. Additional violations of NRC regulations were also identified by OI special agents, but these were determined not to have been willful acts. As a result of the OI investigation and parallel NRC inspection efforts of this matter, the NRC issued an NOV and proposed imposition of civil penalty in the amount of \$34,000.00 to SWS. This matter remains under NRC regulatory review.

LIMERICK GENERATING STATION

OI immediately responded to the Limerick Generating Station (LGS) upon notification of the NRC by the licensee that a FedEx truck driver had arrived on site with various dangerous weapons, including a 45 caliber handgun with 200 rounds of ammunition, multiple hunting knives, an ax,

and a hatchet in his tractor trailer truck. The driver repeatedly denied to site security that he was in possession of any weapons prior to the search of the truck before entering the protected area grounds of the LGS. OI agents coordinated with the local police department that detained the truck driver, the FBI, and the local United States Attorney's Office. OI interviewed the subject driver and the passenger who had accompanied him in the truck. OI developed evidence that revealed there was no willful intent on the part of the trucker or his passenger. The United States Attorney's Office declined to prosecute.

AREVA NP, INC.

An OI investigation substantiated that an advisory engineer, AREVA NP, Inc. (AREVA) deliberately falsified transit approval forms regarding overseas shipments of low enriched uranium destined for the United Kingdom (UK). At issue were three transit approval forms dated December 9, 2008, March 11, 2009, and March 18, 2009, which were altered by an advisory engineer through the use of computer technology. Evidence revealed that the shipment affiliated with transit approval form, which arrived in Liverpool, UK, needed to be offloaded due to the ship's experiencing mechanical problems. Accordingly, the UK authorities requested that the shipping carrier provide shipment approval documentation so it could be revised. Upon receipt of the transit approval forms, UK authorities could find no record of issuing the approval, which led to the determination that the three transit approval forms had been forged. The investigation had international implications and required OI coordination with the U.S. Department of Transportation (DOT) and the UK Department for Transportation (DFT). Additionally, the investigation determined that an advisory engineer deliberately failed to follow AREVA procedures for release of criticality calculations associated with the shipments. The NRC staff issued a Severity Level III violation to the engineer. Additionally, NRC issued a confirmatory order as a result of Post-Investigation Alternative Dispute Resolution.

WESTINGHOUSE ELECTRIC COMPANY

An OI investigation substantiated that unidentified individual(s) willfully failed to complete a Nuclear Material Control & Accountability (MC&A) transaction by concealing the identification of a polypak storage container which held Special Nuclear Material (SNM) and concealing the polypak in an inappropriate storage area. An NRC Special Inspection Team was formed by the NRC Region RII (RII), Division of Fuel Facilities Inspection (DFFI) to inspect and assess the facts and circumstances surrounding the potential loss of SNM (approximately 11.42 kilograms of uranium 235 (U-235), enriched to 4.8 percent) at the Westinghouse, Columbia, SC., Fuel Fabrication Facility. As a result of inspection activity, the NRC staff reported a series of suspicious events that apparently led to the disappearance of the SNM. Through numerous OI interviews of Westinghouse employees, forensic assistance from the Federal Bureau of Investigation's (FBI) HazMat Science Response Unit and the United States Secret Service (USSS), OI developed a willful motive for the incident. A Severity Level IV violation was subsequently issued to Westinghouse officials with corrective actions stipulated.

NUCLEAR FUEL SERVICES, INC.

An OI investigation determined that a former Industrial Safety Specialist at Nuclear Fuel Services (NFS), willfully provided incomplete and inaccurate information to the NRC concerning fire damper

inspections at NFS on two separate occasions. The investigation determined that on multiple occasions, the Industrial Safety Specialist was designated to respond to a notice of violation (NOV) issued to NFS by the NRC relative to missed fire damper inspections. The investigation uncovered evidence that the Industrial Safety Specialist had created inspection reports falsely documenting that certain fire damper inspections had been completed, when in fact they had not. NRC issued a confirmatory order and cited a violation of 10 CFR 70.9 (Completeness and accuracy of information) as a result of Post-Investigation Alternative Dispute Resolution.

PROFESSIONAL SERVICE INDUSTRIES

This OI investigation substantiated that a Department Manager, a Project Supervisor and a Radiation Safety Officer for Professional Service Industries (PSI) exhibited careless disregard in the management of the office when they allowed uncertified radiographers and uncertified assistant radiographers to perform radiography on multiple occasions. The investigation also substantiated that two PSI employees engaged in deliberate misconduct when they conducted radiography without a certified radiographer being present, and failed to ensure that proper surveillance was conducted during radiographic operations. Additionally, OI substantiated that a PSI employee deliberately lied to management by claiming to be in possession of a state card certifying the PSI employee as a radiographer. Based upon the employee's representation, PSI employed this person as a certified radiographer. This matter remains under regulatory review.

AMERICAN RADIOLABLED CHEMICAL

OI conducted an investigation involving the overexposure of an individual working with tritium, who was allowed by the American Radiolabeled Chemical (ARC) Radiation Safety Officer (RSO) to continue working after the overexposure. An individual from another company, Beta Batt, rented laboratory time at ARC to conduct research for a tritium battery project that the company was developing. During a bioassay test, the RSO determined that the individual received a dose greater than 100 millirems in a week, as the individual had a committed effective dose equivalent of 148 millirems of hydrogen-3 and carbon-14. According to the ARC materials license, the licensee was required to restrict that individual from the lab until the dose fell below 50 millirems in a week. However, the RSO allowed the individual to continue working in the ARC lab knowing that he/she exceeded the allowable dose limits. The OI investigation concluded that the RSO acted alone in making the decision to allow the individual to continue working in the lab in violation of the ARC license requirements. The licensee was offered the choice of either a pre-decisional enforcement conference or Alternative Dispute Resolution. A pre-decisional enforcement conference was held and subsequently, the NRC issued two Severity Level IV violations to the licensee.

DEPARTMENT OF VETERANS AFFAIRS - EAST ORANGE

The investigation was initiated after the VA National Health Physics Program (NHPP) notified the NRC about the results of an NHPP inspection at the VA East Orange facility in which the NHPP issued a Severity Level III violation to the East Orange permittee for an apparent violation of package survey requirements. The initial information indicated that a nuclear medicine technologist (NMT) may have deliberately failed to perform radiation surveys of incoming packages that contained radioactive materials and may have deliberately recorded false data on radiation survey results. The investigation established that the VA's radiation safety officer

(RSO) discovered the discrepancy by challenging the NMT. At the time, the machine used by VA East Orange to measure swipe tests did not have the ability to permanently store/record the data obtained by the NMT. Test results were permanently lost as soon as the machine was used again. The NMT did not deny not completing the test and recording the false information. The NMT admitted to writing an arbitrary but similar number from a previous reading and was terminated. Regulatory action was issued to the licensee exercising enforcement discretion in recognition of the enforcement action taken under the VA's Master Materials License.

CAN USA, INCORPORATED

The OI investigation substantiated that a radiographer and radiographer assistant willfully left a radiography camera unattended and unmonitored. OI also investigated other allegations of potential willful conduct by CAN USA personnel, which although not substantiated, certain of the evidence developed during the investigation was used by the NRC staff in support of a Post-Investigation Alternative Dispute Resolution (ADR) session. Consequently, on April 16, 2010, the NRC issued a Confirmatory Order (effective immediately) to CAN USA, Inc. to formalize commitments made as a result of Post-Investigation ADR.

The agreement resolves the apparent violations involving the CAN USA failures, which were identified during NRC inspection and investigation by the NRC OI, and include the following areas: (1) failure to have a radiographer and at least one other individual qualified pursuant to 34.43(c); (2) failure to have a radiographer supervise and maintain direct observation of the assistant during use of a radiographic device; and (3) failure to control and maintain constant surveillance of licensed material that is in a controlled or unrestricted area and not in storage; and (4) failure to comply with NRC security-related requirements

FOSS THERAPY SERVICES

This OI investigation was initiated to determine if whether employees at Foss Therapy Services, Inc. (FTS), Alta Loma, California, willfully failed to adhere to the requirements set forth in the NRC's Radioactive Material in Quantities of Concern (RAMQC) Order, willfully caused radioactive material to be shipped in a package design that was no longer validated by the U.S. Department of Transportation (DOT), and willfully engaged in the import/export of nuclear materials without a specific NRC import/export license. Following extensive evidence reviews and numerous interviews, including interviews conducted in Mexico, the investigation substantiated that FTS employees deliberately failed to adhere to the requirements set forth in the NRC's RAMQC and willfully caused radioactive material to be shipped in a package design that was no longer validated by the DOT. Following referral to the Department of Justice (DOJ), DOJ advised that the matter warranted further review by DOJ. A DOJ decision regarding prosecution was deferred until regulatory reviews and determinations have been rendered by the NRC. This matter remains under regulatory review.

MATTINGLY TESTING SERVICES, INC.

In September 2010, an Order Revoking License was issued to Mattingly Testing Services, Inc., (Mattingly) as a result of NRC staff's conclusions based on two OI investigation reports issued regarding activities at the Mattingly facilities, following an event of a lost radiography exposure device and continued staff review of the inspections and investigations results through August 2010.

During the OI investigations, the NRC discovered a number of violations, including deliberate failures to implement the requirements of: (1) Confirmatory Order , which dispositioned a number of willful safety violations through Alternative Dispute Resolution in 2009; (2) Increased Controls Order regarding establishing and maintaining a prearranged response plan with the local law enforcement agency (LLEA); and, (3) 10 CFR 30.9, "Completeness and Accuracy of Information," regarding Mattingly providing inaccurate information to the NRC about establishing a prearranged response plan with the LLEA. In addition to these deliberate violations, the NRC found that Mattingly failed to implement other requirements of Confirmatory Order ; failed to have a dependable means to transmit information between and among various components used to detect, assess, and respond to unauthorized access to radioactive materials in accordance with Increased Controls Order; failed to properly secure a radiographic exposure device for transportation leading to its loss in the public domain; and, willfully failed to immediately report the loss of a radiographic exposure device to the NRC. On the same day, the Staff also issued an order to the President and Owner of MTS, prohibiting him from any involvement in NRC-licensed activities for a period of seven years. This matter remains under regulatory review for adjudication.

SIGNIFICANT ASSISTS TO STAFF

MULTIPLE EAST COAST NUCLEAR POWER PLANTS

As part of its Federal Security Coordinator/Anti-terrorism activities, OI coordinated with FBI officials upon learning that a former contractor- laborer who had worked at multiple nuclear power plants on the East Coast had been arrested in Yemen and charged with murder. The former nuclear plant laborer had been apprehended in Yemen as a suspected Al Qaeda associate and while in custody at a Yemeni hospital was allegedly able to commandeer a security guard's handgun and shoot one guard to death and wound another while trying to escape. OI had previously conducted an investigation involving the murder suspect's brother who also worked at additional licensed nuclear facilities on the East Coast; the suspect's brother claimed he had been discriminated against in violation of the employee protection regulation at one of the nuclear plants. However, OI did not substantiate the allegation of discrimination. OI agents also participated in meetings held between the NRC (the Region and Office of Nuclear Security and Incident Response officials) and the licensees where the brothers worked to discuss the licensees' evaluation of what plant systems the brothers worked on and which areas of the plant they accessed.

SUSQUEHANNA STEAM ELECTRIC STATION

As part of its Federal law enforcement responsibilities, OI coordinated the arrest of an armed Security Officer (SO) at the Susquehanna Steam Electric Station (SSES) with Federal special agents from the Department of Justice (DOJ), Office of Inspector General (OIG). Unrelated to the SO's regulatory duties at SSES, the SO was wanted on charges of workman's compensation fraud in excess of \$55,000 at another government agency. The DOJ OIG requested the assistance of OI agents in order to safely coordinate the arrest along with SSES site security management. The arrest was effected without incident.

MATTINGLY TESTING SERVICES, INC.

While investigating allegations of discrimination against Mattingly Testing Services, Incorporated (MTS) officials, OI uncovered additional, unrelated information during investigative interviews. Allegedly, an employee related that MTS employees would take additional X-rays of a pipeline weld and label them as a different weld. The label used by MTS employees contained weld information for pipelines that had been previously missed or buried before being x-rayed so that MTS could produce the x-ray film needed for that particular pipeline weld. Due to the allegation being outside the scope of NRC jurisdiction, the information was referred to the U.S. Department of Transportation (DOT), Fort Worth, Texas. OI contacted DOT officials in, Denver, Colorado, and provided an investigative briefing on the case for use during DOT's investigation.

COLUMBIA

An OI Assist to Staff was conducted, upon the request of an NRC Resident Inspector at Energy Northwest's Columbia Generating Station (CGS), to obtain clarifying information regarding the allegations that a CGS manager had created a "chilled work environment" which prevented employees from raising safety concerns. The allegation also included information regarding potential wrong doing related to the implementation of the Cyber Security Rule at CGS. OI and NRC technical staff jointly conducted an interview that disclosed a number of concerns regarding the implementation of cyber security at CGS. Results of the interview were reviewed and an OI investigation was subsequently initiated.

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