



FY 2015

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ABSTRACT

This report provides the U.S. Nuclear Regulatory Commission with an overview of the Office of Investigations' (OI's) activities, mission, and purpose, along with the framework of case inventory with highlights of significant cases that OI completed during fiscal year 2015 (reference Staff Requirements Memorandum COMJC-89-8, dated June 30, 1989). This is the 27th OI annual report.

TABLE OF CONTENTS

ABSTRACT	iii
FISCAL YEAR 2015 HIGHLIGHTS	1
INTRODUCTION AND OVERVIEW	3
History, Authority, and Mission	3
THE OFFICE OF INVESTIGATIONS	5
DIRECTOR AND FIELD OFFICE REVIEW VISITS	7
CASES	9
Case Inventory.....	9
CASES OPENED	11
CASES CLOSED.....	13
SIGNIFICANT INVESTIGATIONS	15

FISCAL YEAR 2015 HIGHLIGHTS

During fiscal year (FY) 2015, the U.S. Nuclear Regulatory Commission (NRC) Office of Investigations (OI) recruited, hired, and maintained a mission-driven, high-performing workforce, and affirmed its commitment to investigative independence, excellence, and adherence to established quality standards. OI is comprised of experienced Federal criminal investigators and professional support staff who continuously exceed the expectations of both internal and external stakeholders. With the goal of continuous program improvement, OI implemented several strategies that enhanced OI's investigative role within the NRC.

OI accomplished the following significant achievements during FY 2015:

- OI closed 100 investigations, 95 percent (95 investigations) of which OI developed sufficient information to reach a conclusion that substantiated or unsubstantiated allegations of willful wrongdoing. This exceeded OI's performance measure of 90 percent.
- Of the above 95 investigations, OI closed 97 percent in 12 months or less. This exceeded OI's performance measures for both reactor and materials investigations.
- Of the 23 assists to staff closed, 100 percent were closed within 90 days, which exceeded OI's performance measure of 90 percent.
- OI processed 61 Freedom of Information Act requests in a timely manner.
- OI referred 100 percent of its substantiated wrongdoing investigations to the U.S. Department of Justice for prosecution consideration.
- OI continued operational law enforcement liaison with Federal, State, and local law enforcement officials throughout the United States in support of the NRC Federal Security Coordinator Program, as required by the Energy Policy Act of 2005.
- OI assisted in the creation and application of an Intellectual Property Rights (IPR) feature on the NRC public Web site. This feature allows NRC employees and members of the public to anonymously report counterfeit or suspected fraudulent items directly to the National IPR Coordination Center.
- OI was the lead advisor to the modernization and improvement of the IPR Center's allegation and leads deconfliction system. This was a collaborative effort with approximately 17 other Federal stakeholders to maximize feedback and leverage technological and process improvements, which are estimated to yield a combined cost reduction to respondents and the Government of approximately 95 percent annually, or \$550,068.

INTRODUCTION AND OVERVIEW

History, Authority, and Mission

History

In 1982, with the support of the U.S. Department of Justice (DOJ) and the U.S. Congress, the U.S. Nuclear Regulatory Commission (NRC) established the Office of Investigations (OI) as part of an agency effort to improve the quality of its investigative work and to support the NRC's overall mission. On April 20, 1982, the Commission announced the formation of OI to improve NRC's capability "to perform credible, thorough, timely and objective investigations." OI was accorded the responsibility to conduct independent investigations either at the request of specific NRC officials or on its own initiative. OI subsequently hired experienced Federal criminal investigators, which it continues to maintain today, who conduct investigations of alleged wrongdoing in accordance with DOJ guidelines and Quality Standards for Investigations established by the Council of Inspectors General on Integrity and Efficiency.

Authority

The Commission 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 (10 CFR 1.36), "Office of Investigations." 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). The OI jurisdiction extends to the investigation of alleged wrongdoing by licensees, certificate holders, permittees, or applicants; by contractors, subcontractors, and vendors of such entities; and 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 that the Commission issued.

Additionally, during the course of investigations, 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 expertise to the NRC staff in the form of assists to staff. Generally, these assists to staff are associated with matters of regulatory concern for which the NRC staff has requested OI's investigative expertise, but that do not initially involve a specific indication of wrongdoing.

Mission

As stated in the NRC's Strategic Plan for FYs 2014-2018, the agency's mission is to license and regulate the Nation's civilian use of radioactive materials to protect public health and safety, promote the common defense and security, and protect the environment. The NRC's vision is to carry out its mission in a manner that ensures it remains a trusted, independent, transparent, and

effective nuclear regulator. The NRC's strategic plan defines the strategic goals and objectives that will allow the agency to carry out its mission and identifies activities that will contribute to achieving these goals.

OI aligns with the agency's regulatory programs and strategic values and goals to provide for the safe use of radioactive materials and nuclear power for civilian use. OI's national investigations program consistently operates under the agency's principles of good regulation, openness, efficiency, clarity, and reliability to support regulatory actions that are effective, realistic, and timely.

THE OFFICE OF INVESTIGATIONS

The Director of the Office of Investigations (OI) reports to the Deputy Executive Director for Materials, Waste, Research, State, Tribal, and Compliance Programs, and supports the reactor and materials programs.

OI is an independent, national investigations program, which consists of four regionally co-located field offices led by special agents in charge, who report directly to OI senior executives located at OI headquarters. OI field and headquarters offices are staffed by Federal criminal investigators (special agents (GG-1811)) and professional support staff.

All NRC OI special agents have extensive backgrounds and experience in Federal criminal investigations. During FY 2015, the professional cadre of OI special agents possessed an average of 18 years of Federal law enforcement experience. OI special agents have previously served at Federal law enforcement agencies such as the Bureau of Alcohol, Tobacco, Firearms and Explosives; U.S. Department of Energy; Naval Criminal Investigative Service; U.S. Department of Labor; U.S. Air Force Office of Special Investigations; Federal Bureau of Investigation; U.S. Secret Service; U.S. Drug Enforcement Administration; and various offices of Inspectors General.

OI plans and conducts investigations of allegations of wrongdoing to determine whether there are willful and deliberate actions in violations of NRC regulations and criminal statutes. OI also develops and implements policies, procedures, and quality control standards for investigations. OI conducts investigations in accordance with the Quality Standards for Investigations established by the Department of Justice guidelines and Quality Standards for Investigations established by the Council of Inspectors General on Integrity and Efficiency. Additionally, OI maintains proactive investigative partnerships with other Federal, State, and local law enforcement officials.

DIRECTOR AND FIELD OFFICE REVIEW VISITS

The OI Director or Deputy Director annually visits each of the OI field offices, which are co-located in the four NRC regional offices. During these visits, OI senior executives place particular emphasis on enhancing effective communication among OI staff and internal stakeholders to promote organizational excellence. The Director's visit may include individual meetings with each OI employee to discuss a variety of subjects and to effectively address any concerns or questions. Additionally, investigative and support staff at OI headquarters may accompany the Director or Deputy Director during visits to OI field offices, which provide opportunities for effective knowledge transfer and increased operational and programmatic awareness. These visits facilitate, encourage, and demonstrate an open exchange of ideas and expressions of differing views between OI senior management and its field office personnel, as well as between OI and regional senior management.

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

FORVs include meetings with OI personnel to discuss current OI headquarters' initiatives and activities, policy and procedural focus, and special or regional items of interest. During these self-assessments, OI personnel are interviewed to obtain timely feedback about operational matters and to discuss any issues of particular interest to the employee. Additionally, the FORV team meets with internal stakeholders, including the Regional/Deputy Regional Administrator, Regional Counsel, Enforcement Coordinator, Allegation Coordinator, and other regional staff, as appropriate.

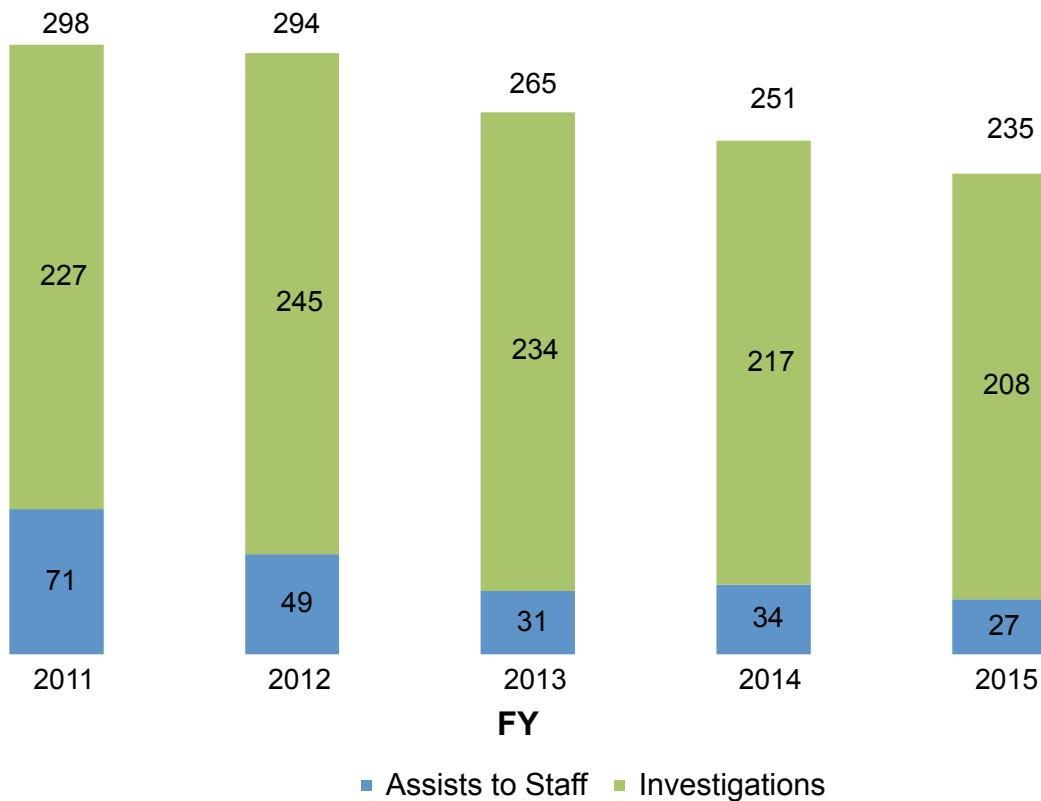
At the conclusion of the FORVs, an exit briefing is conducted with the OI field office personnel to discuss the findings and recommendations of the FORV team. A final OI senior management and OI headquarters' review of the FORV teams' findings is conducted to identify and implement best practices with a view toward continuous program improvement and investigative excellence.

CASES

Case Inventory

Figure 1 shows the OI case inventory, which includes all investigations and assists to staff conducted during FY 2011 through FY 2015. The total case inventory in FY 2015 was 235. This total includes 208 investigations, 96 of which were carried over from FY 2014. Also included are 27 assists to staff, 1 of which was carried over from FY 2014.

Figure 1 Case Inventory



Note: Cases carried over from previous, year combined with cases opened in current year

The total number of cases in the OI inventory during FY 2015 was 235, which was a 6 percent decrease from 251 in FY 2014.

CASES OPENED

Table 1 shows the number of cases opened by category during FY 2011 through FY 2015. In FY 2015, there was a 2-percent increase in total cases opened from FY 2014. There was a decrease of 6 percent in the number of suspected material false statements investigations and a 13-percent increase in violations of other NRC regulatory requirements. In FY 2015, the number of discrimination investigations increased by 9 percent, and the number of assists to staff cases decreased by 10 percent. OI opened 138 cases in FY 2015 in the categories listed below.

Table 1 Cases Opened by Category

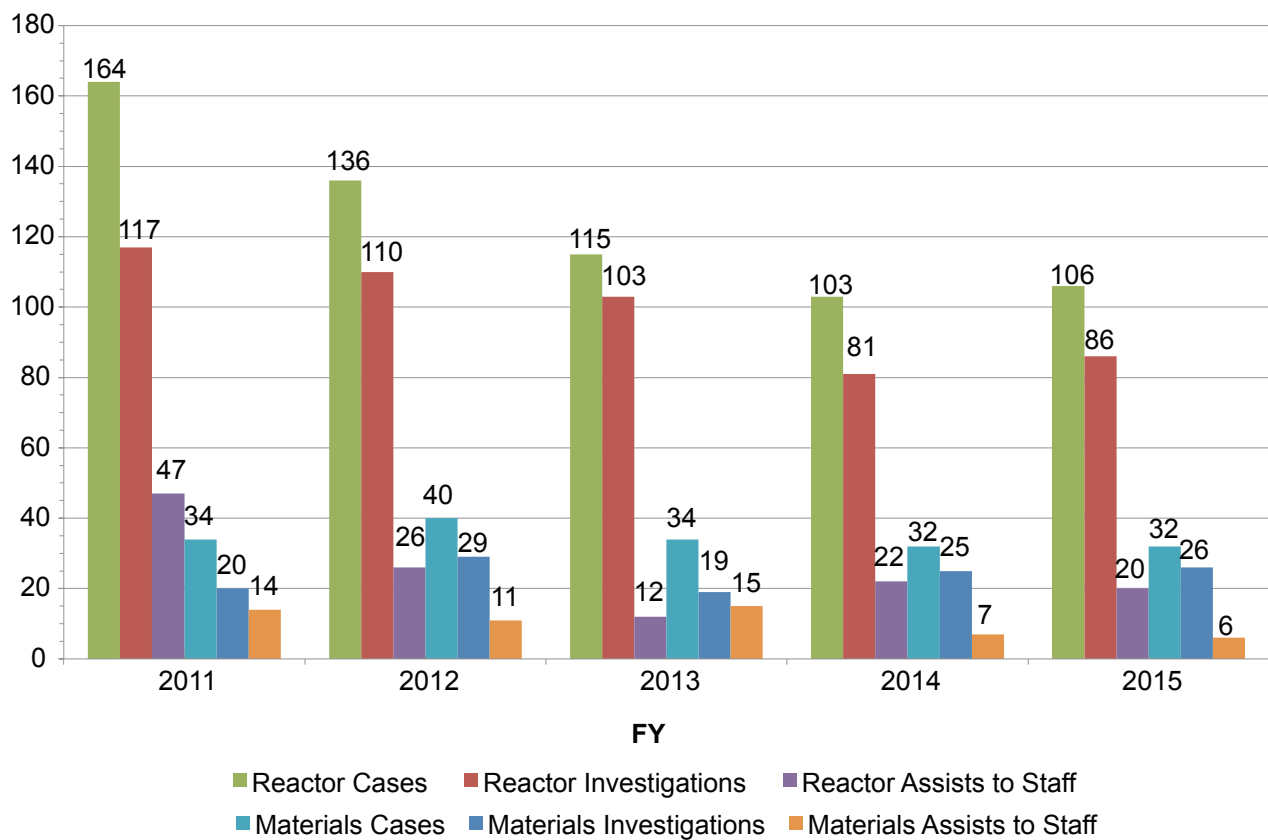
Category	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Total	199	176	149	135	138
Material False Statements	15	18	20	35	33
Violations of Other NRC Regulatory Requirements	69	73	52	38	43
Discrimination	53	48	50	33	36
Assists to Staff	62	37	27	29	26

Note: Of the 138 cases opened in FY 2015, 24 percent were comprised of material false statements, 31 percent were violations of other NRC regulatory requirements, 26 percent were discrimination, and 19 percent were assists to staff.

The graph in Figure 2 shows the distribution of cases opened during FY 2011 through FY 2015 for the Reactor and Materials programs. From FY 2014 to FY 2015, the overall number of reactor cases increased by 3 percent. Of the reactor cases, there was a 6-percent increase in reactor investigations and a 9-percent decrease in reactor-related assists to staff.

The overall number of materials cases remained the same. Of the materials cases, there was a 4 percent increase in materials investigations and a 14-percent decrease in materials-related assists to staff.

Figure 2 Cases Opened by Reactor / Materials



Cases (consist of investigations combined with assists to staff)

Reactor cases: 106

Materials cases: 32

Reactor investigations: 86

Materials investigations: 26

Reactor assists to staff: 20

Materials assists to staff: 6

CASES CLOSED

Table 2 shows the number of cases closed by category during FY 2011 through FY 2015. The total closed during FY 2015 represents a 20-percent decrease from the number closed in FY 2014. There was a 74-percent increase in material false statements investigations and a 24 percent decrease of investigations involving violations of other NRC regulatory requirements. Discrimination investigations decreased by 44 percent and assists to staff decreased by 30 percent. OI closed 123 cases in FY 2015 in the categories listed below.

Table 2 Cases Closed by Category

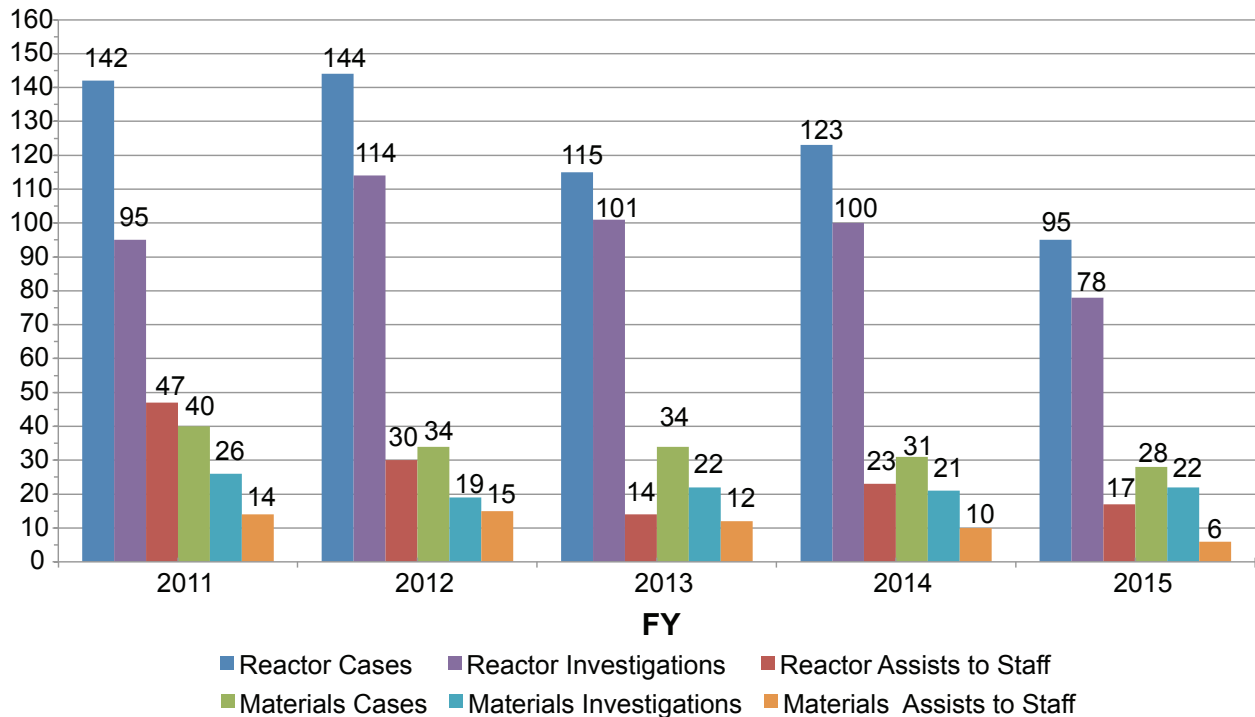
Category	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Total	180	178	149	154	123
Material False Statements	12	14	24	19	33
Violations of Other NRC Regulatory Requirements	76	63	54	50	38
Discrimination	33	56	45	52	29
Assists to Staff	59	45	26	33	23

Note: Of 123 cases closed in FY 2015, 27 percent were comprised of material false statements, 31 percent were violations of other NRC regulatory requirements, 23 percent were discrimination, and 19 percent were assists to staff.

The graph in Figure 3 shows the cases closed from FY 2011 through FY 2015 for the Reactor and Materials programs. From FY 2014 to FY 2015, the overall number of reactor cases decreased by 23 percent. Of the reactor cases, there was a 22-percent decrease in reactor investigations and a 26-percent decrease in reactor-related assists to staff.

The overall number of materials cases decreased by 10 percent, with a 5 percent increase in materials investigations and a 40-percent decrease in materials-related assists to staff.

Figure 3 Cases Closed by Reactor / Materials



Cases (consist of investigations combined with assists to staff)

Reactor cases: 95

Materials cases: 28

Reactor investigations: 78

Materials investigations: 22

Reactor assists to staff: 17

Materials assists to staff: 6

Of the 123 cases closed in FY 2015:

- 38 investigations were closed after OI substantiated willfulness on one or more of the allegations of wrongdoing
- 57 investigations were closed after OI investigations did not substantiate willful wrongdoing
- 5 investigations were administratively closed
- 23 of the total number of cases closed were assists to staff

SIGNIFICANT INVESTIGATIONS

Dominion Engineering

This OI investigation substantiated an allegation that Dominion Engineering used a density gauge in Washington, DC, an area under exclusive Federal jurisdiction, without applying for reciprocity in order to avoid the payment of fees. The owner admitted to OI that Dominion Engineering used a nuclear gauge at least once in Washington, DC, and on several additional occasions at U.S. Government facilities within the Commonwealth of Virginia without filing the proper paperwork with the NRC. The investigation further discovered that Dominion Engineering also used a density gauge in Maryland, an Agreement State, without filing for reciprocity. The owner of Dominion Engineering acknowledged to OI that he provided false statements during a parallel investigation conducted by the Commonwealth of Virginia into the unauthorized use of density gauges. On December 18, 2014, the NRC issued a Severity Level III Notice of Violation to Dominion Engineering Associates and imposed a \$3,500 Civil Penalty.

Naval Medical Center San Diego

An OI investigation substantiated that a former Radiation Safety Officer (RSO), employed by the U.S. Department of the Navy, Navy Medical Center-San Diego (NMC-SD), California, deliberately falsified the signature of a licensee management official on documents requesting to amend their Naval Radioactive Materials Permit (NRMP), as well as on documents requesting the renewal of the NRMP. Additionally, the OI investigation substantiated that the RSO deliberately falsified the signature of a licensee management official on multiple occasions on letters appointing new members to the NMC-SD Radiation Safety Committee (RSC), causing the NMC-SD to be in violation of NRC regulations and its license conditions.

In consideration of the enforcement action taken by the Navy, the NRC exercised enforcement discretion and did not issue a Notice of Violation or a Civil Penalty for this investigation.

Seabrook

An OI investigation substantiated that a Seabrook Electrical Maintenance Supervisor (EMS) left the site, claiming an emergency, when selected for a random Fitness for Duty drug test. The EMS subsequently admitted that there was no emergency and admitted to leaving the site because of concern about not passing the drug test. The EMS' access was terminated and will be permanently denied. On July 22, 2015, the NRC issued a Severity Level III Notice of Violation against the EMS.

Watts Bar

This OI investigation substantiated that a former contract foreman, working at Tennessee Valley Authority's (TVA's) Watts Bar Nuclear Plant Unit 2 (WBNP2) new construction site, deliberately violated procedural guidelines associated with anchor bolt installation. OI, supported by the NRC technical staff, confirmed that the procedural violations were associated with the use of a non-approved modified tool used to straighten anchor bolts during the installation process. OI determined that members of the work crew documented that they followed the applicable procedure when in fact, they did not. On April 7, 2015, the NRC issued a Severity Level III Notice of Violation to TVA for the willful failure to follow a procedure for activities affecting quality in accordance with 10 CFR 50, Appendix B, Criterion V.

Chicago Bridge & Iron

This investigation substantiated that the former rigging manager and other members of Chicago Bridge & Iron (CB&I) management, deliberately directed personnel to falsify documentation regarding damage sustained from a drop of an AP 1000 structural submodule destined for the V.C. Summer Nuclear Plant. OI's investigation further substantiated that CB&I management willfully failed to correct a condition adverse to quality regarding the dropped submodule. OI determined that CB&I management provided an inaccurate Condition Report (CR) and deliberately withheld relevant information from the CB&I team evaluating the CR, resulting in the CR team's conclusion that the module was not damaged and did not need repairs. On April 20, 2015, the NRC issued a Severity Level II Notice of Violation and Proposed Imposition of Civil Penalty in the amount of \$11,200 to CB&I. The NRC also issued a Severity Level III Notice of Violation to the former rigging manager.

QualTech NP

This OI investigation was initiated to determine whether QualTech NP failed to report testing anomalies, or deviations, for electrical cables supplied for nuclear power plant use, and whether employees were instructed not to document those anomalies, as required. Early in the investigation, the NRC Office of New Reactors(NRO) determined that there was a potential immediate health and safety concern related to whether the electrical cables had been shipped to, and installed, in any U.S. nuclear power plants. Subsequently, OI and the NRO technical staff from two NRC regions quickly established teams to travel to two locations to address the allegation. Through a series of challenging interviews, supported by NRO technical staff, the immediate health and safety concern was resolved. Based on the evidence obtained during the investigation, OI did not substantiate this allegation.

Columbia Generating Station

This OI investigation was initiated to determine whether three former security officers were not performing their duties as assigned and were not ready to respond as required while on post in bullet resistant enclosures (BREs). OI substantiated through evidence obtained during the course of the investigation, as well as an admission to OI that two of the security officers were

deliberately inattentive to duty because of behavior they were engaged in while on post in the BRE. However, there was no substantive evidence obtained by OI to conclude the third security officer was inattentive, while on post in the BREs.

During the investigation, but unrelated to the original allegation, OI investigators discovered another security officer inattentive to duty while on post in a BRE. The officer admitted to OI that he “inadvertently fell asleep” and that he failed to properly implement the training and tools to mitigate inattentiveness. On September 28, 2015, the NRC issued a Confirmatory Order to Energy Northwest in lieu of a Notice of Violation for the apparent violation of 10 CFR 73.55(k)(5) (iii). A \$35,000 Civil Penalty was included in the Confirmatory Order.

Texas A&M University

This OI investigation substantiated that a Manager of Reactor Operations (MRO), employed at the Texas A&M Nuclear Science Center (NSC) TRIGA Reactor, deliberately completed a shut-down checklist for the university’s research reactor, without performing the appropriate walk down actions. The OI investigation determined that the MRO completed the shut down checklist after it was discovered that the previous shift’s reactor personnel failed to comply with the required procedures for securing the reactor console, in accordance with NSC technical specifications. The MRO also failed to complete the shutdown checkoff log after recognizing that a control rod was not fully seated at the time of shutdown. The MRO admitted to OI that while reviewing paperwork on the morning after the shutdown, the MRO noticed that the log from the previous night was not complete. The MRO further admitted to deliberately falsifying the checklist and completed the log without verifying the information that was required, in violation of procedures. On October 22, 2015, the NRC issued a Severity Level III violation to Texas A&M and proposed \$3,500 Civil Penalty for the procedural violations. In addition, the NRC issued a Severity Level III Notice of Violation to the former MRO.

Grand Gulf

This OI investigation substantiated that a licensed Senior Reactor Operator (SRO) tested positive for cocaine twice during random Fitness for Duty tests while working at the Grand Gulf Nuclear Plant (GGNP). The SRO admitted to OI that he deliberately used cocaine on several occasions while off duty and outside of GGNP property. On May 14, 2014, the NRC issued a Confirmatory Order prohibiting the SRO from having any involvement in NRC-licensed activities for a period of 5 years.

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11. ABSTRACT (200 words or less)

This report describes Office of Investigations case activities during FY 2015.

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