



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

**OFFICE OF THE
INSPECTOR GENERAL**

January 8, 2015

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

FROM: Stephen D. Dingbaum */RA/*
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
PROCESS FOR ADDRESSING BANKRUPTCY OF
MATERIALS LICENSEES (OIG-14-A-10)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR MATERIAL SAFETY
AND SAFEGUARDS, MEMORANDUM DATED DECEMBER
12, 2014

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's response dated December 12, 2014. Based on this response, recommendation 1 is closed and recommendation 2 remains in a resolved status. Please provide an updated status of recommendation 2 by August 31, 2015.

If you have questions or concerns, please call me at 415-5915 or Sherri Miotla, Team Leader, at 415-5914.

Attachment: As stated

cc: M. Galloway, OEDO
K. Brock, OEDO
J. Arildsen, OEDO
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C. Haney, NMSS

Audit Report

AUDIT OF NRC'S PROCESS FOR ADDRESSING BANKRUPTCY OF MATERIALS LICENSEES

OIG-14-A-10

Status of Recommendations

Recommendation 1: Identify and use comprehensive source/s of bankrupt entities, as part of NRC's process for identifying bankrupt NRC licensees.

Agency Response Dated
December 12, 2014:

Representatives from the U.S. Department of Justice (DOJ) identified a web site that allows users to perform a free search of bankruptcy filings (www.inforuptcy.com/filings/search-bankruptcy-filings). The staff evaluated the number of monthly bankruptcy filings available in the search function, and determined that it was similar to the data for monthly bankruptcy filings found on the United States Courts web site (www.uscourts.gov). In addition, the staff compared the bankruptcy filings in the free search to those available for a fee in the Public Access to Court Electronic Records website and did not identify any difference in the availability of information. The staff considers that the free website identified by the DOJ provides a comprehensive source of entities that have filed for bankruptcy.

On average, there are 600 Chapter 11 bankruptcy filings per month, nationwide. As noted in the OIG audit, the majority of those NRC materials licensees that file for bankruptcy, file for Chapter 11 bankruptcy as opposed to other chapters under which a bankruptcy case may be filed.

Beginning in January 2015, the NRC staff will use the identified source to search the Chapter 11 bankruptcy filings in NRC jurisdiction. For efficiency purposes, it has been decided that staff from NMSS, will review the information, and identify any bankruptcy filings made by NRC materials licensees. This will be accomplished by comparing the names of the filing entities to licensees in the NRC's Web-Based Licensing System and the General Licensing Tracking System.

The staff considers this action to be completed.

Point of Contact: Tomas Herrera, NMSS

Audit Report

AUDIT OF NRC'S PROCESS FOR ADDRESSING BANKRUPTCY OF MATERIALS LICENSEES

OIG-14-A-10

Status of Recommendations

Recommendation 1 (cont.)

OIG Analysis: The actions described meet the intent of the recommendation. This recommendation is closed.

Status: Closed.

Audit Report

AUDIT OF NRC'S PROCESS FOR ADDRESSING BANKRUPTCY OF MATERIALS LICENSEES

OIG-14-A-10

Status of Recommendations

Recommendation 2: Develop guidance on staff's role for identifying bankrupt NRC materials licensees.

Agency Response Dated
December 12, 2014:

The Materials Safety Licensing Branch (MSLB) will develop a branch level Policy and Guidance Directive. MSLB will seek input from the Office of the General Counsel and the Regions in developing the guidance procedures. MSLB staff will assume the responsibility for performing a search of bankruptcy filings on a monthly basis. If MSLB staff identifies entities that appear to be NRC licensees, the staff will forward the information to the appropriate regional representatives of the NRC's Bankruptcy Review Team, to determine whether the licensee has notified the NRC of its filing for bankruptcy in accordance with 10 CFR 30.34(h). If the NRC has not received a notification, staff will contact the licensee to ensure that the licensee complies with the regulatory requirements.

Completion Date: July 31, 2015

Point of Contact: Tomas Herrera, NMSS

OIG Analysis: The proposed actions meet the intent of the recommendation. OIG will close this recommendation when OIG determines that the guidance, as implemented, provides staff's role for identifying bankrupt NRC materials licensees.

Status: Resolved.