

Richard K. Witchko

Attorney at Law

DOCKETED
USNRC

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Pittsburgh, Pennsylvania 15237

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7:10
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OFFICE OF SECRETARY
RULEMAKING AND
ADJUDICATIONS STAFF

April 2, 1998

Office of Commission Appellate Adjudication
Mail Stop: O-16-G15
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Re: Power Inspection, Inc.

Gentlemen:

Enclosed you will find a copy of the Answer to Notice of Violation with the previously omitted Exhibits attached.

Very truly yours,

Richard K. Witchko/gm

Richard K. Witchko

RKW/sm

enclosure

SECY-EHD - 006

DS03

18931

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the matter of)	
)	
POWER INSPECTION, INC.)	Docket No. 30-20644-CivP
)	
(Order Imposing Civil Monetary penalty))	ASLBP No. 98-737-02-CivP

NOTICE OF APPEARANCE

Notice is hereby given that the undersigned attorney enters an appearance in the above-captioned matter. In accordance with 10 C.F.R. §2.713(b), the following information is provided:

Name: Richard K. Witchko, Esquire

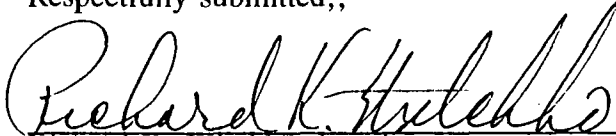
Address: 7805 McKnight Road
Pittsburgh, PA 15237

Telephone: (412) 367-2266

Admissions: Pennsylvania

Name of Party: Paul E. Chambers

Respectfully submitted,,


Richard K. Witchko, Esquire
Counsel for Paul E. Chambers

Dated in Pittsburgh, PA
this 30th day of March, 1998

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
ATOMIC SAFETY AND LICENSING BOARD**

**Before Administrative Judges:
Peter B. Bloch, Presiding Officer
Dr. Richard F. Cole, Administrative Judge
Frederick J. Shon, Administrative Judge**

In the matter of

Docket No. 30-20644-civP

POWER INSPECTION, INC.

**Re: Order Imposing
Civil Monetary Penalty**

ASLBP No. 98-737-02-CivP

ANSWER TO NOTICE OF VIOLATION

AND NOW, comes Paul E. Chambers by and through his attorney, Richard K. Witchko, and files the following Answer to the Notice of Violation and respectfully avers the following:

1. It is specifically denied that Paul E. Chambers at any time violated or had knowledge of any of the violations listed in the Notice of Violations dated February 18, 1997.
2. Paul E. Chambers sole relationship to Power Inspection, Inc. was that of a creditor. See letter to Krishna Kumar dated July 15, 1991 attached hereto and made part hereof as Chambers "Exhibit 1."
3. In addition to the original loan of \$15,000 to Power Inspection Inc., Paul E. Chambers arranged a line of credit for Power Inspection, Inc. with Capital Bank in the amount of \$100,000 that was personally guaranteed by Paul E. Chambers.

4. As security for said line of credit, Krishna Kumar granted a Judgment Note in the amount of \$100,000 to Paul E. Chambers. See Judgment Note attached hereto and made part hereof as Exhibit B.

5. As additional security, Krishna Kumar transferred 47.5% of the Common Stock of Power Inspection Inc. to Paul E. Chambers.

6. At no time did Paul E. Chambers have any part in the day to day operation of Power Inspection Inc. See letter of Krishna Kumar dated December 17, 1993 attached hereto as Exhibit C.

7. At all times all of radiographic testing and handling of nuclear source material was conducted by or under the direct supervision of Krishna Kumar. See Exhibit C.

8. Paul E. Chambers relied on the statements of Krishna Kumar concerning his expertise and knowledge in handling nuclear source materials.

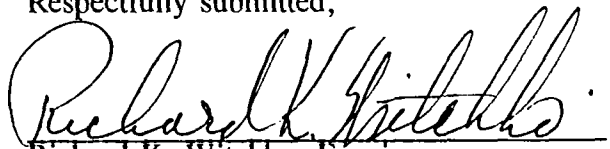
9. The statement detrimentally relied upon by Paul E. Chambers constituted a fraud perpetrated by Krishna Kumar on Paul E. Chambers to obtain monies and financing by Paul E. Chambers.

10. As a direct result of the fraud of Krishna Kumar Paul E. Chambers has incurred personal debt of over \$105,000.

11. Paul E. Chambers avers that the civil penalty imposed is arbitrary, capricious and unreasonable under the circumstances.

WHEREFORE, the defendant, Paul E. Chambers, respectfully requests that the Atomic Safety and Licensing Board Panel dismiss the violations as they apply to Paul E. Chambers.

Respectfully submitted,


Richard K. Witchko, Esquire
Counsel for Paul E. Chambers

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the matter of)	
)	
POWER INSPECTION, INC.)	Docket No. 30-20644-CivP
)	
(Order Imposing Civil Monetary penalty))	ASLBP No. 98-737-02-CivP

CERTIFICATE OF SERVICE

I hereby certify that copies of "ANSWER" and "NOTICE OF APPEARANCE" in the above-captioned proceeding have been served on the following by deposit into United States Mail overnight delivery and regular First Class U.S. Mail on the 30th day of March, 1998.

Administrative Judge
Peter B. Bloch, Chairman
Atomic Safety and Licensing Board
Mail Stop: T-3 F23
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge
Richard F. Cole
Atomic Safety and Licensing Board
Mail Stop: T-3 F23
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge
Frederick J. Shon
Atomic Safety and Licensing Board
Mail Stop: T-3 F23
Washington, DC 20555

Office of Commission Appellate Adjudication
Mail Stop: O-16 G15
U.S. Nuclear Regulatory Commission
Washington, DC 20555

I hereby certify that copies of "ANSWER" and "NOTICE OF APPEARANCE" in the above-captioned proceeding have been served on the following by regular First Class U.S. Mail on the 30th day of March, 1998.

Krishna Kumar
Power Inspection, Inc.
c/o William F. Manifesto, Esquire
1550 Koppers Building
Pittsburgh, PA 15219

Susan L. Uttal, Esquire
U.S. Nuclear Regulatory Commission
Office of General Counsel
Washington, DC 20555

July 15, 1991

Mr. Krishna Kumar
2551 Derby Court
Wexford, PA 15090

Re: Letter of Intent between Paul E. Chambers
and Krishna Kumar

Dear Mr. Kumar:

The purpose of this letter is to set forth the basic terms of an Agreement to be entered into between Paul E. Chambers and Krishna Kumar, individually, and Power Inspection, Inc., a Pennsylvania corporation.

In consideration of the following covenants the parties agree as follows:

1. Paul E. Chambers will advance a loan in the amount of Fifteen Thousand Dollars, (\$ 15,000.00) to Krishna Kumar, said loan to be secured by a Judgment Note in a like amount, bearing an annual interest rate of prime plus three percent (3%), and payable as hereinafter provided. The said Note shall be executed by Krishna Kumar and Vaidehi Kumar, his wife.

2. Paul E. Chambers agrees to advance sufficient cash to Krishna Kumar and/or Power Inspection, Inc., semi-monthly, to meet any short-fall in the current operating expenses of Power Inspection, Inc.

3. Each advance shall be secured by a Judgment Note bearing the same terms as the Note described in Paragraph (1) above.

4. Paul E. Chambers will, within ninety (90) days, arrange for a line-of-credit for the benefit of Power Inspection, Inc., in the amount of Four Hundred Thousand Dollars (\$400,000.00) at a banking institution of his choice, Power Inspection, Inc., may at no time draw down on this line-of-credit an amount in excess of Four Hundred Thousand Dollars (\$400,000.00) less any outstanding debt it presently has with Union National Bank or any other lender. This line-of-credit shall be secured by a general obligation of Power Inspection, Inc., and guaranteed by Krishna Kumar, et ux., and Paul E. Chambers.

5. Upon obtaining the line-of-credit, Power Inspection, Inc., shall immediately draw down and pay to Paul E. Chambers, all outstanding balances due on the Notes referred to above.

EXHIBIT 1

In consideration of the above, Krishna Kumar agrees to the following items:

- a. That as sole shareholder and chief operating officer of Power Inspection, Inc., he will not in any way change the monthly operating expenses of Power Inspection, Inc., without the approval of Paul E. Chambers.
- b. He will cause forty seven and one-half percent (47.5%) of the outstanding common stock of Power Inspection, Inc., to be transferred to Paul E. Chambers, or his nominee upon demand.
- c. He will transfer five percent (5%) of the outstanding common stock of Power Inspection, Inc., to Richard Paul, for a consideration to be agreed upon by the parties.
- d. He will retain forty seven and one-half percent (47.5%) of the outstanding common stock of Power Inspection, Inc.
- e. He will vote his stock in such a way as to create a Board of Directors consisting of Paul E. Chambers, Richard Paul, and Krishna Kumar.
- f. He will arrange for a restriction of checks of Power Inspection, Inc., in an amount in excess of One Thousand Dollars (\$1,000.00) to require the joint signature of Paul E. Chambers and such other person as may be designated by Paul E. Chambers.
- g. He will cooperate in permitting the accounting of Power Inspection, Inc., to be performed by such firm or person as designated by Paul E. Chambers.

Mr. Krishna Kumar/Letter of Intent
July 15, 1991
Page 3 of 3

6. It is understood and agreed that the parties hereto will enter into a formal Shareholders Agreement providing for the basic terms as herein provided, and such other terms as may be required by Paul E. Chambers, within forty five (45) days from the date of this letter.

7. In the event the parties are unable to reach a final agreement, and upon demand by Paul E. Chambers, all Judgment Notes as provided above shall immediately become due and payable by Power Inspection, Inc., and/or the Guarantors.

WITNESS:

Paul E. Chambers

Krishna Kumar

JUDGMENT NOTE

\$ 100,000.00

Date: October 17, 1991

For value received, the undersigned, or any one or ones of them, jointly or severally on demand, promise to pay to the order of PAUL E. CHAMBERS with interest at the rate of prime plus three percent (3%) per annum without defalcation the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) payable as per letter of intent dated July 15, 1991, between PAUL E. CHAMBERS and KRISHNA KUMAR.

Failure to make payment on this Note when due or on demand, or upon the death, insolvency or bankruptcy of or by the undersigned or any one or ones of them, shall constitute a default, and the full outstanding balance, at the option of the holder, shall become accelerated and immediately become due and payable.

And further, it does hereby empower the Prothonotary or any Attorney of any Court of Record within the United States of America or elsewhere, to appear for it and with it without declaration filed, confess judgment against it, and in favor of said payee, its successors or assigns, as of any term of the above sum, with costs of suit and attorney's commission of fifteen percent (15%) for collection and release of all errors, and without stay of execution and injunction and extension upon any levy is hereby waived, and condemnation agreed to, and the exemption be claimed under and by virtue of any exemption law now in force or which may be hereafter passed.

Witness their hands and seals this day and year first above written.

WITNESS:

Michael J. [Signature]

Krishna Kumar (SEAL)
KRISHNA KUMAR

Michael J. [Signature]

Vali [Signature] (SEAL)
VALI KUMAR

For: Capital Bank of India

EXHIBIT B

My name is Krishna Kumar, age 48. I reside at Weyford, Pa. I am president of Power Projection which performs non-destructive testing. We use radioactive sources and work in nuclear power plants. This means that the NRC regulates P.I.

I first met Paul Chambers in 6-91 as an investor. Chambers owned PEC, a construction company. Chambers eventually invested in P.I. & to help insure the investment weekly (approximately) meetings were held. The subject of the meetings basically were financial considerations which included sales. Regular attendees at the meetings were me, Paul Chambers, Dennis Walther, J. Shedel & any sales people who were necessary. The day-to-day operations, the "how to do the job" and things like this were not discussed at these meetings.

Shedel was a PEC employee on loan to P.I. The reason for this was that PEC did not have enough work for Shedel & P.I. needed a person.

Dennis Walther did accounting work for P.I.

The NRC is currently investigating P.I. Chambers & Walther's involvement with P.I. was such that they were not involved with, knowledgeable about or in any other way concerned with issues surrounding any NRC matter at P.I. I do not believe there are any violations of law at P.I. but

If there are neither Chambers nor Walther
had any involvement whatsoever.

This statement is on two pages. I
gave it on December 17, 1993. I have read it.
It is true & correct. X William Rouse

12-17-93

addendum

I recall at one meeting somebody
brought up that an employee might
have a drug problem. Paul Chambers
said "Get rid of the bum." The employee
Stewart, was thereafter discharged
& William Rouse