



UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the
Division Indicated
and Refer to Initials and Number

LL:KAM:jmm

MAR 26 1981

Mr. James Cummings, Director
Office of Inspector and Auditor
United States Nuclear Regulatory Commission
Washington, D.C.

Re: South Texas Nuclear Project

Dear Mr. Cummings:

I have been in communication with John Sinclair of your office concerning violations of 18 USC 1001 allegedly committed by various employees at the South Texas Nuclear Project. I understand that over a period of the last 3 years there have been numerous allegations of deficiencies in the Quality Assurance Program at the South Texas Nuclear Project. Thus far, investigation has revealed quality assurance falsification by lower level supervisory employees who do not represent appropriate targets for criminal prosecution. Their actions are merely symptomatic of an overall pattern of neglect on the part of Brown and Root, the subcontractor, and Houston Light and Power, the licensee. Accordingly, I have requested that Mr. Sinclair continue to review investigation reports concerning allegations of misconduct at South Texas Nuclear Project and to refer to this Section any cases which involve something more than an individual inspector failing to conduct a single inspection.

I have enclosed sealed letters addressed to the Presidents of Houston Light and Power and Brown and Root (a carbon copy of each is attached for your records). I request that you forward the sealed letters to NRC employees in Region 4 for personal delivery to Mr. Jordan and Mr. Feeham. I also request that the individual who delivers the letters send me written acknowledgement of such act.

8105010027
XA

XA Copy Has Been Sent to PDR

I appreciate your cooperation in this regard and would appreciate being apprised of future investigative efforts concerning the South Texas Nuclear Project.

Very truly yours,

LAWRENCE LIPPE, Chief
General Litigation and,
Legal Advice Section
Criminal Division

By:

KAREN A. MORRISSETTE, Attorney
General Litigation and Legal Advice Section
P.O. Box 887 -- Ben Franklin Station
Washington DC 20044

Enclosures



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MAR 26 1981

Mr. D.D. Jordan
President
Houston Light and Power Company
Houston, Texas 77001

Re: South Texas Nuclear Project

Dear Mr. Jordan:

Information developed by the Nuclear Regulatory Commission indicates that certain employees at the South Texas Nuclear Project, for which Houston Light and Power holds the construction license, have committed criminal violations of Title 18 of the United States Code, Section 1001. The evidence indicates that these employees circumvented reporting procedures and falsified inspection reports.

The history of deficiencies in the Quality Assurance Program at the South Texas Nuclear Project also indicates that the actions of these employees are merely symptomatic of an overall pattern of neglect on the part of Houston Light and Power as licensee, and Brown and Root as subcontractor. Accordingly, this letter constitutes notice to you that we will consider future recurrences of falsification of or deficiencies in the Quality Assurance Program at the South Texas Nuclear Project as attributable to Houston

cc: James Cummings, Director
Office of Inspector and Auditor
U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Wash DC

Light and Power and its responsible officers. Moreover, with respect to evaluating such liability, the Department of Justice will consider only meaningful efforts on the part of Houston Light and Power and its responsible personnel to preclude the recurrence of such falsification.

Sincerely,

LAWRENCE LIPPE, Chief
General Litigation and
Legal Advice Section
Criminal Division

By:

KAREN A. MORRISSETTE, Attorney



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MAR 26 1981

Mr. J.W. Feeham
President
Brown and Root
Houston, Texas 77001

Re: South Texas Nuclear Project

Dear Mr. Feeham:

Information developed by the Nuclear Regulatory Commission indicates that certain employees at the South Texas Nuclear Project, for which Brown and Root holds the construction subcontract, have committed criminal violations of Title 18 of the United States Code, Section 1001. The evidence indicates that these employees circumvented reporting procedures and falsified inspection reports.

The history of deficiencies in the Quality Assurance Program at the South Texas Nuclear Project also indicates that the actions of these employees are merely symptomatic of an overall pattern of neglect on the part of Houston Light and Power as licensee, and Brown and Root as subcontractor. Accordingly, this letter constitutes notice to you that we

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Office of Inspector and Auditor
U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Wash DC

will consider future recurrences of falsification of or deficiencies in the Quality Assurance Program at the South Texas Project as attributable to Brown and Root and its responsible officers. Moreover, with respect to evaluating such liability, the Department of Justice will consider only meaningful efforts on the part of Brown and Root and its responsible personnel to preclude the recurrence of such falsification.

Sincerely,

LAWRENCE LIPPE, Chief
General Litigation and
Legal Advice Section
Criminal Division

By:

KAREN A. MORRISSETTE, Attorney