

REPORT OF INTERVIEW
WITH
FRANCES HANNAH

HANNAH was telephonically interviewed on October 1, 1990, by Nuclear Regulatory Commission Investigator Gary H. Claxton. HANNAH is employed by the Tennessee Valley Authority (TVA), Chestnut Street Tower, CST 15-E38A, Chattanooga, Tennessee 37401, telephone (615) 751-5820, as a senior purchasing agent. Upon being advised of the nature of the investigation, HANNAH provided the following information.

HANNAH said that in October 1989 she was assigned to locate three Potter and Brumfield (P&B) electric relays for the Sequoyah Nuclear Plant (SNP). HANNAH said the relays were difficult to obtain and none of the normal sources were able to supply them within a reasonable time period because of a production halt at the P&B factory. HANNAH recalled she contacted several sources for the relays without success before she learned of Spectronics, Incorporated, in Mobile, Alabama. HANNAH said she contacted Spectronics by telephone and talked with Peter TOLBERT.

HANNAH said she was told by TOLBERT that Spectronics would be able to supply the relays within a few weeks and October 16th was agreed upon as the delivery date. She said she did not question TOLBERT as to how he could supply the relays so quickly and she did not specifically ask if the relays were new. She said it was obvious that TOLBERT did not tell her the relays were rebuilt or she would have cancelled the order. She referred to the confirming order issued by TVA to Spectronics on September 15, 1989, and the accompanying conditions of contract. HANNAH said condition 7 of the standard TVA contract requires that purchased items be new as opposed to surplus or rebuilt.

HANNAH said since the relays were not to be used in a safety system, no traceability was required; therefore, that question did not arise. However, she said TOLBERT was aware the relays were to be used in a nuclear plant by virtue of her conversation with him, and the fact that he shipped them to SNP.

This Report of Interview was prepared on October 1, 1990.



Gary H. Claxton, Investigator
Office of Investigations
Field Office, Region II

Reviewed by: _____
Date: 10-10-90

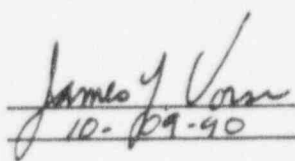
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EXHIBIT 18

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DATE NAME MOD COMMENTS

MOD

11/11/11	COMPTON, DAVE	LET	CC OF INVESTIGATIVE REPORT
06/13/90	VORSE	BRF	BRF BY VORSE RE BACKGROUND
06/14/90	ROBERTS, ARTHUR	INT	ROBERTS PROVIDES B/G RE RECEIPT OF RELAYS AT SHNP
06/14/90	PATTON, DON	TC	BRIEFED PATTON AT P&B RE NATURE OF INVESTIGATION
06/15/90	ROBERTS, ARTHUR	INT	PROVIDED B/G ON SHNP PURCHASE
06/16/90	NAIDU, K	TC	GENERALLY DISCUSS FINDINGS AND STRATEGY
06/16/90	VORSE	BRF	DISCUSS FACTS AS KNOWN AND DISCUSS STRATEGY
06/18/90	SCULLY, MIKE	TC	ARRANGE TO SHIP RELAYS TO P&B FOR TESTING
06/18/90	EVIDENCE	ONX	22 RELAYS OBTAINED FROM SHNP SHIPPED TO P&B FOR EXAMINATION
06/19/90	LETTIS, BARRY	LET	D&B INFO ON STOKLEY, INC
06/19/90	LETTIS, B.	TC	DISCUSS LOGISTICS OF TRANSPORTING RELAYS TO P&B- HQ VETOES PERSONAL TRAVEL AND SAYS TO SHIP.
06/19/90	LETTIS	TC	DISCUSS LOGISTICS OF TRANSPORT RELAYS TO P&B- RII RECOMMENDS GC TRAVEL
06/19/90	HAYES, B.	TC	VETOES PERSONAL TRAVEL. SAID TO SHIP VIA OVERNIGHT AND VIB WOULD ACCEPT UPON ARRIVAL.
06/19/90	ROBERTS, ART.	FAX	ROBERTS PROVIDES FAX OF DELIVERY TICKET FOR 22 RELAYS
06/21/90	NAIDU, K	TC	BRIEF RE FINDINGS OF EXAMINATION AT P&B
06/21/90	LETTIS, B	TC	BRIEF RE REPORT FROM NAIDU, RELAYS APPEAR FRAUDULENT
06/21/90	NAIDU, K	TC	WITNESSED TEST OF 22 RELAYS AT P&B OBTAINED FROM SHNP. SAID ALL 22 FAILED OR TESTS.
06/21/90	LETTIS, B.	TC	ADVISED BL OF RESULTS OF EXAM OF 22 RELAYS AT P&B

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DATE	NAME	MOD	COMMENTS
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06/25/90	LETTS, B	TC	DISCUSS NAVY IMPLICATIONS WITH LETTS- ADVISED TO CONTACT JOE HUDDOCK, NIS NORFOLK 804-444-4812
06/25/90	GEWERTH, JOE	FAX	FAX SHIPPING DOCUMENTS OF 22 RELAYS TO NIS FOR GENERAL INFO
06/27/90	STOKLEY, WILLIAM	INT	STOKLEY INT AT POB
06/28/90	HUTTE, MARY	SS	SIGNED STATEMENT PROVIDED AT STOKLEY ENT.
06/28/90	JONES, DENNY	INT	SIGNED STATEMENT BY STOKLEY EMPLOYEE
06/29/90	LETTS, BARRY	FAX	D&B INFO ON SPECTRONICS
07/02/90	TOLBERT, PETE	INT	PROVIDED SALES AND CUSTOMER RECORDS
07/03/90	LETTS, B.	TC	PROVIDED INFO OBTAINED FROM DCIS RE PREVIOUS INVEST. OF B&D ELECT AND STOKLEY.
07/05/90	HIGHMAN, DON	TC	BRIEFED ON SNP RELAYS. REQUESTED NAME OF CONTACT AT SNP WHO COULD ASSIST IN LOCATING RELAYS- PROVIDED NAME ED BOYLES, ECP, 615-843-6954
07/05/90	BOYLES, ED	TC	ECP, SAID THREE RELAYS WERE LOCATED AND WOULD BE HELD FOR INSPECTION BY NRC
07/06/90	INTERNATIONAL S/B	TC	COMPANY CLOSED UNTIL 7-9-90
07/06/90	STAR, FRAN	TC	ADVISED OF SALES AND POSSIBLE FRAUD. WILL REFER TO QA MGR PATTERSON AND HAVE HIM RETURN CALL
07/09/90	KRAEMER, ALAN	TC	ADVISED QA DIRECTOR AL OF SALES TO INTERNATIONAL S/B. SAID PD # REFERS TO NAVY CONTRACT
07/09/90	KRAEMER, ALAN	TC	WANTED INFO ON INFORMATION NOTICE, DOESN'T WANT TO INVOLVE CUSTOMER

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		MOD
07/09/90	NAIDU, K.	TC INFO NOTICE WILL NOT BE READY FOR WEEKS.
07/09/90	VORSE, J.	BRF SHOULD VIB BECOME INVOLVED IN CONTACT WITH S-STEVENSON ? OK
07/09/90	NAIDU, K.	TC NN SAID KRAEMER (INT. S/B) SAID THEY HAD NOT SOLD TO NUKE- BRF JV WHO SAID TO LET VIB HANDLE
07/09/90	COMPTON, D.	TC CONSULT RE STATUS
07/09/90	WHEELER, JACK	TC JW IS NUCLEAR STORES MGR AT SNP. ADVISED OF SITUATION AND REQUESTED LOCATION OF C RELAYS
07/10/90	WHEELER, JACK	TV INTERVIEW WHEELER RE 3 RELAYS AT SNP
07/10/90	SCULLY, MIKE	TC CONTACT SCULLY, P&B RE TECH INFO
07/10/90	WHEELER, JACK	INT RECEIVE TWO RELAYS FROM JW OF SNP
07/11/90	PATTERSON, L.	FAX FAX OF DOCUMENTATION PROVIDED TO NUTHERM BY SPECT.
07/11/90	SCULLY, MIKE	TC SCULLY SAID SALES RECORDS COULD BE PROVIDED SUBSEQUENT TO WRITTEN REQUEST - PROVIDED ATTORNEY NAME PRISCILLA ROSENBERG 212-258-4429
07/11/90	VORSE, J.	BRF BRIEF RE FINDINGS AT SNP. CONF. CALL W/ LETTS
07/11/90	MENZEL, BILL	TC BM, MGR, SUPPLIER EVAL. GROUP. SAID TVA WAS IN PROCESS OF LOCATING RELAYS PURCHASED FROM NUTHERM
07/11/90	COMPTON, D	TC SENDING COMPUTER PRINT OUT OF INFO OBTAINED FROM SPECTRONICS
07/12/90	MURPHY, D	FAX FAX PROPOSED STOKLEY SUBPOENA TO HQ FOR APPROVAL
07/12/90	BRACH, B.	TC BRACH INQUIRES ABOUT 34 RELAYS TO NUTHERM. PATTERSON BELIEVED TRACEABLE- BRACH FEELS OK BUT DESIRES FOLLOW-UP WITH TVA FOR CONFIRM

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07/13/90 HAYES, B.	FAX PROVIDED FAX OF MEMO FROM DGC RE WORDING OF SUBPOENA FOR MARTIN CO.
07/16/90 PATTERSON, L.	TC TO VORSE NUTHERM, HAS LOCATED 28 RELAYS IN QUESTION, 4 APPEAR FRAUD. PATTERSON ADVISED TO STORE SEPARATE AND HOLD UFN FROM GHC.
07/17/90 MARTIN, MICHAEL	INT INT AND OBTAIN DOCUMENTATION
07/17/90 WRIGHT, CHARLES	TC WRIGHT, INTEGRATED POWER SYSTEMS (INT. S/P) SAID SEVERAL RELAYS IN THEIR POSS. APPEAR FRAUD. REFERRED TO COMPTON, NIS SINCE IFS IS USN CONTRACTOR
07/18/90 MARTIN, MICHAEL	INT SUPPORTING DOCUMENTS PROVIDED BY MM
07/18/90 COMPTON, D.	TC BRIEFED ON STATUS, DC SAID HE INTD WS ON 6/29 AND WS SAID HE WAS AWARE OF PRODUCTS GOING TO USN. DC SAID AUSA INTERESTED
07/18/90 COMPTON, D.	ML MARTIN CUSTOMER LIST MAILED TO COMPTON, NIS
07/20/90 TOLBERT, PETE	let rec cc of letter to tva offering to exchange relays
07/20/90 LETTS, BARRY	LET D&B INFOR ON THE MARTIN CO.
07/20/90 NAIDU, K	FAX FAX CUSTOMER SHEET FROM MARTIN CO. TO VIB FOR REVIEW
07/20/90 LETTS, B	TC SAID TO CONTACT RICHARD MESSERCHMIDT, DCIS RE PREVIOUS INV. BY DCIS OF BMD ELECT. AND MARTIN, STOKLEY
07/20/90 LETTS, B.	TC CONF. WITH BRACH. CLAYTON WILL GO TO NUTHERM TO PICK UP RELAYS IF INSPECTION BY NAIDU DETERMINES REPAIRS

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		MJD	
07/23/90	MESSERCHMIDT, RICHAR	TC	DCIS, SAID HE WAS NOT FAMILIAR WITH NAMES STOKLEY OR MARTIN, SAID HE HAD NO REPORT.
07/24/90	PATTERSON, L.	INT	PROVIDED SUSPECT RELAYS, AND SUPPORTING DOCUMENTATION
07/24/90	BOYD, HAROLD	INT	GAVE B/G ON NUTHERM PURCHASE
07/31/90	COMPTON, DAVE	TC	COMPTON WAS ADVISED OF INFO RECEIVED FROM DCIS RE PREVIOUS INVESTIGATION OF B&D. DC AND GC AGREED THAT MEETING SHOULD BE HELD TO PLAN STRATEGY
07/31/90	LETTS, BARRY	TC	SAID HE WOULD CONTACT DCIS TO ARRANGE MEETING WEEK OF 8/6/90
08/23/90	HASTINGS, PAUL	BRF	MEET WITH HASTINGS AND COMPTON AT NIS RFU, WASH, DC
08/28/90	OLDHAM, DAVE	T C	REQUESTED STATUS OF TECH REPORTS- SAID WOULD CHECK AND REPORT
08/28/90	ROSENBERG, P.	TC	REQUESTED STATUS OF TRADE NAME DOCUMENTATION
08/29/90	SCULLY, MIKE	TC	REQUESTED EXAMINATION REPORTS
08/29/90	ROSENBERG, PRISC.	TC	CONTACT WITH PR TO SET UP LINE OF COMMUNICATION
08/30/90	COMPTON, D	TC	ADVISED BY DC THAT SUBPOENA TO BE SERVED BY NIS ON VAMP 9-13
09/07/90	ROSENBERG, P.	LET	CONFIRMATION LET RE REQUEST OF TRADEMARK
09/20/90	VORSE	RV	RV R01 OF TOLBER
09/24/90	THOMPSON, GARY	LET	RECD INVOICE FROM CPL FOR 22 RELAYS
09/26/90	VORSE	BRF	PROVIDE BRIEFING ON T/C W/CASSELL, NAIDU WILL NOT REQUIRE TVA TO PULL 3RD RELAY
09/26/90	NAIDU, KAMAL	TC	ASKED KN ABOUT STATUS OF 3RD RELAY AT WBN, VIB WILL NOT REQUIRE INSPECTION

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09/26/90	ROSENEBURG, PRISC.	TC	NO INFORMATION AVAILABLE ON PREVIOUSLY REQUESTED INFO., WILL RECONTACT MARIC JAY
09/26/90	VORSE	BRF	V STATES 3RD RELAY NOT NECESSARY FOR EVIDENTIARY PURPOSES
10/01/90	VORSE	RV	RV ROI OF BOYD, PERRY, EVANS
10/04/90	LETTS, BARRY	LET	D&B INFO ON B&D ELECT.
10/09/90	BRACH, BILL	MEM	BRACH, VIE PROVIDES COVER MEMO FOR INSPECTION REPORTS AT P&B, STOK, SPEC, AND NUTH
10/18/90	VORSE	RV	RV ROI OF HANNAH
10/29/90	CASSELL, PAUL	LET	GHC PLACED ON 6(E) DISCLOSURE LIST