

March 20, 1991

Mr. James Reynolds, Acting Chief
General Litigation and
Legal Advice Section
Criminal Division
U.S. Department of Justice
P.O. Box 887
Ben Franklin Station
Washington, DC 20044-0887

Dear Mr. Reynolds:

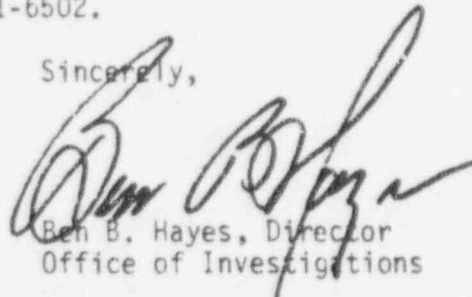
Enclosed is a Report of Investigation (Case No. 2-90-014) concerning Spectronics, Inc., Mobile, Alabama, and Stokley Enterprises, Inc., Norfolk, Virginia. This investigation revealed that Spectronics' Vice President, Eugene (Pete) Tolbert, sold refurbished surplus electrical components which eventually were placed into service at various nuclear power plants. Tolbert represented the relays as being new.

Although the investigation revealed that no applicable U.S. Nuclear Regulatory Commission regulations were violated by Tolbert, the investigation disclosed potential violations of 18 U.S.C. 1341, 18 U.S.C. 1343, and 18 U.S.C. 1001. These violations related to Tolbert's use of interstate telephone calls and the U.S. Mail to carry out the fraudulent sales and subsequent payments. Tolbert also knowingly submitted a false certificate of compliance to the U.S. Government for which he received payment.

Information was provided to the U.S. Naval Investigative Service when evidence was discovered that Tolbert and others had fraudulently sold refurbished products to companies which build ships for the U.S. Navy. As a result of this information, Paul Cassell, Assistant U.S. Attorney, Eastern District of Virginia, has begun criminal prosecutive action regarding the activities of Tolbert and other electrical distributors in the Norfolk, Virginia, area. Cassell requested a copy of the enclosed investigative report for possible inclusion in the pending action.

If you have any questions regarding this matter, please contact James Y. Vorse, Field Office Director, or Investigator Gary H. Claxton, NRC Office of Investigations, Region II, at FTS 841-6502.

Sincerely,



Ben B. Hayes, Director
Office of Investigations

Enclosure:
As stated

B/25

Mr. James Reynolds

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cc w/encl:
P. Cassel, AUSA
U.S. Courthouse
Room 401
600 Granby Street
Norfolk, VA 23510

cc w/o encl:
Chairman Carr
Commissions Rogers
Commissioner Curtiss
Commissioner Remick
J. Taylor, EDO
W. Parler, OGC
L. Chandler, OGC
H. Thompson, Jr., DEDS
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Distribution:
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JYVorse
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91/03/07

01:HQ/DD *26*
RAFortuna
91/3/08

01:HQ/D
BBHayes
91/1/08

3/8/91

Mr. Lawrence Lippe

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