



NUDOCS

U.S. NUCLEAR REGULATORY COMMISSION

NRC FOIA REQUEST NUMBER(S)

FOIA — 96-246

RESPONSE TYPE

FINAL

X

PARTIAL (5th)

DATE

OCT 24 1996

DOCKET NUMBER(S) (If applicable)

REQUESTER

James R. Tourtellotte

PART I.—AGENCY RECORDS RELEASED OR NOT LOCATED (See checked boxes)

☐ No agency records subject to the request have been located.☐ No additional agency records subject to the request have been located.☐ Requested records are available through another public distribution program. See Comments section.☐ Agency records subject to the request that are identified in Appendix(es) _____ are already available for public inspection and copying at the NRC Public Document Room, 2120 L Street, N.W., Washington, DC.☐ Agency records subject to the request that are identified in Appendix(es) _____ are being made available for public inspection and copying at the NRC Public Document Room, 2120 L Street, N.W., Washington, DC, in a folder under this FOIA number.☐ The nonproprietary version of the proposal(s) that you agreed to accept in a telephone conversation with a member of my staff is now being made available for public inspection and copying at the NRC Public Document Room, 2120 L Street, N.W., Washington, DC, in a folder under this FOIA number.☐ Agency records subject to the request that are identified in Appendix(es) _____ may be inspected and copied at the NRC Local Public Document Room identified in the Comments section.☐ Enclosed is information on how you may obtain access to and the charges for copying records located at the NRC Public Document Room, 2120 L Street, N.W., Washington, DC.☐ Agency records subject to the request are enclosed.☐ Records subject to the request have been referred to another Federal agency(ies) for review and direct response to you.

Fees

☐ You will be billed by the NRC for fees totaling \$ _____.☐ You will receive a refund from the NRC in the amount of \$ _____.☐ In view of NRC's response to this request, no further action is being taken on appeal letter dated _____, No. _____.

PART II. A—INFORMATION WITHHELD FROM PUBLIC DISCLOSURE

☒ Certain information in the requested records is being withheld from public disclosure pursuant to the exemptions described in and for the reasons stated in Part II, B, C, and D. Any released portions of the documents for which only part of the record is being withheld are being made available for public inspection and copying in the NRC Public Document Room, 2120 L Street, N.W., Washington, DC in a folder under this FOIA number.

COMMENTS

SIGNATURE, DIRECTOR, DIVISION OF FREEDOM OF INFORMATION AND PUBLICATIONS SERVICES

FOIA
D/I9611140135 961024
PDR FOIA
TOURTEL 96-246 PDR

RESPONSE TO FREEDOM OF
INFORMATION ACT (FOIA) REQUEST
(CONTINUATION)

FOIA NUMBER(S)

FOIA — 96-246

DATE

OCT 24 1996

PART II.B — APPLICABLE EXEMPTIONS

Records subject to the request that are described in the enclosed Appendix(es) E are being withheld in their entirety or in part under the Exemption No.(s) and for the reason(s) given below pursuant to 5 U.S.C. 552(b) and 10 CFR 9.17(a) of NRC regulations.

1. The withheld information is properly classified pursuant to Executive Order. (Exemption 1)

2. The withheld information relates solely to the internal personnel rules and procedures of NRC. (Exemption 2)

3. The withheld information is specifically exempted from public disclosure by statute indicated. (Exemption 3)

Sections 141-145 of the Atomic Energy Act, which prohibits the disclosure of Restricted Data or Formerly Restricted Data (42 U.S.C. 2161-2165).

Section 147 of the Atomic Energy Act, which prohibits the disclosure of Unclassified Safeguards Information (42 U.S.C. 2167).

4. The withheld information is a trade secret or commercial or financial information that is being withheld for the reason(s) indicated. (Exemption 4)

The information is considered to be confidential business (proprietary) information.

The information is considered to be proprietary information pursuant to 10 CFR 2.790(d)(1).

The information was submitted and received in confidence pursuant to 10 CFR 2.790(d)(2).

X 5. The withheld information consists of interagency or intraagency records that are not available through discovery during litigation. (Exemption 5). Applicable Privilege:

X Deliberative Process: Disclosure of predecisional information would tend to inhibit the open and frank exchange of ideas essential to the deliberative process. Where records are withheld in their entirety, the facts are inextricably intertwined with the predecisional information. There also are no reasonably segregable factual portions because the release of the facts would permit an indirect inquiry into the predecisional process of the agency.

X Attorney work-product privilege. (Documents prepared by an attorney in contemplation of litigation.)

X Attorney-client privilege. (Confidential communications between an attorney and his/her client.)

6. The withheld information is exempted from public disclosure because its disclosure would result in a clearly unwarranted invasion of personal privacy. (Exemption 6)

7. The withheld information consists of records compiled for law enforcement purposes and is being withheld for the reason(s) indicated. (Exemption 7)

Disclosure could reasonably be expected to interfere with an enforcement proceeding because it could reveal the scope, direction, and focus of enforcement efforts, and thus could possibly allow recipients to take action to shield potential wrongdoing or a violation of NRC requirements from investigators. (Exemption 7 (A))

Disclosure would constitute an unwarranted invasion of personal privacy. (Exemption 7(C))

The information consists of names of individuals and other information the disclosure of which could reasonably be expected to reveal identities of confidential sources. (Exemption 7 (D))

OTHER

PART II. C — DENYING OFFICIALS

Pursuant to 10 CFR 9.25(b) and/or 9.25(c) of the U.S. Nuclear Regulatory Commission regulations, it has been determined that the information withheld is exempt from production or disclosure, and that its production or disclosure is contrary to the public interest. The persons responsible for the denial are those officials identified below as denying officials and the Director, Division of Freedom of Information and Publications Services, Office of Administration, for any denials that may be appealed to the Executive Director for Operations (EDO).

DENYING OFFICIAL	TITLE/OFFICE	RECORDS DENIED	APPELLATE OFFICIAL		
			EDO	SECRETARY	IG
Stephen G. Burns	Associate General Counsel for Hearings, Enforcement and Administration	Appendix E		X	

PART II. D — APPEAL RIGHTS

The denial by each denying official identified in Part II.C may be appealed to the Appellate Official identified there. Any such appeal must be made in writing within 30 days of receipt of this response. Appeals must be addressed, as appropriate, to the Executive Director for Operations, to the Secretary of the Commission, or to the Inspector General, U.S. Nuclear Regulatory Commission, Washington, DC 20555, and should clearly state on the envelope and in the letter that it is an "Appeal from an Initial FOIA Decision."

APPENDIX E
(RECORD WITHHELD IN ITS ENTIRETY)

1. 2/21/96 Conference Call IWI of Nevada (11 pages); attaching IWIN/21st Century Technology, Inc. (4 pages); Draft letter to Innovate Weaponry, Inc. from James Lieberman Subject: Notice of Violation and Proposed Imposition of Civil Penalty (11 pages) OGC Enforcement Control Sheet for Draft Recommended Enforcement Action - IWI (EA 96-135) (17 pages) EX. 5

JAMES R. TOURTELLOTT
ATTORNEY AT LAW

SUITE 1141
1100 N. NASH STREET
ARLINGTON, VA 22209

FAX

TELEPHONE: (703) 522-3456
FACSIMILE: (703) 522-3557

June 7, 1996

Bar Admissions:

DISTRICT OF COLUMBIA
OKLAHOMA
U.S. SUPREME COURT

Mr. Russell A. Powell, Director
Freedom of Information and Publication Services
Office of Administration
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

FREEDOM OF INFORMATION
ACT REQUEST

FOIA-96-246
Rec'd 6-10-96

Reference: Freedom of Information Act fax request

Dear Mr. Russell,

This is a Freedom of Information Act request for documents and computer disks pertaining to an NRC enforcement action entitled, Notice of Violation and Proposed Imposition of Civil Penalty - \$7500., and Confirmatory Order Modifying License (effective immediately) (NRC Investigation Report No. 4-95-022). This action is taken by the NRC against Innovative Weaponry, Inc. (IWI) with notification being posted May 15, 1996. Copies of the enforcement and licensing documents are attached for reference purposes.

The documents requested include:

1. NRC Investigation Report No. 4-95-022 and exhibits.
2. All other documents referred to, relied upon or used by the NRC enforcement and licensing offices as a basis for taking the enforcement action and issuing the confirmatory order.
3. A list of all NRC cases closed by Virginia VanCleve, Office of Investigations, since 1991 including:
 - a. Name of licensee company
 - b. Address of licensee company
 - c. Phone and fax numbers of licensee company
 - d. Licensee contact person
 - e. Date each case was opened
 - f. Dates of site visits
 - g. Names of all persons interviewed by investigator in each case
 - h. Date each case was closed
 - i. Recommended actions of investigator in each case
 - j. Enforcement action taken in each case
4. Copies of all general licenses for distribution which pertain in any way to the distribution of gunsights.
5. For each licensee listed in the immediately preceding item 4, provide the following:
 - a. A list of dates of inspections for the 5 years preceding this request and the name of the NRC inspectors.

- b. A list of dates of investigations for the 5 years preceding this request, the name of the investigator, action recommended by the investigator and enforcement action taken.

The computer disks requested include:

1. A disk containing list of NMSS licensees, including names, mailing addresses, contact persons phones and program codes.
2. Separately or on the same disk, the same information breaking out general license holders of distribution licenses.

If possible, the disk or disks, should be in Wordperfect 5.1.

This request is made on behalf of the licensee, IWI, by its counsel, James R. Tourtellotte. The information sought is necessary to prepare the IWI defense and Answer to Notice of Violation pursuant to 10 CFR 2.205.

IWI respectfully requests waiver of any and all fees that might otherwise be assessed under an ordinary FOIA request. This is a request for documents pursuant to the legitimate right of a disputant to discover records of a federal agency. As such it is not an ordinary FOIA request as anticipated by the statute or NRC regulations.

This request is being made through FOIA channels because IWI counsel was directed to do so by NRC representatives. It is presumed that this is for the administrative convenience of the NRC.

Whatever the reason, it is inappropriate for a federal agency to impose fees for documents subject to discovery. In this circumstance, FOIA fees prescribed by regulators should not be assessed in the first instance or, if the NRC administrative practice requires it, should be waived because the request is in the nature of discovery.

Please be advised that there is a sense of urgency in this case. The original date for IWI response to the NRC Notice of Violation was June 14, 1996. Counsel for IWI and the NRC Director of Enforcement have agreed to extend that time to 30 days but not later than July 15, 1996. Consequently, your response time to this request has a direct bearing upon how soon issues in this case can be addressed and resolved.

Should the request for waiver of fees be denied, IWI will pay up to \$500. for the requested documents and disks. However, such payment should not be regarded as a waiver of IWI's right to protest such fees and request reimbursement.

IWI counsel will be traveling through Asia from May 27 to June 10. During that time, NRC representatives may correspond with Anita Parker at (703) 978-6784 concerning this FOIA request. Ms. Parker is fully empowered to act on behalf of IWI counsel.

Thank you for your kind and prompt attention to this very important matter.

Sincerely,



James R. Tourtellotte
Attorney-at Law

JAMES R. TOURTELLOTTE
ATTORNEY AT LAW

SUITE 1141
1300 N. NASH STREET
ARLINGTON, VA 22209

TELEPHONE: (703) 522-3456
FACSIMILE: (703) 522-3567

Bar Admissions: DISTRICT OF COLUMBIA
OKLAHOMA
U.S. SUPREME COURT

Facsimile Transmission

June 7, 1996 - 1:09 pm

Attention: Mr. Russell A. Powell, Director

Company: NRC. Freedom of Information & Publications

Telephone #: 301-415-6527

Fax #: 301-415-5130

Subject: FOIA Request

Sender: Anita Parker

Sender Telephone #: 703-978-6784

Sender Fax #: 703-978-6785

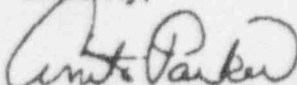
You should receive 22 pages, *including this cover sheet*. If you do not receive all the pages, please call the number above.

COMMENTS: Dear Mr. Powell,

Attached you will find our FOIA request along with the referenced NRC documents. As you will note in our letter, we are under a time constraint to issue our response to an NRC Notice of Violation. The requested information is critical to our response. If there is any problem in obtaining the information requested in time to meet our deadline, please call me right away. Also, I would prefer to pick up the information rather than have it go by mail. Could you please call me when it is available?

If you have any questions, please do not hesitate to call. Your prompt response is appreciated.

Sincerely,



Anita M. Parker for
James R. Tourtellotte



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20455-0001

May 13, 1996

EA 96-135

EA 96-170

Innovative Weaponry, Inc.
ATTN: Mr. David Gregor, President
337 Eubank NE
Albuquerque, New Mexico 87123

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY -
\$7,500 AND
CONFIRMATORY ORDER MODIFYING LICENSE (EFFECTIVE IMMEDIATELY)
NRC Investigation Report No. 4-95-022)

Dear Mr. Gregor:

This refers to the predecisional enforcement conference conducted on April 23, 1996, with you and other Innovative Weaponry, Inc. (IWI) representatives in the NRC's offices in Rockville, Maryland. A list of conference attendees is enclosed (Enclosure 1).

The conference was conducted to discuss apparent violations identified during an NRC investigation conducted between May 9, 1995, and March 22, 1996. These apparent violations, as well as the concern that they may have been committed willfully by company officers, were discussed by telephone with an IWI representative on April 11, 1996, and were briefly described in a letter sent to IWI on April 17, 1996.

Based on the information developed during the investigation and on our consideration of the information that you provided during the conference, the NRC has determined that violations of NRC requirements occurred. These violations, which IWI admitted at the conference, are cited in the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Enclosure 2). Specifically, the NRC concludes that IWI distributed licensed material, i.e. tritium, in various gunsights that were not approved by the NRC and not authorized on the license and that IWI distributed tritium sources that were obtained from a manufacturer not authorized on the license.

At the conference, IWI officials admitted that violations had occurred but denied that there was any intent to commit them. Notwithstanding the Licensee's position on intent, the NRC is concerned that the violations resulted from a lack of effective action to assure compliance with license requirements, despite IWI officials being aware that the NRC license contained

Innovative Weaponry, Inc.

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limitations on what could and could not be distributed. This awareness should have prompted IWI to make certain that it both understood and was conducting its business in compliance with the license while it was seeking to amend it.

Thus, even though these violations did not result in any actual safety impacts, they are nonetheless significant from a regulatory standpoint. Therefore, the violations in the enclosed Notice have been categorized as a Severity Level III problem in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600.

In accordance with the Enforcement Policy, a base civil penalty in the amount of \$2,500 is considered for a Severity Level III problem. In this case, given management's failure to assure that requirements were met and that the license was understood, I have been authorized, after consultation with the Director, Office of Enforcement and the Deputy Executive Director for Nuclear Materials Safety, Safeguards and Operations Support, to exercise discretion pursuant to section VII.A.1 of the Enforcement Policy and propose a civil penalty of \$7,500.

At the conference and at the licensing meeting that followed it, IWI officials voluntarily made various commitments to correct these violations and to assure that future operations will be conducted in strict accordance with the license conditions. These commitments included the development of a training program for all IWI employees whose activities may affect compliance with NRC requirements, and the hiring of a third-party, independent auditor to develop an audit plan and conduct periodic audits of IWI to assure continued compliance with all NRC requirements. These commitments are described in more detail and are confirmed in the enclosed Confirmatory Order Modifying License.

Pursuant to section 223 of the Atomic Energy Act of 1954, as amended, any person who willfully violates, attempts to violate, or conspires to violate, any provision of the enclosed Order shall be subject to criminal prosecution as set forth in that section. Violation of this order may also subject the person to civil monetary penalty.

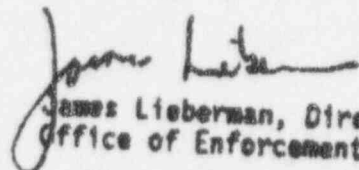
You are required to respond to the Notice and the enclosed Order and should follow the instructions in each when preparing your response. In your response to the Notice, you should document the specific actions taken and any additional actions you plan to prevent recurrence. After reviewing your response to this Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

Innovative Weaponry, Inc.

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In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response will be placed in the NRC Public Document Room (PDR). To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction.

Sincerely,


James Lieberman, Director
Office of Enforcement

Docket No. 030-30266
License No. 30-23697-01E

Enclosures:

1. Conference Attendance List
2. Notice of Violation and Proposed Imposition of Civil Penalty
3. Confirmatory Order Modifying License

cc w/encl:
State of New Mexico

ENCLOSURE 1

PREDECISIONAL ENFORCEMENT CONFERENCE ATTENDANCE		
LICENSEE/FACILITY	Innovative Weaponry, Inc. of Nevada	
DATE/TIME	April 23, 1996 / 9 a.m. EDT	
MEETING LOCATION	NRC HQ, Rockville, Maryland	
EA NUMBER	96-135	
NAME	ORGANIZATION	TITLE
David Gregor	IWI of Nevada	President
Patricia Wilson	IWI of Nevada	Executive Vice President
Kenneth Wilson	IWI of Nevada	Consultant
James Tourtellotte	Representing IWI of Nevada	Attorney
James Lieberman	NRC	Director, Office of Enforcement
Geoffrey Cant	NRC	Enforcement Specialist, Office of Enforcement
Larry W. Camper	NRC	Chief, Medical, Academic and Commercial Use Safety Branch
Susan Greene	NRC	Medical, Academic and Commercial Use Safety Branch
Michael Rafky	NRC	Office of the General Counsel
Jeff Bartlett	NRC	Office of the General Counsel
Linda Howell	NRC, Region IV	Chief, Nuclear Materials Inspection and Fuel Cycle/Decommissioning Branch
Gary Sanborn	NRC, Region IV	Enforcement Officer

NOTICE OF VIOLATION
AND
PROPOSED IMPOSITION OF CIVIL PENALTY

Innovative Weaponry, Inc. of Nevada
Albuquerque, New Mexico

Docket No. 030-30266
License No. 30-23697-01E
EA 96-135

During an NRC investigation conducted between May 9, 1995 and March 22, 1996, violations of NRC requirements were identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, the violations are listed below:

- A. License No. 30-23697-01E authorizes the licensee to distribute SRB Technologies, Inc., Model PRH-800/G/200 sealed light sources.

Contrary to the above, from June to August 1995, the licensee distributed tritium sealed light sources from a manufacturer not authorized in the license. (01013)

- B. License Condition 10 of License No. 30-23697-01E authorizes the licensee to distribute sealed light sources in specified gunsights and in specified configurations.

Contrary to the above, from July to September 1995, the licensee distributed tritium sealed light sources in configurations not specified or otherwise authorized in the license. (01023)

These violations represent a Severity Level III problem (Supplement VI).
Civil Penalty - \$7,500.

Pursuant to the provisions of 10 CFR 2.201, Innovative Weaponry, Inc., is hereby required to submit a written statement or explanation to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, within 30 days of the date of this Notice of Violation and Proposed Imposition of Civil Penalty (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each alleged violation: (1) admission or denial of the alleged violation, (2) the reasons for the violation if admitted, and if denied, the reasons why, (3) the corrective steps that have been taken and the results achieved, (4) the corrective steps that will be taken to avoid further violations, and (5) the date when full compliance will be achieved. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked or why such other action as may be proper should not be taken. Consideration may be given to expanding the response time for good cause shown. Under the authority of Section 182 of the Act, 42 U.S.C. 2232, this response shall be submitted under oath or affirmation.

Within the same time as provided for the response required above under 10 CFR 2.201, the Licensee may pay the civil penalty by letter addressed to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, with a check, draft, money order, or electronic transfer payable to the Treasurer of the United States in the amount of the civil penalty proposed above, or the

Notice of Violation

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cumulative amount of the civil penalties if more than one civil penalty is proposed, or may protest imposition of the civil penalty in whole or in part, by a written answer addressed to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission. Should the Licensee fail to answer within the time specified, an order imposing the civil penalty will be issued. Should the Licensee elect to file an answer in accordance with 10 CFR 2.205 protesting the civil penalty, in whole or in part, such answer should be clearly marked as an "Answer to a Notice of Violation" and may: (1) deny the violation(s) listed in this Notice, in whole or in part, (2) demonstrate extenuating circumstances, (3) show error in this Notice, or (4) show other reasons why the penalty should not be imposed. In addition to protesting the civil penalty in whole or in part, such answer may request remission or mitigation of the penalty.

In requesting mitigation of the proposed penalty, the factors addressed in Section VI.B.2 of the Enforcement Policy, should be addressed. Any written answer in accordance with 10 CFR 2.205 should be set forth separately from the statement or explanation in reply pursuant to 10 CFR 2.201, but may incorporate parts of the 10 CFR 2.201 reply by specific reference (e.g., citing page and paragraph numbers) to avoid repetition. The attention of the Licensee is directed to the other provisions of 10 CFR 2.205, regarding the procedure for imposing a civil penalty.

Upon failure to pay any civil penalty due which subsequently has been determined in accordance with the applicable provisions of 10 CFR 2.205, this matter may be referred to the Attorney General, and the penalty, unless compromised, remitted, or mitigated, may be collected by civil action pursuant to Section 234c of the Act, 42 U.S.C. 2282c.

The response noted above (Reply to Notice of Violation, letter with payment of civil penalty, and Answer to a Notice of Violation) should be addressed to: James Lieberman, Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852-2738, with a copy to the Regional Administrator, U.S. Nuclear Regulatory Commission, Region IV.

Because your response will be placed in the NRC Public Document Room (PDR), to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction. However, if you find it necessary to include such information, you should clearly indicate the specific information that you desire not to be placed in the PDR, and provide the legal basis to support your request for withholding the information from the public.

Dated at Rockville, Maryland
this 5th day of May 1996

UNITED STATES
NUCLEAR REGULATORY COMMISSION

In the Matter of

Innovative Weaponry, Inc.
Albuquerque, New Mexico

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)
)
)

Docket No. G30-30266
License No. 30-23697-01E
EA 96-170

CONFIRMATORY ORDER MODIFYING LICENSE
(EFFECTIVE IMMEDIATELY)

I

Innovative Weaponry, Inc. of Nevada, (IWI or Licensee) is the holder of NRC License No. 30-23697-01E issued by the Nuclear Regulatory Commission (NRC or Commission) pursuant to 10 CFR Part 30. The license authorizes the Licensee to distribute byproduct material (i.e., tritium) in gunsights as specified in the license. The license was transferred from IWI of New Mexico to IWI of Nevada on April 3, 1995. Although due to expire on June 30, 1993, the license has remained active based on a timely renewal application.

II

Based on its review of the results of an NRC investigation conducted from May 9, 1995, through March 22, 1996, the NRC identified the following apparent violations of IWI's license conditions: 1) IWI distributed tritium in gunsights not approved by the NRC and not specifically authorized on the license; and 2) IWI distributed tritium sources obtained from a manufacturer not authorized on the license. In addition, as indicated in a letter issued to IWI on April 17, 1996, it appeared that the violations were committed by the President and Executive Vice President of the company.

President and Executive Vice President were discussed with IWI representatives

MAY 15 1966 15:08 NO. 003 P. 08

TEL: 501-504-5589

INTELLIGENCE DIVISION

at a predecisional enforcement conference in Rockville, Maryland on April 23, 1996. The Licensee admitted that violations had occurred but denied that there was any intent to commit the violations. Notwithstanding the Licensee's position on intent, the NRC is concerned that the violations resulted from a lack of effective action to assure compliance with license requirements, despite IWI officials being aware that the NRC license contained limitations on what could and could not be distributed.

III

As a result of the NRC investigation, the NRC staff questioned whether it should have the requisite reasonable assurance that IWI will comply with agency requirements. At the predecisional enforcement conference and a meeting on the same date to discuss license amendment issues, the Licensee voluntarily committed to actions to address the NRC's concerns about its ability to conduct its activities in compliance with the license and applicable NRC requirements. The Licensee offered to develop the following plans and to submit them to the NRC for approval: 1) a training plan to assure that all IWI employees, including management, understand the NRC license and applicable NRC requirements; 2) an audit plan to assure compliance with requirements to be implemented by a third-party, independent auditor; and 3) development of written procedures to maintain accountability, control, and security of materials authorized by the NRC for distribution. The NRC has concluded that implementation of these commitments, which are described in more detail below, would provide the necessary assurance that licensed activities will be in compliance with NRC requirements in the future.

I find that the Licensee's commitments set forth at the predecisional enforcement conference and licensing meetings conducted on April 23, 1996, are acceptable and necessary and conclude that with these commitments the public health, safety and interest are reasonably assured. In a telephone call on May 8, 1996, with Mr. James Tourtellotte, the Licensee's attorney, the Licensee agreed to this action. I have also determined, based on the Licensee's consent and on the significance of the conduct described above, that the public health and safety require that this Order be immediately effective.

IV

Accordingly, pursuant to sections 81, 161b, 161f, 161g, 182 and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.202 and 10 CFR Part 30, IT IS HEREBY ORDERED, EFFECTIVE IMMEDIATELY, THAT LICENSE NO. 30-23697-01E IS MODIFIED AS FOLLOWS:

1. The Licensee shall submit for NRC approval, within 30 days of the issuance of this Order, a training plan designed to assure that all IWI employees, including management, who are involved in activities that may affect compliance with the NRC license are familiar with the conditions and restrictions contained in the license, as well as with all other applicable NRC requirements. The training plan also shall provide for training in accountability, control, and security of licensed material in gunights authorized by the NRC for distribution to persons exempt from licensing. The training plan shall provide for initial training of

all existing employees, including management, within 30 days of the issuance of this Order, training for new employees, including management, prior to their working with licensed materials, and annual refresher training thereafter.

- 2.a. The Licensee shall submit for NRC approval, within 30 days of the date of this Order, the name and qualifications of an independent auditor or auditors whom the Licensee proposes to conduct the audits described below and who are capable of conducting such audits to assure compliance with all NRC license conditions and requirements.
- b. The Licensee shall submit for NRC approval, within 30 days of the NRC's approval of the above auditor, an audit plan which shall provide for periodic audits to assure compliance with all NRC license conditions and requirements. The audit plan shall provide for an initial audit, followed by quarterly audits for a 1-year period, and semi-annual audits thereafter. The audit plan shall provide for audit reports to be issued to the Licensee and the NRC at the same time within 30 days of the completion of each audit. The audit report shall contain findings on the Licensee's state of compliance with NRC requirements and recommendations to achieve compliance if deficiencies are noted. The plan shall provide for the Licensee to respond in writing to all audit findings within 30 days of each audit report, with a copy to the NRC. The response shall state the actions taken by the licensee to address audit recommendations with which the Licensee agrees. For those

recommendations that the Licensee disputes, the Licensee shall provide the basis for dispute and any other action taken.

3. The Licensee shall develop and implement, within 30 days of the issuance of this Order, written procedures designed to maintain inventory and accountability of gunsights with sources authorized by the NRC for distribution to persons exempt from licensing.
4. Upon approval of the actions required under items 1 and 2.a above, items 1 and 2.b shall be implemented until relaxed by the Regional Administrator, Region IV.
5. Requests for approval of the auditor, audit plan, training plan, and for changes of the approved auditor, changes to the audit plan, and to reports required to be submitted, shall be submitted to the Regional Administrator, Region IV, with a copy to the Director, Office of Nuclear Materials Safety and Safeguards.

The Regional Administrator, Region IV, may relax or rescind, in writing, any of the above conditions upon a showing by the Licensee of good cause.

Y .

Any person adversely affected by this Confirmatory Order, other than the Licensee, may request a hearing within 20 days of its issuance. Where good cause is shown, consideration will be given to extending the time to request a

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hearing. A request for extension of time must be made in writing to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission Washington, D.C. 20555, and include a statement of good cause for the extension. Any request for a hearing shall be submitted to the Secretary, U.S. Nuclear Regulatory Commission, ATTN: Chief, Docketing and Service Section, Washington, D.C. 20555. Copies also shall be sent to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, to the Assistant General Counsel for Hearings and Enforcement at the same address, to the Regional Administrator, NRC Region IV, 611 Ryan Plaza Drive, Suite 400, Arlington, Texas 76011, and to the Licensee. If such a person requests a hearing, that person shall set forth with particularity the manner in which his interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR 2.714(d).

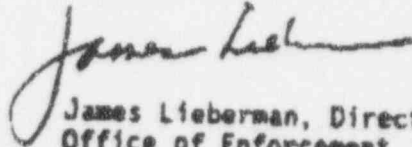
If a hearing is requested by a person whose interest is adversely affected, the Commission will issue an Order designating the time and place of any hearing. If a hearing is held, the issue to be considered at such hearing shall be whether this Confirmatory Order should be sustained.

Pursuant to 10 CFR 2.202(c)(2)(i), any person other than the Licensee, adversely affected by the Order, may, in addition to demanding a hearing, at the time the answer is filed or sooner, move the presiding officer to set aside the immediate effectiveness of the Order on the ground that the Order, including the need for immediate effectiveness, is not based on adequate evidence but on mere suspicion, unfounded allegations, or error.

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In the absence of any request for hearing, or written approval of an extension of time in which to request a hearing, the provisions specified in Section IV above shall be final 20 days from the date of this Order without further order or proceedings. If an extension of time for requesting a hearing has been approved, the provisions specified in Section IV shall be final when the extension expires if a hearing request has not been received. AN ANSWER OR A REQUEST FOR HEARING SHALL NOT STAY THE IMMEDIATE EFFECTIVENESS OF THIS ORDER.

FOR THE NUCLEAR REGULATORY COMMISSION



James Lieberman, Director
Office of Enforcement

Dated at Rockville, Maryland
this 5th day of May 1996

Innovative Weaponry, Inc.

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GCant	LJCallan	JGoldberg	DCool	<i>JE:EA</i>	JLieberman
05/8/96	05/8/96	05/10/96	05/8/96	05/8/96	05/8/96



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

21st Century Technologies, Inc.
ATTN: Ms. Patricia Wilson
President
537 Eubank NE
Albuquerque, New Mexico 87123

Dear Ms. Wilson:

Enclosed is Amendment No. 05 renewing your Nuclear Regulatory Commission License No. 30-23697-01E in its entirety.

On May 8, 1996, Susan Greene of my staff, Geoffrey Cant of the Office of Enforcement, and I spoke with your counsel, Mr. James Tourtellotte, concerning the commitments outlined in our proposed Confirmatory Order and the pending license amendment. It was noted that this license amendment is being issued based on, and in conjunction with, commitments made by 21st Century Technologies, Inc. (previously known as IWI) during the predecisional enforcement conference and licensing meeting conducted on April 23, 1996. The proposed commitments in the Confirmatory Order were reviewed with, and substantially agreed upon by, Mr. Tourtellotte and, briefly, are as follows:

1. The Licensee will submit a training plan to assure that all IWI employees involved in activities associated with the NRC license are familiar with the license and its conditions, and with all applicable NRC regulations.
- 2.a. The Licensee will submit the name and qualifications of an independent third-party auditor to conduct audits.
- 2.b. The Licensee will submit an audit plan providing for periodic audits to assure compliance with all NRC license conditions and requirements.
3. The Licensee will develop and implement written procedures concerning the inventory and accountability of gunsights containing licensed material authorized by NRC for distribution.

These commitments, in detail, will be forwarded shortly under separate cover in the Confirmatory Order Modifying License No. 30-23697-01E.

Please review the enclosed license carefully and be sure that you understand all the conditions. If there are any errors or questions, please contact me so that appropriate corrections and answers can be provided.

P. Wilson

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Please be advised that you must conduct your program involving radioactive materials in accordance with the conditions specified in your NRC license, representations made in your license application, and other rules, regulations, and orders of the U.S. Nuclear Regulatory Commission, now or hereafter in effect, to include the following:

1. Comply with applicable NRC regulations in 10 CFR Part 30, "Rules of General Applicability to Domestic Licensing of Byproduct Material"; 10 CFR Part 32, "Specific Domestic Licenses to Manufacture or Transfer Certain Items Containing Byproduct Material"; and other applicable regulations.

NOTE: Licensees authorized to distribute or initially transfer products containing byproduct material must also possess a valid possession license issued either by NRC or an Agreement State(s) which authorizes possession and use of byproduct material.

2. Distribute only those products containing radioactive material which are specifically authorized in your license.
3. Notify NRC in writing within 30 days of any change in mailing address (no fee is required if the location of radioactive material remains the same).
4. Request and obtain appropriate amendments if you plan to change control or ownership of your organization, change points or locations of distribution of products containing radioactive material, or make any other changes in your program which are contrary to the license conditions or representations made in your license application and any supplemental correspondence with NRC. A license fee may be charged for the amendments if you are not in a fee-exempt category.
5. Submit a complete renewal application (with proper fee) or termination request (no fee required) at least 30 days before the expiration date on your license. You should receive a reminder notice approximately 90 days before the expiration date. Continued distribution of products containing radioactive material after your license expires is a violation of NRC regulations.
6. In accordance with 10 CFR 30.36, request termination of your license if you plan to permanently discontinue activities involving distribution of products containing radioactive material.

You will be periodically inspected by NRC. Failure to conduct your program in compliance with NRC regulations, license conditions, and representations made in your license application and supplemental correspondence with NRC may result in enforcement action(s) being taken against you. This could include issuance of a notice of violation; proposed imposition of a civil penalty; or

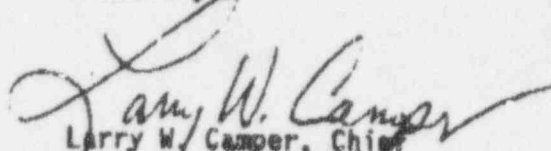
P. Wilson

-3-

an order suspending, modifying, or revoking your license as specified in NUREG-1600, "General Statement of Policy and Procedures for NRC Enforcement Actions," (60 FR 34381, June 30, 1995).

If you have any questions, please contact Ms. Susan Greene at (301) 415-7843.

Sincerely,



Larry W. Camper, Chief
Medical, Academic, and Commercial
Use Safety Branch
Division of Industrial and
Medical Nuclear Safety
Office of Nuclear Material Safety
and Safeguards

Docket No. 030-30266

Enclosure: Amendment No. 05

cc: Benito Garcia, Chief
Bureau of Hazardous and
Radioactive Materials
525 Camino de los Marquez
P.O. Box 26110
Santa Fe, New Mexico 87502

MATERIALS LICENSE

Amendment No. 05

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-454), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 36, 39, 40, and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 193 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

Licensee

1. 21st Century Technologies, Inc.

2. 337 Eubank NE
Albuquerque, New Mexico 87123In accordance with letter dated
June 1, 1993,

3. License Number

30-23697-01E is renewed in
its entirety to read as follows:

4. Expiration Date May 31, 2001

5. Docket or
Reference No. 030-302666. Byproduct, Source, and/or
Special Nuclear Material7. Chemical and/or Physical
Form8. Maximum Amount that Licensee
May Possess at Any One Time
Under This License

A. Hydrogen-3

A. Sealed Light Sources
(SRB Technologies, Inc.
Model PRH-800/6/200, and
Lumitec Models CL/1,5/4,85
and CL/0,95/3,3)A. Not applicable.
(See Condition 10)

9. Authorized Use

Pursuant to Section 32.22, 10 CFR Part 32, the licensee is authorized to distribute only those luminous gunsights containing sealed light sources identified in Condition 7.A. above, whether or not mounted on a weapon, identified in Condition 10 of this license to persons exempt from the requirements for a license pursuant to Section 30.19, 10 CFR Part 30, or equivalent provisions of the regulations of any Agreement State.

CONDITIONS

10. The approved gunsights are limited to the following model designs and attachments as listed in Registration Certificate No. NR-365-D-101-E:

The Model CGF003 is a front "dot" sight designed for Colt pistols (see Attachments 3 and 14).

The Model CGR030 is a rear 2 "dot" or "bar" sight designed for Colt pistols (see Attachments 4, 12, and 13).

The Model GKF001 is a front "dot" sight designed for Glock pistols (see Attachments 5 and 14).

The Model GKR010 is a rear 2 "dot" or "bar" sight designed for Glock pistols (see Attachments 6, 12, and 13).

MATERIALS LICENSE
SUPPLEMENTARY SHEET

License number

Docket or Reference number

CONDITIONS

(Continued)

The Model SSF002 is a front "dot" sight designed for Sig-Sauer pistols (see Attachments 7 and 14).

The Model SSR020 is a rear 2 "dot" or "bar" sight designed for Sig-Sauer pistols (see Attachments 8, 12, and 13).

The Model SWF004 is a front "dot" sight designed for Smith and Wesson pistols (see Attachments 9 and 29).

The Model SWR040 is a rear 2 "dot" sight designed for Smith and Wesson pistols (see Attachments 10 and 29).

The Model SWR041 is a rear "bar" sight designed for Smith and Wesson pistols (see Attachments 11 and 28).

The Series 100 is a single "dot" front sight (see Attachment 17).

The Series 200 is a 2 "dot" rear sight (see Attachment 18).

The Series 300 is a single "bar" rear sight (see Attachment 19).

The Series 400 is a recessed, single "bar" rear sight (see Attachment 20).

The Series 500 is a 2 "bar" rear sight (see Attachment 21).

The Series 600 is a recessed, 2 "bar" rear sight (see Attachment 22).

The Series 700 is a 3 "bar" rear sight (see Attachment 23).

The Series 800 is a 3 "bar" rear sight (see Attachment 24).

The Series 900 is a 2 "dot," single "bar" rear sight (see Attachment 25).

Series 200 - 900 rear sights have a notch cut out for lining up the front sight in either of the two configurations shown in Attachment 26.

- 11.a. No "dot" or "bar" tritium light source listed in Condition 7.A. may contain more than 30 millicuries.
- 11.b. No combination of "dot" or "bar" tritium light source listed in Condition 7.A. or any set of sights distributed for use on a single weapon may contain more than 90 millicuries.
12. This license does not authorize possession or use of licensed material.

13. Licensed material shall be distributed only from the licensee's facility located at
337 Eubank NE, Albuquerque, NM.

OTHER COMMON CITIES OF NEW MEXICO

6000-800-1000/771

NOTOTATO CREDIT 771

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number

30-23697-01E

Docket or Reference Number

03C-30266

Amendment No. 05

CONDITIONS

(Continued)

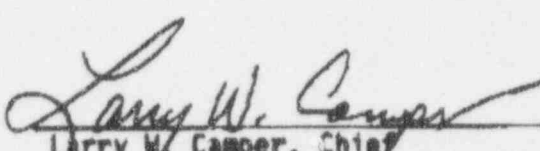
14. The licensee shall file periodic reports as specified in 10 CFR 32.25(c).
15. The licensee shall, in writing, inform the Director, Office of Nuclear Material Safety and Safeguards, at least 15 days before Mr. Barry Mowry becomes involved in any activity authorized pursuant to this license.
16. Except as specifically provided otherwise by this license, the licensee shall conduct its program in accordance with the statements, representations, and procedures contained in the documents, including any enclosures, listed below. The U.S. Nuclear Regulatory Commission's regulations shall govern unless the statements, representations, and procedures in the licensee's application and correspondence are more restrictive than the regulations.
 - A. Letter dated March 1, 1996;
 - B. Letter dated March 4, 1996;
 - C. Facsimile received February 29, 1996;
 - D. Facsimile received April 29, 1996; and
 - E. Registration Certificate No. NR-365-D-101-E

FOR THE U.S. NUCLEAR REGULATORY COMMISSION

DATE:

May 15, 1996

BY:


Larry W. Camper, Chief
Medical, Academic, and Commercial
Use Safety Branch
Division of Industrial and
Medical Nuclear Safety
Office of Nuclear Material Safety
and Safeguards
Washington, DC 20555