

TELEPHONE LOG	
CONTACT: Bruce Casner	DATE: 7/17/95
TELEPHONE NO.:	ORGANIZATION: rep for IWI
TYPE: Visit Conference Telephone: XX In Out	
SUBJECT: receipt of fax	
<p>SUMMARY:</p> <ul style="list-style-type: none"> * Mr. Casner inquired as to if I had received his fax with the information concerning the tritium sources from South Africa, which I told him I had * He wanted to know if the info was sufficient and I explained that I had only briefly looked at the info, that I had not reviewed it, but that it seemed to be sufficient enough to turn the package over to the Sealed Source Safety Section to begin the device review. * He asked how long before the device review was complete and the license could be amended and I told him that it depended on the work load in the SSSS, but that usually for a new device, not to expect anything in less than 6 months 	
ACTION REQUIRED: package to be sent to SSSS for device review	
PERSON DOCUMENTING CONVERSATION: Susan Greene	
DISTRIBUTION: PSantiago	

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NOTE TO FILE

SUBJECT: February 22, 1995 Meeting with Mr. Ken Wilson, IWI, Inc.

Attendees:

Ken Wilson, IWI, Inc.
Susan Greene, IMAB
Robert Weisman, OGC
Catherine Marco, OGC

We began the meeting by discussing the issue of the transfer of ownership from IWI of New Mexico to IWI of Nevada. RWeisman and CMarco reviewed with Mr. Wilson the information contained in IWI's February 20, 1995, response to our January 23, 1995, letter requesting additional information. Questions were asked and various items were discussed. When both groups were finished with their questions, Mr. Wilson was informed that OGC would further review the information and would get in contact with IWI if there were any additional questions.

Next, SGreene reviewed the provisions and conditions of the current exempt distribution license, NRC License No. 30-23697-01E, to include a detailed description of what devices are and are not covered under this license. It was stressed to Mr. Wilson that the license is very specific and, therefore, limiting. The proposed changes addressed in the February 20, 1995, letter concerning the listing of "series" were discussed at length. Mr. Wilson was informed that complete drawings for each basic series type for each type of material to be used, i.e. steel, plastic, must be submitted. It was stressed that each drawing must include information concerning the dimensions, minimums and maximums, and tolerances.

We discussed the use of other manufacturers and that this was acceptable as long as the products met the design and specifications for that type of product as authorized by the license. In other words, IWI could have different manufacturers make the iron works part of the sight as long as it met the specifications of the submitted drawings for that type of gunsight for material and dimensions. Mr. Wilson was also informed that IWI is responsible for confirming that products from other manufacturers meet the design and labelling specifications authorized in IWI's license.

In reviewing the QA/QC manual provided by Mr. Wilson, it was explained that the information about the facility and personnel requirements concerned the possession and use of radioactive material and was applicable to the New Mexico state license and not the NRC's distribution license and should; therefore, be removed from the application. It was also explained that the NRC is primarily concerned with the QA/QC procedures or program concerning the products to be distributed. Such information was found in the manual in the sections concerning the inspection and testing of sealed sources, machine work, sealed source installations and label verification. However, as was pointed out to Mr. Wilson, additional information is needed as to the number of products inspected and/or tested, what criteria constitutes pass/fail, and what happens to failed products.

Mr. Wilson was asked to explain what was meant or intended by the request for authorization to install tritium sights at a mobile facility. He was informed that in order for IWI to "hand" carry to and install inserts and sights at other facilities, IWI's state license would have to be amended to authorize temporary job sites, and that IWI would be required to file for reciprocity with NRC for areas of NRC jurisdiction or with each Agreement State such as Florida in order to work in these areas. It was also explained that IWI could sell and ship the sights as authorized by the license and then have IWI go to the facility and install the sights without any changes to the state or NRC license. However, this option only applies to the replaceable gunsights and would not allow for IWI to drill out and replace tritium inserts in permanently mounted sights because the tritium inserts are not exempt products as the license does not authorize the distribution of tritium inserts by themselves.

Mr. Wilson was informed that NRC would be in contact concerning the transfer of ownership either with additional questions or the license amendment.

Mr. Wilson committed to submitting the additional information required in order to complete our review of his renewal request, as noted during our discussions, within 30 days.

Susan L. Greene

Date

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D/P

EXHIBIT 37

TELEPHONE LOG	
CONTACT: Bruce Casner	DATE: 7/21/95 at 2:00 pm
TELEPHONE NO.:	ORGANIZATION: Rep. for IWI
TYPE: XX Visit	Conference Telephone: In Out
SUBJECT: Deficiency response from IWI	
<p>SUMMARY:</p> <ul style="list-style-type: none"> * Mr. Casner delivered IWI's deficiency response to my June 21, 1995 letter * Discussed new tritium sources from South Africa - I explained that the sources could be received and used, if authorized on the state possession license, but that the new sources must have a device review and the distribution license amended before the sources can be distributed. * Mr. Casner stated that he believed that the new sources had been received at IWI, but that none had been distributed and that the information necessary concerning the sources for the device review would be forthcoming early the next week * Discussed briefly the investigation by Region IV's OI. I explained to him that it was my impression that the continued distribution of products not authorized was due to inexperience and misunderstanding of the license conditions and the regulations. I also explained that since the IWI distribution license very clearly states which sources can be used, it would not support this impression if it were determined that the new sources from South Africa are being distributed without the proper authorization. 	
ACTION REQUIRED: information on sources to be sent, review pending	
PERSON DOCUMENTING CONVERSATION: Susan Greene	
DISTRIBUTION: PSantiago	

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EXHIBIT 38

NOTE TO FILE

Call 7/24/95 from Mr. Kasner, IWI representative

Mr. Kasner indicated he tried contacting Ms. Greene. I indicated that she had been out. He stated that she had promised that she would expedite the application for IWI distribution of products containing South African Lumitec sources since the other supplier is a 1000 times what they had been paying and that they could not use SRB. I indicated I was not aware of any such expedited request and as we had told him when he met with us that they must comply with the license and that a new item would perhaps take 6 months to get a device review completed. He indicated that it would put them out of business to pay the costs from the SRB supplier. I stated that NRC cannot give a distribution license without a device review and that they could distribute in accordance with the present license only. He stated again that Ms. Greene promised an expedited review and they would like to begin distribution within 2 weeks. He also stated they sent in the letter to show good faith to not ship anything and I stated as we said before they must comply with the license. A consultant was recommended to IWI since they appeared unfamiliar with requirements and the NRC staff could not act as a consultant.

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TELEPHONE LOG	
CONTACT: Dale Criesman	DATE: 7/25/95
TELEPHONE NO.:	ORGANIZATION: Miniature Machine Corp. (MMC)
TYPE: Visit	Conference Telephone: XXX In Out
SUBJECT: IWI and tritium sources from South Africa	
<p>SUMMARY:</p> <ul style="list-style-type: none"> * he is very impressed with the quality of the products received from South Africa * he has found his experiences in working with IWI (the Wilsons and Gregor) to be refreshing in terms of the people he's dealt with in this industry * he feels that IWI has had to overcome many problems as well as bad publicity as a result of the past president (Barry Nowry) and that they are doing a great job. He hopes that IWI will continue to get the support from NRC that they need to accomplish their ends * he stated that the work schedule for MMC is based upon the availability of product from IWI which is dependent upon the tritium sources from South Africa * he asked if any information concerning the licensing of the South African tritium was available to the public and what is the time frame for IWI getting the authorization to distribute these sources ** I informed Mr. Criesman that the package requesting the device review and licensing of the South African tritium sources was just received by NRC last week and that at this time that package is all of the information that we have. As to a time frame, I told him he would need to speak to the SSSS, but that typically for new devices, they should not expect to hear or receive anything in less than 6 months. ** I corrected a misstatement from Criesman that the only new device being requested by IWI is the new tritium sources and I also explained that the tritium sources would basically get their own device review 	
ACTION REQUIRED: telephone conversation record to IWI file	
PERSON DOCUMENTING CONVERSATION: Susan Greene	
DISTRIBUTION: PAS	

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EXHIBIT 42



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

December 22, 1995

CAL No. 4-95-04

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

SUBJECT: CONFIRMATORY ACTION LETTER

Dear Mr. Gregor:

Innovative Weaponry, Inc. (IWI) is the holder of NRC Byproduct Materials License No. 30-23697-01E, which authorizes the distribution of luminous gunsights, or weapons containing certain luminous gunsights. After reviewing the transcribed interview which was conducted on October 19, 1995, with yourself and Ms. Virginia Van Cleave of the NRC's Region IV Office of Investigations, the NRC staff noted that IWI had: 1) distributed unauthorized tritium sources, i.e., those obtained from South Africa; and 2) had distributed tritium sources in removable and permanently mounted gunsights and gunsight models that are not specifically authorized in License Condition 10 of IWI's NRC license.

In a letter dated July 7, 1995, to Ms. Susan Greene of the Division of Industrial and Medical Nuclear Safety (IMNS), Mr. Gregor stated that IWI is in the process of changing its supplier of tritium sources from SRB Technologies in Canada to Lumitec, which is located in the Union of South Africa. In October 1995, IWI submitted a request to amend its license to include these tritium sources and IWI's possession and use license from the State of New Mexico has been recently amended to include tritium sources from Lumitec. NRC has not, as of this date, amended your distribution license to include the Lumitec sources. IWI's exempt distribution license only authorizes the distribution of tritium sources supplied by SRB Technologies at this time. IWI is not authorized to distribute any products containing Lumitec tritium sources models until such time as the device(s) review is completed and the exempt distribution license is amended to authorize the distribution of the Lumitec tritium sources in gunsights or weapons. This distribution restriction also applies to any gunsight models that are not currently listed on the license.

Pursuant to a telephone conversation between David Gregor, President IWI, and Patricia Santiago and Susan Greene, IMNS, on December 20, 1995,, it is our understanding that IWI will take the following actions:

1. Immediately cease distribution of Lumitec sources and sights, and within 2 weeks provide a description of the method used to segregate the current inventory of Lumitech sources at IWI, so that further distribution is not possible until such time as the Lumitech sources are approved for distribution under the NRC license.

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2. Immediately cease distribution of gunsights (either removable or permanently mounted sights on weapons) not specifically authorized in License Condition 10 of NRC License 30-23697-01E.

It is also our understanding that IWI will provide the following information within 30 days of receipt of this letter:

1. A listing of the quantity of all sights with Lumitech sources that have been distributed by IWI, indicating both the date(s) of distribution and to whom the sources were distributed, either as removable sights or permanently mounted sights on weapons.
2. A listing of the quantity(ies), model, and manufacturer of gunsights distributed since issuance of the license other than those identified in NRC License No. 30-23697-01E, the date(s) of distribution and to whom the sights were distributed, either as removable or permanently mounted sights on weapons.
3. Pursuant to 10 CFR 30.34(b) no license can be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing. Therefore, provide detailed information concerning the status of Innovative Weaponry, Inc., of Nevada, to whom this license was issued. The specific information to be submitted should include, but is not limited to, the following:
 - a. a statement describing the relationship between IWI of New Mexico, IWI of Nevada and 21st Century Technologies Inc. and any other parent companies.
 - b. if IWI of Nevada is no longer a legal corporation in the state of Nevada or if it is now owned or controlled by another corporation, copies of incorporation documents, annual reports, names and addresses of Board of Directors) that reflect a change in ownership or transfer of control subsequent to License Amendment No. 04, dated April 3, 1995, which transferred the license from IWI of New Mexico to IWI of Nevada.

Pursuant to Section 182 of the Atomic Energy Act, 42 U.S.C. 2232, you are required to:

- 1) Notify the members of the NRC staff identified below immediately if your understanding differs from that set forth above;
- 2) Notify me if for any reason you cannot complete the actions within the specified schedule and advise me in writing of your modified schedule in advance of the change; and

D. M. Gregor

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- 3) Notify me in writing when you have ceased distribution of the Lumitech sources and unauthorized gunsight as stated in Items 1 and 2.


If your understanding of the actions to be taken differs from that set forth above, please call Patricia Santiago at (301) 415-7269 or Susan Greene at (301) 415-7843.

Issuance of this Confirmatory Action Letter does not preclude issuance of an order formalizing the above commitments or requiring other actions on the part of the licensee; nor does it preclude the NRC from taking enforcement action for violations of NRC requirements that may have prompted the issuance of this letter. In addition, failure to take the actions addressed in this Confirmatory Action Letter may result in enforcement action.

The responses directed by this letter are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Pub. L. No. 96-511.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, 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. 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.

Sincerely,



Donald A. Cool, Director
Division of Industrial and
Medical Nuclear Safety
Office of Nuclear Material Safety
and Safeguards

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

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