

REPORT OF INTERVIEW
WITH
MICHAEL A. MARTIN

On July 17, 1990, MARTIN, President, The Martin Company, 108 Locks Road, Chesapeake, Virginia, was interviewed regarding his knowledge of or involvement in the sale of three Potter and Brumfield, Inc. (P&B), motor-driven relays (MDRs) that were sold to Spectronics, Inc., and subsequently purchased by the Tennessee Valley Authority for use in its Sequoyah Nuclear Power Plant (SQNP). MARTIN was interviewed in his office by Nuclear Regulatory Commission Investigators Gary H. Claxton and E. L. Williamson.

MARTIN said he has been president of The Martin Company since March 1989. He said prior to forming his own company, he was vice president of Stokley Enterprises, Inc., from January 1986 until March 1989. He said prior to his employment with Stokley, he worked 5 years with B&D Electric as a salesman and sales manager. He said all of these positions involved buying and selling surplus electrical components. He said he graduated in 1979 with a B.S. in Business Administration from Old Dominion University.

MARTIN said his business primarily consists of buying government surplus electrical components in bulk shipment. He said he sorts through the surplus and salvages those components he thinks he can use. The remainder is thrown away or scrapped. He said most of his sales are to various contractors or dealers. He said those who deal with him know he deals in surplus, and they don't usually discuss where the component will be used. He said he does not ask his customers what the application of the component will be. He said he rarely deals in new components, adding that if a customer wants new components he would make inquiries to determine if they are available from other sources.

When asked about the three MDRs he sold to Spectronics, he said Peter TOLBERT, Spectronics, Inc., called him on October 10, 1989, and asked if he (MARTIN) had three MDR 135-1s in stock. He said he told TOLBERT he had the relays for Spectronics. MARTIN said TOLBERT knew the relays were not new, but were either new surplus or refurbished. He said TOLBERT should be able to recognize a refurbished relay since he (TOLBERT) was the P&B manufacturer representative for the Southeast. He said TOLBERT also knew that he (MARTIN) sold at the lowest prices. MARTIN said that TOLBERT would know that his products are not new, but added that he (MARTIN) did not know if TOLBERT represented the relays as being new. He said the three relays sent to Spectronics and subsequently to SQNP were refurbished. He explained that they had been repainted, cleaned up to look like new, reworked, and had a continuity test performed on them.

MARTIN said that he hasn't done a lot of business with TOLBERT, explaining that he had on occasion bought new relays from Spectronics. He said on one occasion, he had a request from TOLBERT for some relays but that he could not fill the order with the inventory he had in stock. He said he had various relay components such as bases, stacks, shafts, and contacts taken from surplus MDRs. MARTIN said he called Bill STOKLEY, President, Stokley Enterprises, Inc., to determine if he (STOKLEY) could combine his (MARTIN) components with what he (STOKLEY) had to assemble the relays. He said STOKLEY refused to deal with him, so he (MARTIN) called Spectronics and talked to

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Pete TOLBERT. TOLBERT told MARTIN to send the parts he had to STOKLEY and TOLBERT would pay him as if they were assembled relays. MARTIN said he sent his parts to STOKLEY, who assembled the relays and sent them to Spectronics. He said he (MARTIN) billed Spectronics and was paid by Spectronics, Inc. MARTIN provided a copy of an invoice where he billed Spectronics for the MDR parts to prove TOLBERT knowingly bought surplus goods.

MARTIN said that he has a Certificate of Conformance (COC) that he can issue if a customer requests them. He said the purpose of the COC is to document that when the component was built or manufactured, it was constructed to a certain specification and the COC does not mean that it is reconditioned to the original P&B specification and that it has passed the electrical continuity test. He said 10 to 20 percent of products he sells require COCs. He added that he doesn't know what his customer might do with the COC or who they send them to.

MARTIN was asked about the manufacturer name plate labels. He said he routinely replaces the labels as necessary. He said in the case of the relays sold to Spectronics, he was asked to convert the relays from Model 163 to Model 134 and convert Model 134 to Model 131. He said this can be done by removing a stack and sawing off the hold down bolts. He said TOLBERT sent new relays on two occasions and asked him to convert them from one model unit to another. He gave as an example converting a 1-stack, 4-pole to a 2-stack, 8-pole or a 3-stack, 12-pole. He said this is done for customer's satisfaction, adding that usually the customer doesn't know what they are getting. He said when conversions from one model to another are performed, the original labels are removed and new labels are applied to indicate the model which the customer ordered. He said he has used old original labels and placed them on different units.

MARTIN said new labels are ordered from Virginia Art and Metal Products (VAMP), Norfolk, Virginia. He said he thinks this is a common practice used by other suppliers and it is important because the Navy wants uniformity with the components they order. He said the new labels are used to identify the component, not to mislabel the component. He said he would never mislabel units for a customer.

MARTIN said a P&B relay Model 134-1 can be converted to a Model 131-1 by removing one stack and changing the label. He said he didn't think this would affect the performance of the relay.

MARTIN further explained that relays can be converted from alternating current (AC) to direct current (DC) by removing a shunt bar located inside the relay. He said some relays can be converted from DC to AC but not vice versa. He said he can remove the shunt bar and convert 28 volt DC to 115 volt AC but he doesn't have the capability to reconvert AC to DC.

MARTIN also explained that manufacturer's labels can be misleading. He said for a P&B Model 131-1, P&B also uses Model 4107 which has the same specifications, but is sold, according to MARTIN, by P&B at a higher price. He said this was a "scam" for P&B to make more money. He said P&B has numerous corresponding model numbers they use. He said he has converted a model number by changing labels, adding that the labels are also important because without

the labels, you can't tell what voltage the unit is. MARTIN said he has learned which relay model numbers are identical to other relays through experience over the years.

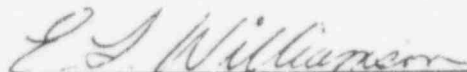
MARTIN said, when he sold the three relays to TOLBERT, he did not know they were going to a nuclear plant. He said if he had known, he would not have sold them to Spectronics. He said he doesn't sell direct to the Navy, but does sell to contractors who sell to the Navy. He said he doesn't know where these components might be used. He said he wouldn't sell to the nuclear industry because there are too many regulations that he can't fulfill.

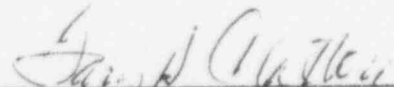
MARTIN said he had three employees, all of whom are involved in reworking or refurbishing various components. He said this refurbishing includes sand-blasting, taking various components apart, checking contacts and continuity, repainting, and generally making the component cosmetically appealing.

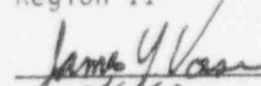
In reviewing purchase orders, MARTIN was asked about an order, dated October 26, 1989, from Spectronics requesting 7 MDRs to be converted from Model 134-2 to Model 131-2. He said Spectronics sent him seven new units and he had to remove one stack and cut down hold screws and shafts. He said he replaced labels to reflect the change from Model 134-2 to 131-2. He said this alteration does not change the voltage of the unit, only the number of contacts available for use. He said he does this for a fee because they (Spectronics) don't have the capability of making these conversions. He said when he makes the conversion, he keeps the removed parts for later use.

INVESTIGATOR'S NOTE: MARTIN was asked to allow the Office of Investigations (OI) to review his records including all purchase orders, invoices (both paid and unpaid), as well as his United Parcel Service shipping records. These records were reviewed and certain records were obtained as they related to this investigation. MARTIN also allowed OI to inspect all the MDRs in his inventory and they all appeared to have original P&B labels. Additionally, when asked, MARTIN exhibited a drawer containing blank metal labels he had purchased from VAMP.

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


E. L. Williamson, Senior Investigator
Office of Investigations
Field Office, Region II


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

Reviewed by: 
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