

**SAFETY EVALUATION REPORT  
INDIRECT TRANSFER OF CONTROL FOR BYPRODUCT MATERIALS LICENSE  
NUMBER 37-27891-02, SYSTEM ONE HOLDINGS, LLC**

**DATE:** January 21, 2021

**DOCKET NO.:** 030-37788

**LICENSE NO.:** 37-27891-02

**LICENSEE:** System One Holdings, LLC  
210 Sixth Avenue  
Suite 3100  
Pittsburgh, PA 15222

**TECHNICAL REVIEWER:** Steven R. Courtemanche

**SUMMARY AND CONCLUSIONS**

System One Holdings, LLC is authorized by NRC Materials License No. 37-27891-02, for the possession and use of byproduct material in the performance of radiography at temporary job sites anywhere in the United States where the NRC has jurisdiction under 10 CFR Part 30. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed a December 9, 2020 request for consent of an indirect transfer of control submitted by Thomas H. Lee Partners, L.P., the parent of System One Holdings, LLC, and Oaktree Capital Group LLC. The December 9, 2020 letter requesting consent for the indirect transfer is available in NRC's Agencywide Documents Access and Management System (ADAMS) at accession number ML20351A254.

Because the license was issued under 10 CFR Part 30, "Rules of General Applicability to Domestic Licensing of Byproduct Material," the NRC must find that the transfer is in accordance with the provisions of the Atomic Energy Act of 1954, as amended (the Act), and, if so, must give its consent in writing prior to the transfer, in accordance with Section 184 of the Act and 10 CFR 30.34(b). The NRC staff finds that the information submitted by Thomas H. Lee Partners, L.P. and Oaktree Capital Group LLC sufficiently describes and documents the transaction and commitments made by both parties.

As required by 10 CFR 30.34(b) and the Act, NRC staff has reviewed the application and finds that the proposed indirect transfer of control is in accordance with the Act. The staff finds that, after the indirect transfer of control, System One Holdings, LLC will be qualified to use byproduct material for the purpose requested, and will continue to have the equipment, facilities, and procedures needed to protect public health and safety, and to promote the common defense and security.

## **REGULATORY FRAMEWORK**

Section 184 of the Atomic Energy Act of 1954, as amended (the Act), prohibits the transfer of control of any license unless the Commission finds that the transfer is in accordance with the Act and consents to the transfer in writing.

System One Holdings, LLC holds NRC Material License No. 37-27891-02, which was issued under 10 CFR Part 30. The NRC must find that the indirect transfer is in accordance with the provisions of the Act and, if so, give its consent in writing prior to the transfer, in accordance with Section 184 of the Act and 10 CFR 30.34(b). Additionally, the NRC staff reviewed the indirect transfer of control request using the guidance in NUREG-1556, Volume 15, Revision 1, "Consolidated Guidance About Materials Licenses – Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Material Licenses," dated June 2016.

10 CFR 30.34(b) states:

- (1) No license issued or granted pursuant to the regulations in this part and parts 31 through 36, and 39 nor any right under a license shall 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.
- (2) An application for transfer of the license must include:
  - (i) The identity, technical, and financial qualifications of the proposed transferee; and
  - (ii) Financial assurance for decommissioning information required by 10 CFR 30.35.

## **DESCRIPTION OF TRANSACTION**

The indirect transfer of control is described in ADAMS at accession number ML20351A254. Thomas H. Lee Partners, L.P. will transfer its 76 percent share of the assets of System One Holdings, LLC to Oaktree Capital Group LLC, which includes NRC License No. 37-27891-02. The NRC staff finds that the request for consent adequately provides a complete and clear description of the transaction and is consistent with the guidance provided in Appendix E of NUREG-1556, Volume 15, Revision 1. The sufficiency of the description is evaluated below.

## **SAFETY AND SECURITY REVIEW**

According to data obtained from the NRC's Web Based Licensing (WBL), NRC License No. 37-27891-02 was first issued on July 21, 2008. On December 7, 2012, NRC

approved a proposed indirect transfer of control of the license from All Systems Holding, LLC and System One Holdings, LLC to MidOcean Partners, LLC. On October 25, 2016, NRC approved an indirect transfer of control from MidOcean Partners, LLC to Thomas H. Lee Partners, L.P.

Since initial issuance of the license on July 21, 2008, six violations of NRC requirements were issued: 1) April 30, 2010, NRC Inspection No. 03037788/2010001 – Failure to confine the storage of licensed material to the locations specified in Condition 11 of NRC License No. 37-27891-02, i.e., 16354 Camden, Woodhaven, Michigan and temporary job sites while storing licensed material at 2833 Harrison, Trenton, Michigan (ML101230084); 2) April 30, 2010, NRC Inspection No. 03037788/2010001 - Failure to maintain emergency response information required by 49 CFR 172.602(a) in its source transport vehicle located in Woodhaven, Michigan when transporting licensed material (ML101230084); 3) August 12, 2010, NRC Inspection No. 03037788/2010002 – Failure to have a prearranged plan with Local Law Enforcement Agency for assistance in an actual or attempted theft, sabotage, or diversion of such radioactive material or the devices which was consistent with a realistic potential vulnerability of the sources containing such radioactive material at the Woodhaven, Michigan site in accordance with Increased Controls Order, Attachment B, Section IC 2.b (ML102550277); 4) August 12, 2010, NRC Inspection No. 03037788/2010002 – Failure to have a complete documented program to monitor and immediately detect, assess, and respond to unauthorized access to radionuclides of concern in accordance with the Increased Controls Order, Attachment B, Section IC 2 (ML102550277); 5) August 12, 2010, NRC Inspection No. 03037788/2010002 – Failure to have a dependable means to transmit information between, and among the various components used to detect and identify an unauthorized intrusion, to inform the assessor, and to summon the appropriate responder in accordance with Increased Controls Order, Attachment B, Section IC 2.c (ML102550277); and 6) November 2, 2012, NRC Inspection No. 03037788/2012-001 – Failure to maintain utilization logs showing for each sealed source the identity and signature of the radiographer to whom assigned, the site where used and dates of use, including the dates when the sealed sources were removed from and returned to storage (ML12321A370). NRC verified that corrective actions were implemented to address violations 1 and 2 during NRC Inspection No. 30337788/2011-001 (ML110680221), violations 3 through 5 during NRC Inspection No. 03037788/2011-002 (ML110680221), and violation 6 during NRC Inspection No. 03037788/2013-001 (ML13210A015) and has closed out the above findings. The NRC Region I office last performed an inspection of the licensee's activities on July 15, 2020, and no violations of NRC requirements were identified.

Additionally, as described in its request, Oaktree Capital Group, LLC commits that it:

- A. will not change the radiation safety officer listed in the NRC license;
- B. will not change the personnel involved in licensed activities;

- C. will not change the location, facilities, and equipment authorized in the NRC license;
- D. will not change the radiation safety program authorized in the NRC license; and
- E. will keep regulatory required surveillance records and decommissioning records, if applicable.

Based on these commitments, the NRC finds that the licensee's request adequately documents the constraints, license conditions, requirements, representations, and commitments made by Thomas H. Lee Partners, L.P., Oaktree Capital Group LLC and System One Holdings, LLC and is consistent with 10 CFR 30.34(b) and Chapter 5 and Appendix E of NUREG-1556, Volume 15, Revision 1.

Pursuant to the asset sale agreement described in NRC ADAMS accession number ML20351A254, Thomas H. Lee Partners, L.P. will transfer the equity of which System One Holdings, LLC is comprised to Oaktree Capital Group LLC, which includes NRC License No. 37-27891-02. Before providing written consent to a transfer of control, the NRC conducts a pre-licensing visit when the transferee is considered an unknown entity, following the guidance provided by the NRC's Office of Nuclear Material Safety and Safeguards' "Checklist To Provide a Basis for Confidence that Radioactive Materials Will Be Used as Specified on the License," January 29, 2019 revision. The purpose of this checklist is for the NRC to obtain reasonable assurance that the licensed material will be used for its intended purpose. Using this guidance, the transferee (Oaktree Capital Group LLC) is considered a known entity (See Safety Evaluation Report, Transfer of Control of Westinghouse NRC licenses to Brookfield-Led Consortium (June 28, 2018) (ADAMS Accession Number ML18162A243).

In the request for an indirect transfer of ownership Thomas H. Lee Partners, L.P. provided information regarding its current decommissioning funding plans. Based on the information provided, System One Holdings, LLC, is not required to have financial assurance for decommissioning because of the types and amount of material authorized in License No. 37-27891-02. The NRC staff finds that the licensee's request adequately provided information for financial assurance for decommissioning, consistent with 10 CFR 30.34(b) and Chapter 5 and Appendix E of NUREG-1556, Vol. 15, Rev. 1.

## **ENVIRONMENTAL REVIEW**

An environmental assessment for this action is not required because the approval of the described indirect transfer of control is categorically excluded under 10 CFR 51.22(c)(21).

## **PUBLIC COMMENT PERIOD**

The request for an indirect transfer ownership was posted for public comment on the NRC website for 30 days in accordance with 10 CFR Part 2, Subpart M as described in NRC's Regulatory Issue Summary 2014-08, Revision 1. No comments were received from members of the public.

## **CONCLUSION**

The staff has reviewed the request for and indirect transfer of control of NRC Materials License No. 37-27891-02 and finds that the indirect transfer of control is in accordance with Section 184 of the Act and 10 CFR 30.34(b) and consents to the indirect transfer.

Consistent with the guidance in NUREG-1556, Vol. 15, Revision 1, the submitted information sufficiently describes the transaction; documents the understanding of the license and commitments of the transferee; demonstrates that personnel have the experience and training to properly implement and maintain the license and that the licensee will maintain the existing records. The submitted information also demonstrates that the transferee will abide by all existing commitments to the license, consistent with the guidance in NUREG-1556, Vol. 15, Revision 1.

Therefore, the NRC staff concludes that the proposed indirect transfer of control would not alter the previous findings, made under 10 CFR Part 30, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.