What GAO Found

By using the name of a bogus business that existed only on paper, GAO investigators were able to obtain a genuine radioactive materials license from NRC. Aside from traveling to a non-agreement state to pick up and send mail, GAO investigators did not need to leave their office in Washington, D.C., to obtain the license from NRC. Further, other than obtaining radiation safety officer training, investigators gathered all the information they needed for the license from the NRC Web site.

Excerpt from NRC License Acceptance Letter for Bogus Business

“"This refers to your application dated February 2, 2007, for an NRC license. Enclosed with this letter is the license. Please review the enclosed document carefully and be sure that you understand all conditions...”

Source: GAO

After obtaining a license from NRC, GAO investigators altered the license so it appeared that the bogus company could purchase an unrestricted quantity of radioactive sealed sources rather than the maximum listed on the approved license. GAO then sought to purchase, from two U.S. suppliers, machines containing sealed radioactive material. Letters of intent to purchase, which included the altered NRC license as an attachment, were accepted by the two suppliers. These suppliers gave GAO price quotes and commitments to ship the machines containing radioactive materials. The amount of radioactive material we could have acquired from these two suppliers was sufficient to reach the International Atomic Energy Agency’s (IAEA) definition of category 3. According to IAEA, category 3 sources are dangerous if not safely managed or securely protected. Importantly, with patience and the proper financial resources, we could have accumulated substantially more radioactive source material.

GAO also attempted to obtain a license from an agreement state, but withdrew the application after state license examiners indicated they would visit the bogus company office before granting the license. An official with the licensing program told GAO that conducting a site visit is a standard required procedure before radioactive materials license applications are approved in that state.

As a result of this investigation, NRC suspended its licensing program until it could determine what corrective actions were necessary to resolve the weaknesses GAO identified. On June 12, 2007, NRC issued supplemental interim guidance with additional screening criteria. These criteria are intended to help a license examiner determine whether a site visit or face-to-face meeting with new license applicants is required.