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GAO Used Fake Firm to Buy Radioactive Materials (Update)

By Tina Seeley

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July 11 (Bloomberg) -- Congressional investigators, using a fake West Virginia company, were able to get a license from the U.S. government to buy radioactive materials and later altered the license so that they could purchase an unlimited amount.

The materials the investigators could have purchased include Americium-241 and Cesium-137, which have been identified by the government as potentially being used by terrorists in a device to create a "dirty bomb." A dirty bomb would release radioactive material, forcing evacuations and potentially increasing the risks of cancer to the people exposed.

The Nuclear Regulatory Commission, which issues the licenses, will respond to the findings of the Government Accountability Office at a Congressional hearing tomorrow. Representatives for the commission and GAO, the investigative arm of Congress, are expected to appear before the Senate Permanent Subcommittee on Investigations.

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"Given that terrorists have expressed an interest in obtaining nuclear material, the Congress and the American people expect licensing programs for these materials to be secure," the GAO said in prepared written testimony.

The commission, based in Rockville, Maryland, regulates the nation's 104 commercial nuclear power plants and administers about 4,400 licenses for what are called "sealed radioactive source materials." The commission shares licensing responsibilities with some states that have set up their own, commission-approved, programs to regulate the materials.

The materials are included in machinery used for medical, industrial and research purposes.

Didn't Leave Washington

The GAO investigators, aside from traveling to a different state to pick up and drop off mail, "did not need to leave their office in Washington, D.C., to obtain the license," according to the testimony, presented by Gregory Kutz and John Cooney of the office's special investigations unit, and Gene Aloise, director of GAO's natural resources and environment group.

Getting the license took four weeks, after which investigators determined they could "alter the license without raising the suspicion of a supplier."

Alteration

The license was changed to allow the company to purchase an unrestricted amount of sealed source materials. Investigators then approached two U.S. suppliers and both offered to sell machinery that included radioactive materials.

"With patience and proper financial resources, we could have

accumulated substantially more radioactive source material," the GAO said.

A second attempt to acquire a license through Maryland was abandoned when the state's license examiner requested a site visit.

The investigation was a follow-up to a 2003 report by the GAO, which found weaknesses in the licensing program that could allow terrorists to obtain radioactive materials.

Michigan Senator Carl Levin, the Democratic chairman of the subcommittee, and Senator Norm Coleman of Minnesota, the senior Republican on the panel, sent a July 2 letter to the commission saying it was investigating the licensing procedures and asking for a response.

The senators asked what measures the commission "plans to implement in response to the exposed weaknesses" in its licensing process.

'Cause for Concern'

The findings "are a cause for concern," Commissioner Edward McGaffigan said in his prepared testimony for the hearing.

When the commission was informed of the GAO's findings on June 1, it suspended for two weeks issuance of all new licenses, McGaffigan said. It informed federal and state partners and issued interim procedures requiring on-site or in-office meetings with new applicants.

Since the 2003 GAO report, the commission has focused its efforts on entities seeking licenses for higher levels of radioactive materials, McGaffigan said.

"In hindsight NRC missed the vulnerabilities in our licensing process identified by GAO that resulted in a seemingly legitimate licensee obtaining a license for a small amount of material, then falsifying the license and potentially aggregating a much greater amount of material," according to the commissioner's testimony.

"GAO may have found a unique vulnerability, or there may be more left for us to discover," McGaffigan said. "We intend to find out."

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