



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

April 7, 1993

The Honorable Stephen D. Potts
Director, Office of Government Ethics
1201 New York Avenue, N.W.
Washington, D.C. 20005

Dear Mr. Potts:

This is in response to the report of March 19, 1993, on the review by the Office of Government Ethics of the ethics program of the Nuclear Regulatory Commission (NRC). The agency appreciates the thoughtfulness of the report. The report contains two specific recommendations to improve our program. The agency has taken steps since the OGE review to implement these recommendations.

The report recommends that the NRC ensure that employees disclose on their financial disclosure statements the full name of any specific mutual funds reported. While the overwhelmingly majority of filers have complied with this requirement, I have nevertheless directed the employees in the Office of the General Counsel who review financial disclosure reports to implement this recommendation. See attachment 1. In fact, the instructions from our office to employees on completing their financial disclosure report have been changed by specifically requesting the disclosure of the complete name of any mutual fund identified in the report. See attachment 2.

The report also recommends that the NRC establish a system to ensure that employees appointed to covered positions file a confidential financial disclosure report on a timely basis. This recommendation is based on the statement that the NRC Office of Personnel does not inform the Office of the General Counsel when it informs newly appointed employees that they are required to file a confidential financial disclosure report. The OGC becomes aware of new appointments to covered positions only upon receipt of a confidential financial disclosure report from the employee. As noted in the report itself, the Office of Personnel now formally sends OGC a copy of its memorandum to employees informing them that they are required to complete a financial disclosure report within thirty days of their appointment. See attachment 3.

Prior to the implementation of the recent OGE financial disclosure regulations, most of the NRC Regional Administrators requested that their Regional Counsels conduct the initial review

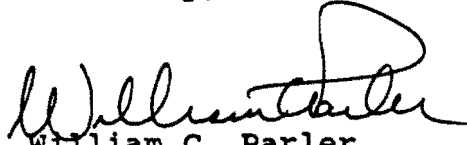
The Honorable Stephen D. Potts 2

of confidential disclosure reports from covered employees in their respective regions and then forward the reports to the Office of the General Counsel for a second review and certification by a Deputy Counselor. There were no cases where the Regional Counsels performed the final review and certification, as noted on page four of your report.

I appreciate the opportunity to inform you of our actions in response to the OGE review and am pleased that your review disclosed that NRC has an excellent ethics program. I look forward to continuing to work closely with you and your agency in maintaining high ethical standards for NRC employees.

Please contact me if you need any further information regarding our response to the review or any other aspect of our ethics program.

Sincerely,


William C. Parler
General Counsel

Attachments:

1. Memo to William C. Parler
dtd 12/04/92
2. Executive Personnel Financial
Disclosure Report
3. Confidential Financial
Disclosure Report (SF-450)

ATTACHMENT 1



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

DEC 14 1992

MEMORANDUM FOR: James A. Fitzgerald
Assistant General Counsel for Legal Counsel,
Legislation and Special Projects

Trip Rothschild
Deputy Assistant General Counsel for
Legal Counsel, Legislation and Special
Projects

FROM: William C. Parler
General Counsel and Designated Agency
Ethics Official

SUBJECT: REVIEW OF FINANCIAL DISCLOSURE REPORTS

In response to the suggestion made by the Office of Government Ethics as a result of its audit of our ethics program, I am directing that those employees under your supervision who are responsible for reviewing Financial Disclosure Reports ensure that employees report the name of the specific mutual fund that they hold interests in. The Office of Government Ethics indicated that in some cases, employees were reporting the family name of the fund, such as Fidelity fund, without listing the precise Fidelity mutual fund that they held.

cc: J. Szabo
M. Rafky
G. Fehst
L. Cadorette
P. Urban
L. Lessler

William C. Parler
General Counsel
12/14/92

ATTACHMENT 2

**PAYMENT OF \$200 FOR LATE FILING OF
FINANCIAL REPORT WILL BE REQUIRED.**

TO:

SUBJECT: EXECUTIVE PERSONNEL FINANCIAL DISCLOSURE REPORT

I am writing to request that you complete the attached Executive Personnel Financial Disclosure Report (Standard Form 278) because you worked for the NRC for more than 60 days in 1992 and were paid at a level above GG-15, or served as a special assistant to a commissioner (limited appointment). Please return the completed form to Lee Cadorette, Office of General Counsel, Mail Stop 15-B-18.

You are required to file this statement by May 15 and it is to cover calendar year 1992. The Office of General Counsel can grant a filing extension for up to 45 days for good cause. To assist you, we have attached a copy of your last year's Form 278. Please feel free to make photocopies of any schedule on the form if you need additional space.

When filling out Schedule A of the form ("Assets and Income") please put the full name of any mutual funds you own, i.e. "Vanguard Prime Cap Fund", not "Vanguard mutual funds". Also, please note that you must report your outside employment (if any), and all non-federal employment of your spouse.

THE ETHICS REFORM ACT IMPOSES A FEE OF \$200 FOR FILING A FORM 278 MORE THAN 30 DAYS PAST THE FILING DEADLINE or if an extension has been granted, for filing more than 30 days after the last day of the filing extension period. Only the Office of Government Ethics ("OGE") can waive this late filing fee. This fee will be collected by the NRC for deposit with the U.S. Treasury.

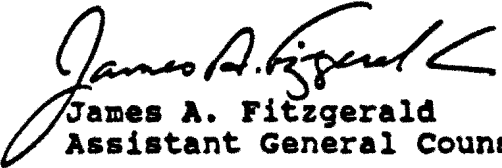
Upon receipt of your form, OGC will send you a note indicating we have received your form. If you do not receive a receipt within a reasonable time after filing your form, please contact OGC.

Please call John Szabo (504-1606) if you have any questions about filling out the form, you need a filing extension, or you have not received a receipt.

In previous years you may have been given a copy of the "Revised List Of Stocks, Bonds, And Other Security Interests That Certain NRC Employees Are Prohibited From Owning" which contained a Security Ownership Certification, and may have been required to

return this certification to OGC. OGC is not issuing this list at the present time. It will be issued later this year.

I thank you for your cooperation.


James A. Fitzgerald
Assistant General Counsel

Enclosure: As stated

ATTACHMENT 3

MEMORANDUM FOR:

FROM:

SUBJECT: CONFIDENTIAL FINANCIAL DISCLOSURE REPORT (SF-450)

In connection with this assignment, you are required to file with this agency the attached confidential financial disclosure report (SF-450). The completed SF-450 should be given to your immediate supervisor for prompt forwarding to Lee Cadorette, Office of the General Counsel (OGC), Mail Stop 15-B-18. This form is due to OGC within thirty days from the effective date of this action.

Should you have any questions or require additional information, please contact Mr. Cadorette on 504-1634.

To acknowledge receipt of this memorandum, please sign the attached copy where indicated and return it to me in the envelope provided at your earliest convenience. Thank you.

Personnel Team Leader

Attachments:
As stated

cc: L. Cadorette, OGC