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7 **STATE OF CALIFORNIA**
8 **DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**

9 **In the Matter of Accusation and Revocation) Agency File Nos. IH21-010-EWA and IH22-**
10 **Against:) 004-EWA**
11 **California Recycle Team, Inc. d/b/a) consolidated into File No. IH22-004-EWA**
12 **Electronic Waste Solutions)**
13 **Respondent / Appellant) SETTLEMENT AGREEMENT AND**
14 **) STIPULATION FOR ISSUANCE OF**
15 **) FINAL AGENCY DECISION**

16 **INTRODUCTION**

17 Through this SETTLEMENT AGREEMENT AND STIPULATION FOR ISSUANCE OF
18 FINAL AGENCY DECISION (“Agreement and Stipulation”), dated as of the latest date signed
19 below (“Effective Date”), the DEPARTMENT OF RESOURCES RECYCLING AND
20 RECOVERY (“Department”) and California Recycle Team, Inc. d/b/a Electronic Waste Solutions
21 (CEWID: 116588) (the Respondent/Appellant, hereinafter “EWS”), have agreed to resolve the
22 above-captioned matter according to the terms and conditions stated herein. The Department and
23 EWS are referred to herein individually as “Party” and, collectively, as the “Parties”.

24 On December 20, 2021, the Department served on EWS an accusation seeking penalties
25 pursuant to Public Resources Code section 42474(d) and CCR, sections 18660.7(f) and 18660.44
26 (case No. IH21-010-EWA) (“Accusation”). The Accusation is incorporated herein by reference.

27 On January 5, 2022, the Department received EWS’s timely notice of defense to the
28 Accusation.

1 The Department revoked EWS's approved collector status in the Program on December 27,
2 2021, pursuant to PRC section 42474(e) and CCR, section 18660.17 (later assigned case No. IH22-
3 004-EWA) ("Revocation"). The Revocation is incorporated herein by reference.

4 On January 26, 2022, EWS timely appealed the Revocation.

5 Cases Nos. IH21-010-EWA and IH22-004-EWA were consolidated into one hearing and one
6 case No. IH22-004-EWA on March 7, 2022.

7 The Parties submit this Agreement and Stipulation as a final resolution of this matter. In
8 submitting this Agreement and Stipulation, the Parties understand, acknowledge, and agree to the
9 terms set forth herein, including the Stipulated Factual and Legal Findings, Stipulated Conclusions
10 of Law, and Stipulated Order.

11 **FACTUAL AND LEGAL FINDINGS**

- 12 1. The Department is responsible for administering and enforcing the Electronic Waste Recycling
13 Act of 2003 (Pub. Res. Code 42460, et seq.) ("Act") and accompanying regulations,
14 commencing with Title 14, California Code of regulations ("CCR"), section 18660.5
15 ("Regulations"). The Department administers the Act and Regulations through its Covered
16 Electronic Waste Recycling Program ("Program").
- 17 2. EWS, at all relevant times, was either an approved collector, an approved recycler, an
18 approved dual entity, or a handler and was required not to make false statements and
19 representations in documents filed, submitted, maintained, or used for purposes of compliance
20 with the Act and the Regulations. (see PRC sections 42474(d) and (e) and CCR section
21 18660.7(f)).
- 22 3. EWS was an approved collector and an approved recycler in the Program (also called a dual
23 entity pursuant to CCR section 18660.5(a)(3)) from year 2016 through May 4, 2020. As an
24 approved collector, EWS had valid designations ("Designations") from California local
25 governments to collect covered electronic waste ("CEW") on the local governments' behalf.
26 Thus, EWS was a designated approved collector ("Designated Approved Collector" or
27 "DAC"), as defined in CCR section 18660.5(a)(18). Per CCR section 18660.48(a), as a DAC,
28

1 EWS was not required to provide the Department names and addresses of people who discard
2 CEW, called California sources (“California Sources”) (see CCR section 18660.5(a)(11)).

3 4. EWS’s weighmaster license expired on April 1, 2019. The California Department of Food and
4 Agriculture (“CDFA”) inspected and cited EWS on May 6, 2019 for conducting weighmaster
5 activities (weighing CEW) without a weighmaster license in violation of sections 12703,
6 12703.1, 12704 as well as other sections of the Business and Professions Code. CDF
7 conducted a follow-up inspection on June 6, 2019, and EWS was still operating without a
8 weighmaster license. CDFA cancelled EWS’s weighmaster license on July 22, 2019.

9 5. EWS submitted six recycling payment claims to the Department: two in January 2020 for the
10 April 2019 (Claim 4203) and June 2019 (Claim 4204) reporting months; two in February 2020
11 for the May 2019 (Claim 4213) and August 2019 (Claim 4210) reporting months; and two in
12 April 2020, covering the July 2019 (Claim 4250) and September 2019 (Claim 4268) reporting
13 months (“Recycling Payment Claims”). EWS sought payment from the Department in the
14 Recycling Payment Claims for activities that required EWS to be licensed weighmaster. EWS
15 certified that it was compliant with all applicable laws and regulations in the Recycling
16 Payment Claims, while knowing that it lacked a required weighmaster license.

17 6. On April 9, 2020, CDFA conducted another inspection and determined that EWS was still
18 operating without a weighmaster license.

19 7. On May 5, 2020, the Department suspended EWS’s approved dual entity status in the Program,
20 pursuant to PRC section 42474(e) and CCR section 18660.17 (“Suspension”). The Department
21 notified EWS about the Suspension in a letter, dated May 4, 2020 (“Letter”). The Letter
22 notified EWS that the Suspension was effective May 5, 2020. The Letter identified the reasons
23 for Suspension as: (1) EWS’s operation as an unlicensed weighmaster during the reporting
24 periods for which EWS submitted Recycling Payment Claims to the Department; and (2) the
25 said Recycling Payment Claims containing false statements that EWS was compliant with all
26 laws and regulations. The Letter notified EWS that according to the Regulations: (1) EWS
27 could not operate as an approved collector, an approved recycler, or a DAC; and (2) EWS was
28

1 required to immediately notify the Local Governments, for which it was acting as a DAC,
2 about the Suspension.

3 8. EWS failed to timely notify the City of Torrance and the City of Inglewood about its
4 Suspension, as required by CCR section 18660.50(b). In response to the City of Inglewood's
5 inquiry on June 15, 2020 about its approval status, EWS made numerous false statements and
6 misrepresentations ("Inglewood Response"). This was EWS's untimely notification about the
7 Suspension pursuant to CCR section 18660.50(b), which is a document used for purposes of
8 compliance with the Act and the Regulations. Note that EWS refers to the Department as
9 "CalRecycle". In the Inglewood Response, EWS stated that it "ha[s] been compliant with
10 CalRecycle," and was "still an [A]pproved [C]ollector during that time [referring to the
11 suspension period]". EWS stressed: "We have never been in violation with CalRecycle", which
12 is a false statement and misrepresentation. EWS continued that "[it has] ...always ... been an
13 approved member of the program" (the Program). EWS further falsely stated and
14 misrepresented that it had "not been cited for any violations" by CDFG despite multiple CDFG
15 violation citations and despite the Suspension for violating the Regulations.

16 9. EWS was neither an approved collector nor an approved recycler during the Suspension, which
17 lasted May 5, 2020 through June 7. During the Suspension, EWS operated solely as a handler
18 ("Handler"), pursuant to CCR section 18660.5(a)(21). EWS's Designations as a DAC
19 automatically became invalid because EWS was suspended as an approved collector. If CEW
20 is not being collected as part of Designation, names and addresses of California Sources must
21 be collected per CCR section 18660.20(j)(1)(B).

22 10. Following the Suspension, EWS decided not to continue operating as an approved dual entity
23 (both an approved collector and an approved recycler) and decided to continue operating only
24 as an approved collector, pursuant to CCR, section 18660.5(a)(2).

25 11. EWS transferred CEW material to EcoSpot Recycling, Inc. ("EcoSpot) while misrepresenting
26 its status as an approved collector, which is a false statement. EcoSpot believed that EWS was
27 an approved collector and that EWS had a valid Designation as a DAC. Only an approved
28 collector can transfer CEW material to an approved recycler (CCR sections 18660.22(d)(1)(A)

1 and (C). EWS provided invalid Designations to EcoSpot (for cities of Torrance and
2 Hawthorne). EcoSpot, relying on the invalid Designations, submitted deficient California
3 Source documentation to the Department in Claims 4325 and 4326 (reporting month June
4 2020), omitting the information required by CCR section 18660.20(j)(1)(B). Furthermore,
5 EcoSpot could not accept transfers of CEW from an entity that was not an approved collector.
6 Since EWS transferred most of the CEW to EcoSpot while it was suspended and was operating
7 solely as a Handler, EWS provided the transfer documentation in violation of the Regulations.

8 12. The Department could not pay EcoSpot for material transferred from EWS in Claim 4325. For
9 Claim 4326, the Department did not discover transfer and California Source documentation
10 issues until after it made payment to EcoSpot. For material collected while EWS was
11 suspended, claimed in Claim 4325, EWS submitted invalid Designations and invalid California
12 Source documentation (without California Sources) after the Department notified EcoSpot
13 about the suspension and requested California Source information.

14 13. EWS made false statements and representations in the California Source documentation
15 submitted to the Department. Claim 4326, submitted by EcoSpot, did not contain the Source
16 Documentation necessary to document the CEW eligibility (required by CCR section
17 18660.20(j)(1)(B)). EWS collected part of the CEW material, claimed in Claim 4326, while it
18 was suspended as an approved collector and its Designations were invalid. The Department
19 asked EcoSpot for additional Source Documentation in Claim 4325 after discovering that EWS
20 was suspended at the time a portion of the claimed CEW material was collected. EcoSpot was
21 required to provide information listed in CCR section 18660.20(j)(1)(B) for CEW material
22 collected by EWS during its Suspension. EWS, through EcoSpot, provided documentation (for
23 Claim 4325) which contained multiple false statements and misrepresentations. EWS provided
24 collection logs with names and addresses of alleged California Sources of the CEW claimed
25 for payment. Also included were dates of collection and volumes collected from each source.

26 14. The Department investigated the accuracy of the source entries in EWS's collection logs for
27 Claim 4325 by searching for addresses and calling the sources to verify the identities of the
28 sources as well as the number and type of CEW discarded. The Department found the

1 following: (1) EWS failed to provide any California Source documentation logs for transfer
2 numbers 4122 and 4153; (2) EWS duplicated names and addresses across multiple
3 documentation logs; (3) EWS included sources that stated they did not discard CEW material,
4 provided incomplete or invalid addressees, provided sources with missing source names, and
5 provided sources listing individuals who were deceased during the purported CEW collection.

6 15. EWS made false statements and representations in the collection, transfer, and CEW
7 dismantling documents it submitted to the Department (CCR sections 18660.22(d)(1)(C)-(D)
8 and 18660.22(d)(2)(B)). The dates of CEW Cancellation predate the dates of collection and
9 transfer of CEW, which is impossible. An approved collector must first collect the CEW and
10 physically transfer it to an approved recycler, who can then cancel/dismantle it. An approved
11 recycler must disassemble/cancel the CEW in order to receive payment. CEW
12 dismantling/cancellation can only occur after collection and transfer. It cannot occur before an
13 approved collector collects CEW and an approved recycler receives a transfer of CEW.

14 **STIPULATED CONCLUSIONS OF LAW**

15 16. Pursuant to PRC sections 42474(d) and (e) and CCR sections 18660.7(f), 18660.17, and
16 18660.44, the Department sought administrative civil penalties in the Accusation and revoked
17 EWS's approval status as an approved collector in the Revocation for EWS's violations of the
18 Act and the Regulations. In violation of CCR section 18660.7(f), EWS made the following
19 false statements and misrepresentations, as detailed in the Accusation and Revocation: (1) false
20 statements by EWS in payment claims submitted by EWS, stating that EWS was compliant
21 with all applicable laws and regulations while knowingly operating without a valid
22 weighmaster license; (2) false statements by EWS in source documentation submitted to the
23 Department; (3) misrepresentations by EWS about its approval status to a local government
24 and to an approved recycler; and (4) false statements by EWS in transfer, collection, and
25 cancellation documentation submitted to the Department, which showed that cancellation
26 occurred prior to transfer and collection – an impossibility.

STIPULATED ORDER

17. The information in the Introduction and paragraphs 1-16 above is incorporated by reference herein.

18. The Parties stipulate to the terms and conditions stated herein as a full and complete settlement of EWS's liability for administrative civil penalties based on the violations of the Act and Regulations, as set forth in the Accusation.

19. EWS agrees that the Department is not waiving its right to rely on the Stipulated Factual and Legal Findings and the Stipulated Conclusions of Law as evidence in the record necessary to enforce the Act and the Regulations.

20. **Civil Penalties: Waiver of hearing.** EWS and the Department hereby waive any right to an administrative hearing regarding the Accusation and Revocation and stipulate to the issuance of an administrative decision requiring EWS to pay \$16,720 in civil penalties to the Department for the violations detailed in the Accusation.

21. **Payment Plan.** The total amount owed to the Department will be paid by EWS according to the following terms and conditions ("Payment Plan").

- a. **Methods of Payments.** EWS shall submit all payments by check, draft, or money order payable to "State of California, Department of Resources Recycling and Recovery". Checks and money orders shall reference "DRRR Case No. IH22-004-EWA" and be mailed to the following address or to such other person and/or place as the Department may from time to time designate in writing:

Department of Resources Recycling and Recovery
Attention: Accounting Section, Cashier
P.O. Box 2711, MS 19A,
Sacramento, CA 95814-2711

If EWS pays by credit card, it shall use the website at www.calrecycle.ca.gov/PayOnline and click "Pay Miscellaneous Fees and Fines". EWS will be charged the service fee required by the Department's credit card processing vendor (usually 2.3 percent of the transaction or \$1.00, whichever is

greater). The service fee is retained by the vendor and is not paid to the Department. When remitting payment, EWS shall chose “E-Waste Penalty” as the “Payment Type” and enter the case number “DRRR Case No. IH22-004-EWA” as the “Invoice or Penalty Number”.

b. Payment Schedule.

EWS shall make monthly payments, due on the 15st day of each month, to the Department according to the following schedule:

Payment Due Date	Payment Amount
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6/15/2022	\$4,180.00
7/15/2022	\$4,180.00
8/15/2022	\$4,180.00
9/15/2022	\$4,180.00

c. Late Payment Penalties. Time is of the essence with respect to the Payment Schedule set forth in subsection 21(b). The failure to make any payment identified in the Payment Schedule by the applicable due date shall constitute a default (“Default”) and entitle the Department to relief described in paragraph 21(d)(ii) herein. A late payment penalty of ten percent (10%) of the payment amount will apply to any payment that is not postmarked or received by the Department within ten (10) calendar days of its due date.

d. Opportunity to Cure and Total Breach. In the event of Default, the Department shall give EWS written notice of Default. Mailing a written notice via USPS Certified Mail by the Department to EWS shall constitute prima facie evidence of delivery. EWS shall have ten (10) calendar days upon receipt of written notice to cure the Default by paying any past due and presently due payments under the Payment Plan, plus any late payment penalties.

i. If EWS cures the Default, EWS will be allowed to resume payments as provided in paragraph 21(b) herein.

P.O. Box 4025, MS24B
Sacramento, CA 95812-4025

Notices to EWS: California Recycling Team, Inc.
2094 W. Rosecrans Avenue
Gardena, CA 90249-2932

22. The Revocation shall continue to be in full force and effect indefinitely.

23. EWS, including the owners, officers, directors, or principals of EWS, may not apply or reapply to become an approved participant (approved collector, approved recycler, approved dual entity) in the Program in any circumstances, which include but are not limited to, utilizing any third party, person or entity to apply to become an approved participant (approved collector, approved recycler, or approved dual entity) in the Program, or purchasing an entity that, prior to its purchase, is an approved participant in the Program.

ADDITIONAL TERMS AND CONDITIONS

24. No covenant, promise, term, condition, breach, or default of or under this Agreement and Stipulation shall be deemed to have been waived except as expressly stated in writing by the Department, and no such waiver by the Department shall be deemed a waiver of any other covenant, promise, term, condition, breach, or default.

25. Nothing in this Agreement and Stipulation shall be construed as a waiver of, or any restriction whatsoever on, the Department's right to enforce the Act and the Regulations with respect to any violation by EWS occurring on or after December 27, 2021, following the Revocation.

26. The Parties understand that if the facts under which this Agreement and Stipulation is executed are later found to be different from the facts now believed to be true, the Parties expressly accept and assume the risk of such possible difference in facts and agree that this Agreement Stipulation shall be and remain effective notwithstanding such difference in facts.

27. This Agreement and Stipulation and any administrative decisions implementing it ("Administrative Decisions") constitutes the entire understanding of the Parties

1 concerning the settlement of this proceeding and supersedes and extinguishes all other
2 agreements, negotiations, understandings, and representations regarding the matter at
3 issue, which may have been made or entered into by and between the Parties. This
4 Agreement and Stipulation may not be altered, amended, modified or otherwise changed
5 in any respect whatsoever except by a writing duly executed by the Parties with the stated
6 express intent to modify this Agreement and Stipulation.

7 28. This Agreement and Stipulation shall be interpreted neutrally in accordance with the plain
8 meaning of the language contained herein. This Agreement and Stipulation is the product
9 of mutual negotiation and preparation and, accordingly, shall not be deemed to have been
10 prepared or drafted by either Party.

11 29. This Agreement and Stipulation shall not have, or be construed to have, any precedential
12 effect with respect to any present or future litigation by and between the Parties or any
13 proceeding to which EWS is not a party.

14 30. This Agreement and Stipulation is subject to the California Public Records Act, as
15 contained within California Government Code, 6250 *et. seq.*

16 31. The terms of this Agreement and Stipulation and any Administrative Decisions shall be
17 binding upon the Parties to this Agreement and Stipulation and upon their representatives,
18 successors, heirs, and assigns.

19 32. If any portion of this Agreement and Stipulation is found to be unlawful or unenforceable,
20 the remainder of this Agreement and Stipulation shall remain in full force and effect.

21 33. The Parties have the opportunity to seek counsel, and thereby acknowledge and
22 understand these terms and entered into this Agreement and Stipulation voluntarily and
23 knowingly without coercion. It is expressly understood and agreed that no representations
24 or promises of any kind, other than as contained herein, have been made by any Party to
25 induce any other Party to enter into this Agreement and Stipulation.

26 34. Paragraph and sections headings used in this Agreement and Stipulation are for
27 organizational purposes only and shall not be considered relevant to interpreting any
28 provisions herein.

1 35. This Agreement and Stipulation is the product of mutual negotiation and preparation and,
2 accordingly, shall not be deemed to have been prepared or drafted by either party.

3 36. Each Party shall bear its own attorneys' fees, expenses, and costs in relation to this matter,
4 provided, however, that in the event of any breach by EWS of its obligations to make
5 timely payments to the Department pursuant to Paragraph 21(b), EWS shall be liable for
6 all attorneys fees, expenses, and costs incurred by the Department to obtain and enforce
7 any judgment for such breach or otherwise to enforce such obligations under the Stipulated
8 Order and any related Administrative Decision or Supplemental Decision.

9 37. The Parties agree and consent that this Agreement and Stipulation shall be governed by
10 the laws of the State of California.

11 38. Any action pursuant to this Agreement and Stipulation will occur in the proper venue of
12 Sacramento, California.

13 39. No failure by the Parties to enforce any right or remedy provided herein shall constitute a
14 waiver of such right or remedy.

15 40. Each signatory to this Agreement and Stipulation covenants that he or she possesses all
16 necessary capacity and authority to sign and enter into this Agreement and Stipulation.
17 Each signatory warrants and represents that he or she is fully entitled and duly authorized
18 to enter into and deliver this Agreement and Stipulation. In particular, and without
19 limiting the generality of the foregoing, each signatory warrants and represents that he or
20 she is fully entitled to enter into the covenants, and undertake the obligations set forth
21 herein.

22 41. This Agreement and Stipulation may be executed simultaneously or in any number of
23 counterparts, each of which shall be deemed an original, equally admissible in evidence,
24 but all of which together shall constitute one and the same Agreement and Stipulation.
25 Copies of signatures have the same validity and effect as original signatures.

26 42. The "effective date" of this Agreement and Stipulation is the date on which it is signed by
27 the last Party referred to below.

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4 **IT IS SO STIPULATED AND AGREED:**

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6 _____ Dated: _____

7 LaDale Jackson
8 *Chief Executive Officer*
9 California Recycle Team, Inc.
10 dba Electronic Waste Solutions

9

10 _____ Dated: _____

11 Zoe Heller
12 *Acting Deputy Director*
13 *Materials Management and Local Assistance Division*
14 California Dept. of Resources Recycling and Recovery

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