NOTICE

DATE: September 27, 2018
TO: All Certified Processors
SUBJECT: Alternative Methods for Preparing Shipping Reports

The success of California’s Beverage Container Recycling Program depends on you as a certified processor to comply with all aspects of the California Beverage Container Recycling and Litter Reduction Act (Act) and the California Code of Regulations (Regulations). All processors play a crucial role in ensuring that California Redemption Value is paid only for eligible material.

The Department’s continuing review of processor operations has identified the following compliance issues with alternative methods for preparing shipping reports:

1. **Some processors use alternative methods that have not been approved by the Department.**

   Pursuant to Section 2425(g) of the Regulations, processors purchasing materials directly from more than one curbside program, dropoff or collection program, or community service program may apply to the Division to request the use of alternative methods for preparing the corresponding shipping reports. The Division shall consider each proposed alternative method and issue a written approval or denial within forty-five (45) calendar days.

2. **Some processors use alternative methods that were once approved by the Department but are no longer current due to changes in the processor’s operations.**

   Section 2425(g)(1) of the Regulations states, “In order for alternative methods to be accepted, they must be based on reasonable allocation methods.”

3. **Some processors use allocation methods that do not ensure that out-of-state beverage containers are excluded from their shipping reports.**

   Section 2425(g)(2)(B) of the Regulations prohibits a processor from including rejected containers, line breakage, and out-of-state containers in the allocated weight.

   Section 14539(d)(6) of the Act states, “A processor shall not claim refund values, processing payments, or administrative fees on empty beverage containers that the processor knew, or should have known, were received from noncertified recyclers or on beverage containers that the processor knew, or should have known, come from out of the state, or are otherwise ineligible for redemption.”
Section 14594.5(a) of the Act provides the Department with the authority to assess a civil penalty of up to ten thousand dollars ($10,000) per transaction, or an amount equal to three times the damage or potential damage, whichever is greater, plus costs, “upon any person, entity, or operation that redeems, attempts to redeem, or aids in the redemption of, empty beverage containers that have already been redeemed, or redeems, attempts to redeem, or aids in the redemption of, otherwise ineligible beverage containers, including, but not limited to, out-of-state containers or empty beverage container materials imported from out-of-state.”

**Pursuant to Regulation, 2425(g)(2)(B),** alternative methods for preparing shipping reports may only be used for in-state material. Any application for an alternative allocation method that does not exclude out-of-state material, line breakage, and all other types of ineligible material will be denied.

Failure to comply with the Act and/or Regulations may result in civil penalties, restitution, revocation of authorization to cancel, and/or suspension or revocation of your certificate. Additionally, this notice does not preclude any possible prosecution for criminal violations. If you have any questions, please contact:

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