California Environmental Protection Agency

NOTICE

April 16, 2021

The entities on the attached list are subject to prepayment controls by the Department of Resources Recycling and Recovery. CalRecycle authorizes and instructs all certified processors to withhold California Refund Value payments on claims submitted by these entities, pending approval by CalRecycle.

To: All Certified Processors

From: Recycling Program Enforcement Branch

Subject: Notice of Entities on Prepayment Controls

The entities on the attached list are subject to prepayment controls by the Department of Resources Recycling and Recovery (CalRecycle), pursuant to Sections 14552(a) and 14573.7 of the California Beverage Container Recycling and Litter Reduction Act (Act). Pursuant to Section 14573.5.(b), CalRecycle also authorizes and instructs all certified processors to withhold California Refund Value (CRV) payments on claims submitted by these entities, pending approval by CalRecycle.

The entities on the attached list may be on prepayment controls for the following reasons:

- They are being audited or investigated by CalRecycle to determine whether the entity is in compliance with recordkeeping, reporting, and operational requirements.
- An accusation has been served upon them by CalRecycle.
- There is a pending enforcement action.
- CalRecycle has revoked their certification.

The entities on the attached list are required to notify CalRecycle prior to shipping any material for which they intend to submit a claim for program payments. Pursuant to Section 14573.7 of the Act, operators may be required to "… submit consumer transaction logs and consumer transaction receipts as support documentation for shipping reports submitted to processors." Claims subject to prepayment controls are reviewed by CalRecycle staff, and/or the material associated with the claim is inspected at the receiving processor to determine eligibility for program payments. CalRecycle will notify the processor of the determination within 10 working days, or provide an update to the processor regarding the anticipated completion date of the claims review.

Processors should not make CRV or other program payments on any claims submitted by entities on the attached list until CalRecycle has made a determination of the claim's eligibility for program payments. Claims for reimbursement of CRV and other program payments by processors cannot be guaranteed if they are based on inaccurate or invalid supporting claims, or for ineligible material. Processors that pay entities on the attached list prior to a determination of eligibility by CalRecycle assume the risk of having their reimbursements denied without compensation if the supporting claims are determined to be inaccurate, invalid, or for ineligible material.

If you have any questions, please contact the Recycling Program Enforcement Branch at:

Recycling Program Enforcement Branch
801 K Street MS 15-52
Sacramento CA 95814

Phone: (916) 324-5392

Fax: (916) 319-7300

Email: Investigations@calrecycle.ca.gov

Sincerely,

Ben Shelton, Acting Branch Manager
Recycling Program Enforcement Branch

Division of Recycling

CalRecycle

Entities on Prepayment Control

(The list is sorted in descending order by program identification numbers)

Certification Number	Certification Entity Name	City	County	PIS_Start_Date	CERT_STATUS
RC10663	A & A Recycling	Ontario	San Bernardino	2/2/2021	Operational
RC143219.001	Jay's Recycling	Sun Valley	Los Angeles	9/20/2019	Operational
RC166935.001	Greenyard Recycling Inc	Ontario	San Bernardino	2/2/2021	Operational
RC229594.001	GDL Recycling Center #2	Santa Ana	Orange	1/4/2021	Operational
RC229645.001	Orange Recycling Center	Santa Ana	Orange	1/4/2021	Operational

California Public Resources Code, Division 12.1:

14552.

a) The department shall establish and implement an auditing system to ensure that the information collected, and refund values and redemption payments paid pursuant to this division, comply with the purposes of this division. Notwithstanding Sections 14573 and 14573.5, the auditing system adopted by the department may include prepayment or postpayment controls.

…

c) During the conduct of any inspection, including, but not limited to, an inspection conducted as part of an audit or investigation, the entity that is the subject of the inspection shall, during its normal business hours, provide the department with immediate access to its facilities, operations, and any relevant record, that, in the department's judgment, the department determines are necessary to carry out this section to verify compliance with this division and the regulations adopted pursuant to this division.

1. The department may take disciplinary action pursuant to Section 14591.2 against any person who fails to provide the department with access pursuant to this subdivision including, but not limited to, imposing penalties and the immediate suspension or termination of any certificate or registration held by the operator.
2. The department shall protect any information obtained pursuant to this section in accordance with Section 14554, except that this section does not prohibit the department from releasing any information that the department determines to be necessary in the course of an enforcement action.

14573.7.

Notwithstanding Sections 14573 and 14573.5, the department may require a recycling center, pursuant to a prepayment review taken pursuant to subdivision (a) of Section 14552, to submit consumer transaction logs and consumer transaction receipts as support documentation for shipping reports submitted to processors. The department may, pursuant to this section, authorize a processor to withhold refund value payments to a recycling center. The department may suspend the certification of a recycling center without a hearing if the recycling center fails to comply with the documental submittal requirements of this section, upon providing notice of these requirements. The recycling center which is the subject of the suspension may then request a hearing on the suspension, but the request for a hearing shall not stay the suspension. A hearing requested pursuant to this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

14573.5.

a) Except as provided in Section 14573.6, a processor shall pay to a certified recycling center, dropoff or collection program, or curbside program, for all types of empty beverage containers, by type of beverage container, received by the processor from a recycling center, curbside program, or dropoff or collection program, upon receipt by the certified processor of a shipping report from the supplier of the material, in the form adopted by the regulations adopted by the department, the sum of all of the following amounts: (1) The refund value. (2) Three-fourths of 1 percent of the refund value for administrative costs. (3) The processing payment established pursuant to Section 14575.

b) The processor shall make the payment required in subdivision (a) within two working days of the date that the processor receives these empty beverage containers, or within the time which the department determines to be necessary and adequate. Under the procedures authorized by the department, the department may authorize a certified recycling center to cancel containers, and a certified processor may authorize a certified recycling center to cancel containers on behalf of the certified processor.