



CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY  
**Department of Toxic Substances Control**

## News Release

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**Deborah O. Raphael, Director**

**FOR IMMEDIATE RELEASE**

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### **State Announces First Criminal Plea Agreement in E-Waste Fraud Case**

E-Waste Employees Plead to 13 Felonies for attempting to defraud the state of millions

**SACRAMENTO** – The Department of Toxic Substances Control , the [Department of Resources Recycling and Recovery](#) and the California Attorney General announced today that an electronic waste recycling business and its senior executives entered into a felony plea agreement in connection with criminal charges for fraudulently seeking reimbursement from the state's [Electronic Waste Recovery and Recycling Program](#).

While there have been several administrative actions taken for non-compliance with the recycling payment system and hazardous waste rules, this is the first criminal prosecution in California.

Earlier this month, Tung Tai Group Inc. of San Jose, its executive vice president John Chen and yard supervisor, Jason Huang pleaded no contest in Santa Clara County Superior Court to a total of 13 felony charges including: three counts of forgery; five counts of false documents; three counts of filing false payment claims with the State of California; and two counts of illegal storage of hazardous electronic and residual waste.

The defendants attempted to collect more than \$1 million for millions of pounds of electronic waste the company never collected nor recycled. The plea agreement bars them from future participation in the state's e-waste program and orders them to pay penalties and prosecution costs.

“The state is dedicated to rooting out fraud and holding those accountable who try to steal from it, said DTSC Director Debbie Raphael. “These funds serve as a critical incentive to cleaning up and recycling millions of pounds of toxic material every year and this case serves as an example of how we work together to prosecute environmental crimes.”

Huang's plea resolved the charge of forgery for illegally inflating the weight of materials Tung Tai received for recycling. Additionally, the felony plea agreement resolved charges that Huang lied about the amount of e-waste that was being recycled and presented false claims to the state for reimbursement. The corporation's plea settled charges of illegal storage of hazardous and universal wastes, violations regarding dismantling operations, and failure to label or list hazardous waste accumulation start dates. The plea agreement also settled two felony counts of storing hazardous electronic waste at an unauthorized location in California.

“CalRecycle is dedicated to protecting the financial integrity of the state’s landmark electronic waste recycling program,” CalRecycle Director Caroll Mortensen said. “This case demonstrates that those who make false claims for payment from CalRecycle will not only have their claims denied, but face the prospect of severe consequences resulting from criminal prosecution. We will continue to be vigilant in maintaining strong oversight of this highly successful recycling program.” Tung Tai’s criminal activities were uncovered by DTSC’s Office of Criminal Investigations (OCI) following a tip in 2008 from CalRecycle staff who review e-waste payment claims for discrepancies. OCI’s investigators uncovered accounting records that revealed inflated amounts of e-waste the company reported receiving from other organizations and subsequently claimed. In one instance, the company claimed it had received nine times the amount of e-waste it actually received.

“California consumers are going to be protected against the rip-off of their environmental fees,” said Edward Doty, Supervising Criminal Investigator for OCI. “We investigate e-waste fraud to ensure that the money that Californians pay when they buy new computers and other electronics is being used for legitimate recycling purposes.”

As part of the plea, Tung Tai Group, Chen, and Huang must withdraw as certified recyclers and approved collectors in the state’s Electronic Waste Recovery and Recycling Program, and must stop shredding, dismantling or processing electronic devices. In addition, Chen and Huang are required to each perform 100 hours of community service. Tung Tai, Chen and Huang also must pay the court \$75,000 in penalties plus \$50,000 in costs to the California Attorney General’s Office, which prosecuted the case.

Tung Tai Group Plea Agreement:

[http://www.dtsc.ca.gov/HazardousWaste/Projects/upload/Tung\\_Tai\\_ENF\\_Plea\\_Agreement-2012.pdf](http://www.dtsc.ca.gov/HazardousWaste/Projects/upload/Tung_Tai_ENF_Plea_Agreement-2012.pdf)

[www.calrecycle.ca.gov](http://www.calrecycle.ca.gov)

**Note to Editors:**

Every year [California’s e-waste recycling program](#) safely recycles millions of tons of outdated computer monitors, televisions, video display devices and other electronic equipment, so that they no longer present a threat to public health or the environment. Authorized businesses that collect and recycle certain electronics are eligible to receive recovery and recycling payments by submitting claims to CalRecycle, which reviews the claims prior to making payments. DTSC’s e-waste fraud unit was responsible for criminally investigating potentially fraudulent claims.

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FOR GENERAL INQUIRIES: Contact the Department of Toxic Substances Control by phone at (800) 728-6942 or visit [www.dtsc.ca.gov](http://www.dtsc.ca.gov). To report illegal handling, discharge, or disposal of hazardous waste, call the Waste Alert Hotline at (800) 698-6942.

***The Mission of DTSC is to protect California’s people and environment from harmful effects of toxic substances by restoring contaminated properties, identifying and promoting safer ingredients in consumer products, and ensuring stewardship through enforcement, regulation and pollution prevention.***