



Department of Justice

United States Attorney Scott C. Blader
Western District of Wisconsin

FOR IMMEDIATE RELEASE

MAY 22, 2020

WWW.JUSTICE.GOV/USAO/WIW

CONTACT: DANIEL J. GRABER

PHONE: (608) 264-5158

TWITTER: @USAO_WDWI

CHARGES FILED AGAINST THE FORMER OWNER AND TWO CORPORATE OFFICERS OF AN E-WASTE RECYCLING COMPANY OPERATING IN WISCONSIN AND TENNESSEE

MADISON, WIS. – Scott C. Blader, United States Attorney for the Western District of Wisconsin, announced the filing of three Informations and plea agreements yesterday charging Thomas Drake, 80, Jasper, Georgia; James Moss, 61, Ladysmith, Wisconsin; and Bonnie Dennee, 66, Phillips, Wisconsin, with conspiracy to store and transport hazardous waste without the required permits and manifests, in violation of the Resource Conservation and Recovery Act (RCRA). The Information filed against Moss also charged him with conspiracy to evade the payment of employment taxes and income taxes to the Internal Revenue Service.

As part of their plea agreements with the United States, Drake, Moss, and Dennee agreed to waive their right to be charged by indictment by a grand jury. In these circumstances, federal charges are entered by way of an Information filed with the Court.

According to the Informations, 5R Processors Ltd. (5R) based in Ladysmith, Wisconsin was a corporation involved in recycling electronic equipment, appliances, and other assets. 5R operated numerous facilities and warehouses in Ladysmith, Glen Flora, Catawba and West Bend, Wisconsin, and in Morristown, Tennessee. Drake founded 5R in Wisconsin in 1988 and served as the Chief Executive Officer and Chairman of the Board of Directors. Drake was responsible for overseeing all aspects of 5R's operations, including compliance with OSHA and federal and state environmental laws. Moss joined 5R in 2007, and became its President in 2010. As President of 5R, Moss was responsible for managing all plant operations. Dennee started with 5R in 1997. She worked in various positions at 5R, including director of environmental, health, safety & certifications, and executive vice-president.

According to the Informations, 5R used a de-manufacturing technique whereby electronic equipment was taken apart manually and the parts sorted into commodities which then could be resold. 5R took in computer monitors and televisions that contained cathode ray tubes (CRTs), which were broken down and the glass separated

between “clean glass” (which was sold as a commodity) and “funnel glass” that had lead in it. Until 2011, 5R shipped the leaded CRT glass to vendors that were allowed to handle it, and 5R was charged for the disposal.

The Informations allege that from 2011 to 2016, the defendants and others conspired to (1) knowingly store hazardous waste (i.e broken and crushed CRT glass that contained lead) at unpermitted facilities in Catawba and Glen Flora, Wisconsin, and Morristown, Tennessee; (2) knowingly transport the hazardous waste without a required manifest; and (3) conceal the above violations from state regulators in Wisconsin and Tennessee, as well as auditors with a nationwide recycling certification program known as R2.

According to the Informations, the defendants attempted to conceal their illegal storage and transport of the crushed leaded glass by various means, including:

- (1) changing the date labels on the containers;
- (2) hiding the containers by putting them inside semi-trailers and locking the trailer doors;
- (3) moving the containers to the back of the warehouse and stacking other pallets in front of them, making it impossible for regulators to see the boxes or inspect them;
- (4) storing the containers at a warehouse in Glen Flora, and not disclosing the existence of this warehouse, or its contents, to state regulators or R2 auditors;
- (5) storing the containers at 5R’s plant in Morristown, Tennessee in two warehouse spaces that did not have electricity or power, and which were referred to by 5R employees as the “dark side” and the “dark-dark side;” and
- (6) providing the state regulators with inaccurate inventory and shipping records for the leaded glass.

The defendants agreed to plead guilty to this conspiracy charge. If convicted, the maximum penalty for this charge is five years in prison, restitution, and a \$250,000 fine. In addition, Moss agreed to plead guilty to a conspiracy to defraud the IRS in the collection of employment taxes and income taxes for 5R and two other related companies, Wisconsin Logistic Solutions (WLS) and Pure Extractions. The Information alleges that Moss and others failed to truthfully account for and pay over to the Internal Revenue Service all of the federal income taxes withheld from employees and FICA taxes due and owing to the United States for 5R, WLS and Pure Extractions, totaling \$858,101.29. The maximum penalty for this charge is also five years in prison, restitution, and a \$250,000 fine.

The charges against Drake, Moss, and Dennee are the result of an investigation conducted by the Wisconsin Department of Natural Resources, Bureau of Law Enforcement; the U.S. Environmental Protection Agency, Criminal Investigation

Division; and IRS Criminal Investigation. James Cha with EPA Regional Criminal Enforcement Counsel and Assistant U.S. Attorney Daniel J. Graber are handling the prosecution.

You are advised that a charge is merely an accusation and that a defendant is presumed innocent until and unless proven guilty.

#