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Department of Justice

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Western District of Wisconsin

FOR IMMEDIATE RELEASE

Thursday, November 19, 2020

Former President of Recycling Company Sentenced to 18 Months for Storing Hazardous Waste & Tax Violations

MADISON, WIS. - Scott C. Blader, United States Attorney for the Western District of Wisconsin, announced that James Moss, 61, Ladysmith, Wisconsin, was sentenced today by U.S. District Judge William M. Conley to 18 months in federal prison for conspiring to store and transport hazardous waste without required permits and manifests, in violation of the Resource Conservation and Recovery Act, and with conspiring to evade the payment of employment taxes and income taxes to the IRS.

Moss pleaded guilty to these charges on September 1, 2020. Moss worked for 5R Processors Ltd. (5R) based in Ladysmith, which was a Wisconsin-based corporation involved in recycling electronic equipment, appliances, and other assets. According to the information, 5R operated numerous facilities and warehouses including in Ladysmith, Glen Flora, Catawba and West Bend, Wisconsin, and in Morristown, Tennessee. Moss started at 5R in January 2007 and became its President in 2010. As President of 5R, Moss was responsible for managing all plant operations, including shipping, receiving, trucking, sales, de-manufacturing, warehousing, accounting, and payroll.

From 2011 to 2016, Moss and others, conspired to (1) store hazardous waste (i.e broken and crushed CRT glass that contained lead) at unpermitted facilities in Catawba and Glen Flora in Wisconsin, and in Morristown, Tennessee; (2) 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 (R2).

At his plea hearing, Moss admitted to attempting to conceal the 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 on Artisan Drive in Glen Flora, Wisconsin (known as the “Sunshine Building”), 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.

Moss also pleaded guilty to a conspiracy with others 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. Moss and others failed to truthfully account for and pay over to the IRS 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.

At today’s sentencing, Judge Conley told Moss that his conduct is inexplicable given Moss’s upbringing and life history prior to working at 5R. The judge noted that Moss rationalized his criminal conduct by deluding himself that it was okay because it was the only way to keep himself and other members in the community employed, but that Moss understood what he was doing was wrong --year after year.

Judge Conley praised Moss by doing the right thing and cooperating with the government to help explain and unravel the criminal conspiracy but added that Moss still needed to pay a price. The judge added, “I hope this sentence delivers the message of the severity of your conduct and the debt you must pay to society.”

The charges against Moss were 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. The prosecution of the case has been handled by Assistant U.S. Attorney Daniel J. Graber.

Topic(s):

Environment

Tax

Component(s):

USAO - Wisconsin, Western

Updated November 19, 2020