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OWNERS OF NORTHWEST'S LARGEST ELECTRONICS RECYCLING FIRM PLEAD GUILTY TO WIRE FRAUD CONSPIRACY

Secretly Exposed Foreign Workers to Mercury Waste to Increase Corporate Profits

The owners and Chief Executive Officers of Total Reclaim, the Northwest's largest recycler of electronic waste, pleaded guilty today in U.S. District Court in Seattle to conspiracy to commit wire fraud, announced U.S. Attorney Annette L. Hayes.

CRAIG LORCH, 61, of Seattle, and JEFF ZIRKLE, 55, of Bonney Lake, Washington, admitted that they collected millions of dollars from public agencies and other organizations by falsely telling them that Total Reclaim would recycle used electronics products domestically in an environmentally-safe manner. In fact, the defendants secretly shipped millions of pounds of mercury-containing flat screen monitors to Hong Kong, where the monitors were dismantled in a manner that risked serious health consequences to workers, and damage to the environment. The two men face up to five years in prison when sentenced by U.S. District Judge Richard A. Jones on February 1, 2018. LORCH and ZIRKLE have also agreed to pay restitution of up to \$1.1 million.

"These defendants held their company out as one of the good guys, signing agreements promising they would keep hazardous materials out of the environment. But even as they made that pledge, they secretly shipped millions of flat screen monitors to Hong Kong where disposal practices endangered workers and the environment," said U.S. Attorney Annette L. Hayes. "Their actions were driven by greed and a total disregard for the promises they had made. As a result customers unknowingly ended up harming the environment rather than protecting it as they intended."

"Total Reclaim is the largest e-waste recycler in the northwestern United States," said Special Agent in Charge Jeanne M. Proctor of EPA's Criminal Investigation Division. "During an eight-year period, the company exported to Hong Kong millions of pounds of electronic products containing mercury, while fraudulently reporting to customers and state agencies that they were being appropriately recycled."

According to records filed in the case, Total Reclaim promoted itself as a responsible electronics recycler. Total Reclaim's website stated that "our commitment to environmental responsibility is at the core of everything Total Reclaim does." Total Reclaim signed a public pledge in which it promised not to "allow the export of hazardous E-waste we handle to be exported" to developing countries, where workers are known to disassemble electronics, which

contain dangerous materials such as mercury, without safety precautions. Total Reclaim signed agreements with customers, such as the City of Seattle, in which the customers agreed to pay Total Reclaim to recycle electronics in accordance with these standards. Total Reclaim was also the biggest participant in the “E-Cycle Washington” program. E-Cycle Washington allows consumers to drop off used electronics at stations such as Goodwill Industries, and pays companies like Total Reclaim to recycle those electronics according to Washington Department of Ecology standards.

In 2008, contrary to its promises to the public, Total Reclaim began secretly exporting flat screen monitors to Hong Kong to avoid the cost of safely recycling the monitors in the United States. Flat screen monitors are known to contain mercury, which can cause organ damage, mental impairment, and other serious health consequences to people exposed to the material. LORCH and ZIRKLE caused at least 8.3 million pounds of monitors to be shipped to Hong Kong between 2008 and 2015. To prevent customers and auditors from learning of the practice, LORCH and ZIRKLE falsified documents, made false statements to customers, and stored the monitors at an undisclosed facility while they awaited shipping.

Defendants’ fraud was discovered in 2014 by a non-governmental organization known as the Basel Action Network (“BAN”). BAN, which studies the export of electronic waste, placed electronic trackers on flat screen monitors and deposited them for recycling. The trackers showed that the monitors were collected by Total Reclaim and then exported to Hong Kong. When BAN representatives followed the tracking devices to Hong Kong, they discovered that the monitors were being dismantled by laborers who smashed the monitors apart without any precautions to protect the workers or the environment. After BAN notified LORCH and ZIRKLE of its findings, LORCH and ZIRKLE tried to cover up their fraud by altering hundreds of shipping records.

Conspiracy to commit wire fraud is punishable by up to 5 years in prison and a \$250,000 fine.

The case was investigated by the Environmental Protection Agency Criminal Investigation Division (EPA-CID). The case is being prosecuted by Assistant United States Attorney Seth Wilkinson.

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