

E-RECYCLER ON A ROLL

Future includes Korean investment, new facilities

Ben Keller – STAFF WRITER

Over the last five years, John Shegerian has traveled all over the world for his business, from Mexico and Canada, the United Kingdom and Germany to Japan and China. But his most significant trip took place two weeks ago in Korea where the groundwork was laid to take his recycling company to a truly global stage.

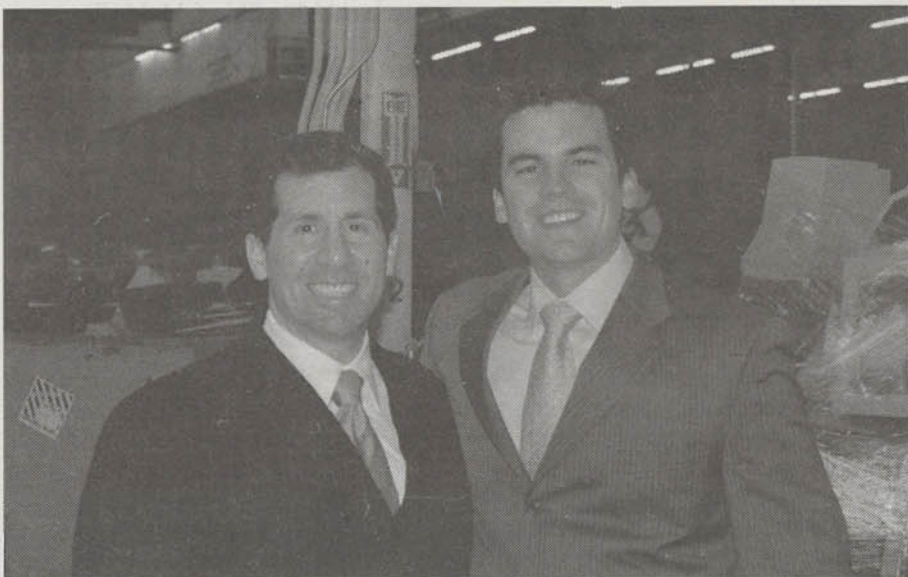
Starting his company in 2005, the chairman and CEO of Electronic Recyclers International (ERI) was already \$2.5 million in debt from the takeover of another fledgling recycling operation in San Diego. Since that time, the company has grown from to lead the U.S. in electronic products recycling while supplying hundreds of foreign manufacturers with reusable plastic, metal and other scrap material.

The most recent global contract came in the form of a partnership with one of the world's largest copper smelters, LS-Nikko. The Korean company represents three top brands in Asia, including LS, Nikko and LG Electronics, founded by the wealthy Koo family. According to the agreement made last month, LS-Nikko will invest millions of dollars into ERI in exchange for tons of precious metals needed for new electronics products.

ERI is contracted to make 20 shipments a month at 80,000 pounds each to LS-Nikko, an amount that Shegerian expects to double in six years. He said the company's first global partnership will provide ERI the means for more technology and growth in America while expanding its reach in the rest of the world as companies everywhere realize the savings and wealth of resources in "urban mining" in contrast to the growing scarcity of virgin materials.

"You can not stay American-centric," Shegerian said. "If we want to succeed on a global level and if we want to be the number one solution to everyone's e-waste problems and crises, then we have to be on a global field."

Materials are shipped from ERI's six recycling facilities across the U.S.,



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From left, John Shegerian and Kevin Dillon co-founded Electronic Recyclers International in 2005 when the electronic recycling industry was still largely unnoticed.

including a factory in Washington, Colorado, Texas, Indiana, Massachusetts and its headquarters in Fresno. A new location set to open this year in Minnesota will add to the volume of nearly 140 million pounds of processed metal, glass and plastic the company cranks out annually. Plans are in the works for an additional three to five facilities in the next two years and the company also envisions a hub in Europe in the near future.

At the heart of the operation is the world's largest mechanical shredder, a unique contraption using air separators that determine each material's weight and density to sift through television components, computer circuit boards, microchips and other types of electronic equipment that rolls along the conveyor belt. Situated in ERI's 120,000 square-foot facility in Fresno, the machine was completed in August 2008 after a 3-year search for 42 different pieces of technology with the combined capacity to shred up to 400,000 pounds of waste a day. Amounting to a third of the company's total output, the nearly \$3-million machine will be installed nationwide in a matter of a few years, Shegerian said.

With around \$50 million in revenues last year, the company is a long way from where it started when Shegerian co-founded ERI in 2005 along with current chief marketing officer Kevin Dillon and chief compliance officer Aaron Bluhm. Taking over the San Diego company Computer Recyclers of America they quickly moved to Fresno where rent and taxes were lower and a building that had stood

vacant for nearly 10 years was readily available. From producing only 10 million pounds of material in its first year, ERI quickly rode the growing electronic recycling industry—now \$40 billion annually—benefiting from e-waste laws in several states, including California's 2006 ban on electronics from entering landfills where toxins such as cadmium, mercury and chromium accumulate with detrimental effects on the environment.

"When we started this company there was no Kindle, there was no iPhone," said Shegerian, who was named Clean Tech Entrepreneur of the Year for Northern California by Ernst & Young in 2008. "There's a constant reinvention of new electronics and that constant reinvention of new electronics is going to make business for us. That in conjunction with the green revolution."

The company now employs 360 at its facilities across the country — 220 in Fresno alone — many of whom come from situations such as poverty or criminal pasts that prevent them from landing jobs elsewhere. ERI's suppliers run the gamut from municipalities, trash haulers and manufacturers to retailers, hazardous waste companies and residents. ERI also holds more than 2,300 clients worldwide that buy material regularly, including smelters, manufacturers, refineries and steel mills.

"The manufacturers are being very proactive and starting to make their products out of recycled materials," Dillon said.

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