



PHOTOS BY RINGO H.W. CHIU/LABJ

**Bounce in Business:** Employee moves used tires at Compton's RCO Tires, which is among a number of operations taking advantage of a state recycling program.

# Recycling: Business Gains Traction With Old Tires

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national landfills were loaded with more than 1 billion scrap tires that frequently caught fire and emitted toxic fumes, has spurred an entirely new market for recycled products. According to data from the state's Department of Resources Recycling and Recovery (CalRecycle), 80 percent of the 44 million reusable and scrap tires in the state were repurposed last year, up from 34 percent in 1990.

RCO is one of just 42 of businesses in California that has a permit to recycle scrap tires.

## Finance to manufacturing

After working in finance and then attending graduate school, Okuk reconnected with **Richard Carter**, 47, to co-found the tire recycling business.

Carter also came up through the finance world, where he said he and a friend opened the Global Trading Academy in 2004 for people who wanted to learn how to trade stocks. He closed the school amid the recession in 2010.

According to Securities and Exchange Commission records, Carter also was a co-owner of a Torrance company called Spyglass Equity Systems Inc. The SEC, in response to claims by investors that Spyglass was a "boiler-room" operation that lost them more than \$3 million, barred Carter in 2012 from participating in any penny stock offerings and from association with brokers, dealers, and investment advisers.

That same year, another of Carter's businesses, Trade Tech Institute, was the subject of a consent order from the Commodities Futures Trading Commission. That order, which barred him from engaging in any "commodity-related activity," stemmed from charges that Carter, a partner, and the business were engaged in "fraudulent promotion and selling" of systems for trading futures contracts. Okuk worked with Carter at Trade Tech, though she

was not named in any of the documents.

"I never touched client's money," Carter said when asked about the enforcement actions. "The company did exactly what I told them not to do."

He then opened Brothers Tires Recycling, a Gardena tire collecting company. A few months after the opening, Carter's partner left the business and he decided to bring in Okuk.

"Next day she and her mother were sitting in front of me," he said. "I told them how much money we needed. We didn't have that money and we started the business anyway."

Okuk said she was motivated to get into the business by a desire to "create jobs and bring manufacturing back to the community."

For the first year, the pair said that they financed the business with credit cards and short-term loans. They also raised money from family and friends in addition to taking a \$10,000 zero-interest loan from the **Jewish Family Service of Los Angeles**, which helped them buy four used cutting and molding machines for \$20,000 each.

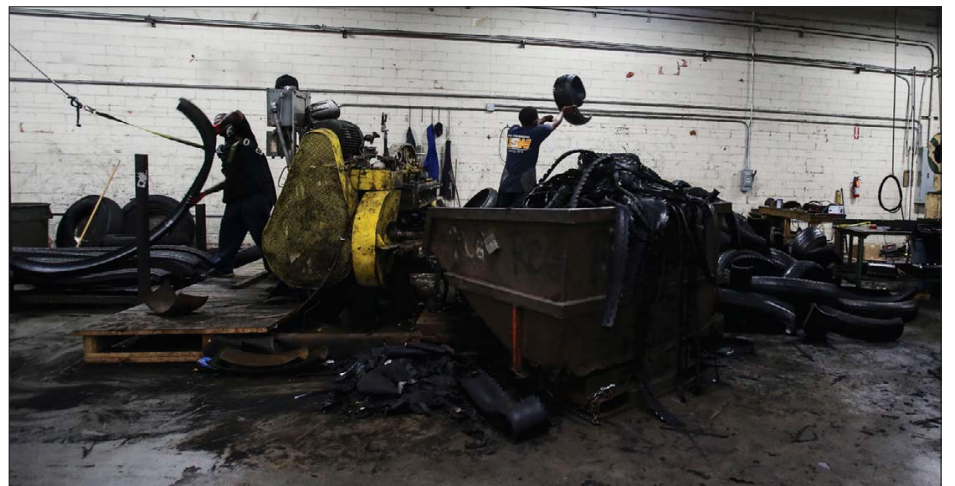
The company also hired two workers and started leasing a 24,000-square-foot warehouse in Compton.

"We were happy if we could make \$5,000 a month," said Okuk, who during that time didn't have a salary and lived with her mother or in the warehouse's office.

She said the company has been growing ever since and had its best year in 2015, generating \$1.2 million in revenue.

RCO focuses its collection efforts on the transportation businesses at and around the ports of Los Angeles and Long Beach every day, charging \$1 for each passenger car tire they collect and up to \$10 for each commercial truck tire.

At the company's Compton warehouse, workers sort and cut collected tires into pieces to later mold them into marine dock bumpers, traffic barriers, and other recycled products that are then sold.



**Drive to Reuse:** RCO Tires' rubber products include weights and traffic barriers.

It makes rubber weights and traffic barriers that go for \$2 each as well as loading dock bumpers that run \$60 a piece. Material that can't be repurposed is sold, often shipped to India, where buyers pay up to 10 cents a pound, according to Okuk.

The corner of her office has a tiny piece of carpet covered with rubber tools and outdoor mats, an area she calls a "research and development lab," where she and Carter experiment with designing and creating products.

## Endless supply

Despite all the recycling efforts, about 25,000 scrap tires still remain in landfills across the state, according to CalRecycle.

But John Sheerin, director of the End of Life Tires program at the Rubber Manufacturers Association in Washington, D.C., said California is far ahead of other states in the tire recycling efforts.

"The stockpile of used tires has been reduced to almost none in California due to the state-funded programs and enforcement," he said, adding that Texas and Colorado are the

states with the largest number of dumped tires.

A strong market for used tires keeps the collectors busy, but it remains a challenging business.

**James Crown**, owner of **Waste Tires Management** in Hollywood, said he collects up to 5,000 used tires a month, but he still can't afford to start a plant that would turn them into products.

"I don't get any government grants and I can't afford to recycle tires," he said, adding that his three-person business generates revenue by charging auto dealers a \$1 fee for tire collection.

California used to export a large number of scrap tires, but the slowdown of the Chinese economy and the strong dollar have dragged down exports in the last few years.

The state exported about 1.8 million used tires in 2009. That number dipped to 1.3 million in 2013 and then bounced back to 1.8 million in 2014, according to CalRecycle.

Okuk said RCO used to export many of its used tires to Mexico, but those orders stopped in December in the face of increased competition.