

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

MetalPrices.com

05 Apr 2013 14:40 GMT

By Bryan Berry

"East Coast's largest private scrap processor" is the sign that greets you when you step out of your car at Upstate Shredding in Owego, N.Y., where Upstate's new 122-inch, 10,000-horsepower Riverside shredder produces 55,000-60,000 gross tons of shredded scrap every month.

The U.S. scrap industry nationwide began to take notice of Upstate owner Adam Weitsman last year when, in the absence of other bellwethers, Weitsman's big-volume sales of shredded scrap to Timken--a week before any other big sales by other scrap companies to other steel mills--began to provide a reliable indicator of what the scrap market would do in the month to come. Weitsman's sales to Timken were occurring at large enough volumes, early enough, and with enough publicity that, at the Institute of Scrap Recycling Industries' ferrous roundtable in Chicago on 11 September 2012, John Keyes, vice president, Pittsburgh region, Tube City IMS, declared that Weitsman's sales to Timken had become "the new Ford and Chrysler auto-bundles index."

By contrast, so far this year, Weitsman's recent big sales haven't been so widely publicized, because now he's selling mainly through Nucor subsidiary David J. Joseph Co. to other customers besides Timken. In March 2013, Upstate shipped 55,000 gross tons of shredded scrap to several Nucor mills, including the ones in Berkeley County, S.C.; Marion, Ohio; Crawfordsville, Ind.; and Auburn, N.Y., as well as to Republic Steel (Canton, Ohio) in a transaction also brokered by David Joseph.

"We sell only through brokers," explains Adam Weitsman in a two-hour interview with MetalPrices.com in his office in Owego on Friday, 22 March. Brokers are less of a credit risk than the steel mills, he says. "We work out special payment terms with the brokers where we get an 80-percent advance when the car is shipped and 20 percent on unloading." Upstate works not only with David Joseph but also with OmniSource, ProTrade, Tube City, and Mervis Industries.

A commitment to transparency

Weitsman's office says a lot about his commitment to transparency--transparency with the press, with his employees, and with his colleagues (and competitors) in the scrap business. Through the two big plate-glass windows in the walls in front of, and to the right, of Weitsman's desk, anybody can look in and see Weitsman--and he can see them.

One plate-glass window looks out on the team of administrative assistants who man the phones and computers on the other side of the company's reception desk. The wall to the

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

left of Weitsman's desk is nearly covered with TV screens hooked up to cameras that transmit the activity at key locations at Upstate and all of Ben Weitsman & Son Inc.'s scrap yards.

The other window looks out at the scrap yard and onto the company gym, where Weitsman typically works out for an hour every day, starting at 6:30-7 p.m. He began the practice of working out during the eight months he served in 2005 in the Otisville, N.Y., medium-security Federal Correctional Institution, 80 miles northwest of New York City.

"I was a little guy before prison, really thin," Weitsman tells a reporter. Now he's muscle-bound, his muscles bulging beneath his tight T-shirt, tattoos on his arms. Yet Weitsman is surprisingly soft-spoken, even gentle in his demeanor, although several times he demonstrates that his vocal cords work just fine when he yells, through his office's open door, to company president Steve Green (in the office across the hall from Weitsman's) and to administrative assistant Sandy, questions that arise during the interview.

Weitsman was convicted of 86 felony counts of fraudulently inflating the balance of his bank accounts so that his checks would clear (commonly called check-kiting) and of one count of giving a false financial statement to a bank that had loaned him money. He was fined \$1 million and sentenced to one year and one day of prison but got off early (after eight months) for good behavior and was first sent to a halfway house.

"I was guilty--I did it," Weitsman says of the crimes--which he committed in 1998--that sent him to prison. The whole experience changed him in significant ways, including leaving him with a firm resolution never to speculate in the scrap market again.

Upstate Shredding is the shredder operation at Owego. Ben Weitsman & Son is the company that includes all the processing yards that supply shredder feedstock to Upstate. Ben Weitsman presently has operations in downtown Owego (separate from Upstate, which is in an industrial park outside of downtown) and seven other locations in New York State (nearby Binghamton, as well as Albany, Ithaca, Jamestown, Liberty, Rochester, and the Syracuse suburb of Solvay) as well as in Scranton, Pa. Each Ben Weitsman operation is run as a separate company, with its own financial books, selling its scrap to Upstate at the market price.

Adam Weitsman owns all the companies. His grandfather Ben Weitsman started the first scrap yard in Owego in 1938. Adam joined his father Fred Weitsman at Ben Weitsman & Son in Owego in the mid-1990s, when the company had a dozen employees and included just the Owego feeder yard, which sold scrap to a shredder in Pennsylvania.

When Weitsman, who is now 44 years old (he was born on June 13, 1968), starts up his new port/scrap yard in Albany at the end of April as well as his new scrap yard (the former Ferromet yard, which Weitsman acquired in a bankruptcy auction) in New Castle, Pa., in summer 2013, Upstate/Weitsman will have 400 employees; now it has more than

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

300. This year, the companies, including the Albany facility, expect to ship 1 million tons of ferrous scrap and 200 million pounds of nonferrous scrap; in 1998, the company had 30 employees and shipped 30,000 tons.

Rebutting the misconceptions

When scrap executives nationwide began hearing about Upstate's early big-volume sales of shredded scrap to Timken last year, they started trying to figure out why Weitsman was making very early and highly public transactions and then shipping virtually all the scrap he could lay his hands on every month. In the absence of solid information, several theories arose, particularly these two:

- Weitsman must have a cash-flow problem, making him desperate to sell.
- Until last year, Weitsman was the East Coast's biggest supplier of scrap to Sims Metal Management for export to Turkey and other countries. Since the quality requirements for the Turkish mills (mainly long-products operations) is usually lower than for the U.S. mills, therefore the quality of Weitsman's scrap must be poor.

In our interview, Weitsman is eager to rebut these and other misconceptions. Upstate/Ben Weitsman has had 29 straight quarters of profitability, Weitsman says. He pulls out the financial results for the Upstate/Weitsman companies. In 2011, after depreciation, the companies had net earnings of \$28.8 million. In 2012, after depreciation, they earned \$20.6 million. By contrast, Weitsman points out, his biggest competitors, including Sims, Metalico, and PSC Metals, lost money in 2012.

As for the charge that Upstate/Weitsman ships bad-quality scrap, that once was true, but no longer, Weitsman says.

Before 2007, "we were overloading the shredder, which made the scrap dirty and high in copper content," Weitsman says. "Back in the day, my stuff was total crap."

But then, once the companies began making money, Weitsman was able to invest in improving the quality of the product. In 2011-2012, he spent \$30 million on downstream processing (made by Riverside Engineering, along with SGM Magnetics) for both the ferrous and nonferrous operations. In 2012, he also installed the new 10,000-hp Riverside shredder (with a Schorch motor), which replaced the 6,000-hp Newell shredder (which is still sitting idle, for sale); the Riverside shredder can produce shredded scrap at the rate of "the low 300s" per gross ton an hour. (Riverside is based in San Antonio, Texas.)

So Upstate's quality went from "crap" before 2007 to "good" from 2007 to 2011-2012 to "great," at "the top end" in the past year, Weitsman says. Now Upstate's shredded scrap is

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

at "the top end" of the market in terms of cleanliness, density, and copper content (at 0.25 percent or below), he says.

The top-end quality of Upstate's shredded scrap is proven by the customers who buy it, Weitsman says: "We're shipping into Timken; we're shipping to all the Nucor plants. We're the largest supplier to Nucor Auburn [N.Y.]; we haven't had one load of scrap rejected at Auburn this year for quality." Upstate also ships to ArcelorMittal's mill in Cleveland with "no rejection problems," he says.

"Our performance of shipments is impeccable," Weitsman says. "If the mills buys [the scrap from us], they're getting it. Our delivery is prompt."

The charge that Upstate's scrap quality is poor originated with a "big" quality issue (Weitsman says) that Upstate had with Timken before 2007. But, in the past year, after the improvement in the quality of Upstate's scrap, Timken conducted rigorous tests of Upstate's scrap--and started buying it.

After Timken began buying shredded from Upstate, other mills in the Ohio Valley did, too, including Republic and ArcelorMittal. It also helps (a lot) that Upstate has cheap rail-freight rates (by Norfolk Southern) to the whole Ohio Valley--in the low \$20s per gross ton, Weitsman says. Dean Devine is the scrap buyer for Timken; he succeeded Randy Ehret, who left the company to work for PSC Metals starting in Nov. 2011.

Broadcasting the latest buying prices to 900 companies

Adam Weitsman's operating philosophy is elegantly simple and straightforward. He doesn't speculate on the market. Instead, Weitsman bases his purchases of scrap on orders he already has from the steel mills (through the brokers). He sells and ships virtually all the scrap that comes into Upstate each month, carrying virtually no inventory. He's transparent about what price he's buying and selling scrap for, and he's buying scrap from an ever-widening base of feeder yards.

In March 2013, as usual, Weitsman began negotiating with the brokers early and ascertained, based on the mills' need for scrap, that the April market would drop by \$20 from March. On Wednesday, 20 March, Upstate faxed this straightforward one-page statement--nearly all in boldface type in the format below--to 650 East Coast scrap companies and called another 250 companies that don't have a fax:

UPSTATE SHREDDING

BEN WEITSMAN

WILL BE DROPPING PRICES AT

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

ALL YARDS!!!

SCRAP PRICES ARE WEAKENING!!!

THERE COULD POSSIBLY BE MORE

DROPS COMING NEXT WEEK!

EFFECTIVE FRIDAY, MARCH 22, 2013

ALL GRADES

-\$10.00/TON!

TRUCKING AVAILABLE 7 DAYS A WEEK!!!

RECEIVING HOURS...

MONDAY THRU FRIDAY 6 AM TO MIDNIGHT!!!

SATURDAY AND SUNDAY 6 AM TO 2 PM

On Thursday, 21 March, Upstate/Weitsman faxed a similar statement that stated that "in addition to tomorrow's (3/22/13) \$10.00/ton announced price drop, we will be dropping an additional \$11.00/ton on all grades effective Tuesday, March 26, 2013."

These monthly faxed announcements to so large a group of companies, along with Weitsman's willingness to speak openly to the press, are what give Upstate's buying prices such transparency and wide circulation in the scrap world. "It's not a rumor when our prices go down," Weitsman explains. "Somebody can see it" on the faxed sheet.

Adam's wife Kim sends all the faxes automatically from her computer via her phone. The ease of faxing means that "I can react really quick" to changes in the market, Weitsman says. And all the scrap suppliers are sorted by area code, so that if, say, the Albany market is stronger than the rest of the East Coast, Kim Weitsman can fax the news of the down market to all the areas except Albany.

Each month Upstate/Weitsman buys scrap from hundreds of scrap yards on the East Coast--from New Jersey, including Newark, up to Toronto, Montreal, and Massachusetts, including Pennsylvania, New York, Connecticut, and Vermont. Upstate/Weitsman owns 100 roll-off trailers (including 70 at Upstate) that it leases out to independent truckers

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

who haul the scrap to Upstate and the feeder yards.

In 2012, Weitsman hired Marco Liberal, who served as transportation manager for Sims Metal Management for six years, to manage all the inbound and outbound scrap loads, fleet and fleet maintenance, and DOT regulations for Upstate and Ben Weitsman's operations.

My goal was to "to able to get scrap from Sims," Weitsman says. "How can I get it? Pretty simple concept. I hired [Marco Liberal] the dispatcher from Sims. He brought all the independent truckers with him, and we bought them all trailers."

After Weitsman announced the price drops of \$10 and then another \$11 in March, other companies followed the downward movement for its own scrap-purchasing prices. "We feel that the largest scrap companies in the world are following us" in pricing, Weitsman says. "We're the leader."

Consistent margins, no speculating

"We do not speculate or gamble on anything," Weitsman emphasizes. "Every move we make is very, very conservative."

Weitsman readily admits that his policy of carrying virtually no inventory and selling all his scrap every month will never allow him to make a financial killing in an up market. "I do get outperformed in a consistently up market, but I'm more than willing to give that up to protect myself from a knockout blow in a crashing market."

When scrap prices towered and then collapsed in 2008, since "I didn't have any inventory, I didn't suffer anything," Weitsman says. "We made money in 2008." By contrast, companies that stockpiled the scrap and pig iron they had bought at the high prices of the summer of 2008 suffered huge losses when the metallics' market value collapsed in the autumn of that year.

"I have very consistent margins every month," Weitsman says. The margins are in the single digits (in terms of percentage of sales), not the double digits. Forget the financial home runs; he wants to hit singles consistently.

Today a goodly number of scrap companies will hold back inventory--not sell it--when they think prices will rise the next month, or when they're not sure if they can replace their inventory. Weitsman's strategy depends on a good, steady flow of scrap into his yards, replenishing his stock of scrap. To ensure that, Upstate pays some of the highest prices in the country for shredder feedstock, Weitsman says. It can do that because the company keeps its costs low.

"Our cost per ton to produce [shredded scrap in Owego] is very cheap," Weitsman

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

explains, "because we have no debt" and "we don't have a lot of management." That enables Upstate to "sell scrap cheaper than others can and still maintain the same margins. We intend to make ourselves the lowest-cost operator in the industry."

The strategy is working. Although in one two-week period in February when New York State was assaulted by snow and temperatures around 0 degrees, the flow was "horrible," except for that, the scrap has been flowing well into Upstate this year. On 21 March Upstate received 3,000 net tons of scrap for its shredder. "I think that's the highest volume of any shredder on the East Coast," Weitsman says.

As is true of virtually any scrap company, the ups and downs of Weitsman's sale prices to the mills reflect the movements of the market without always matching the average transaction prices exactly. In March 2013, scrap prices rose by \$20-\$25 in the Southeast; shredded scrap rose by \$39 in Chicago and by \$36 in Cincinnati. In that month, Weitsman sold shredded scrap to Nucor Auburn at up \$30 and to Nucor Berkeley at up \$32.

"I can't be that picky" about getting every last dollar, Weitsman says, "because I'm selling [the steel mills] so much [scrap] that I'd rather take a dollar cheaper and make sure I get everything sold. Because what about the guys that didn't [sell all their tons] this month [March]? So maybe I was \$2 short that month, but now they're going to take a \$20 hit this month," in April 2013.

Is it a weakness of his business strategy that he seems to be forced to sell all his scrap every month? "To stay disciplined, I insist that I sell every month," Weitsman replies. "I force myself to sell every month. I'm not forced; I force myself.

"Sure, I could stockpile scrap. I got a lot of room here. I have a line of credit, but the point of it is: I would go off my model. You can't speculate one month and then sell."

And then there are the bad memories of the years when he tried to speculate on the scrap market. "Back in the day, when I speculated, I lost my ass," Weitsman says. "Maybe I'm not a good gambler. Maybe I'm just a horrible gambler."

Stockpiling scrap in anticipation of an increase in prices in the months to come also requires cash reserves, which Weitsman didn't have in the past. Plus the shredded scrap would sit there for three months and start to oxidize, turning rusty. Now, by contrast, "I'm shipping fresh scrap, not scrap that's been sitting around for three months and looks all rusty," Weitsman says.

And then there are the even worse memories of the debt that Weitsman took on after he joined Ben Weitsman & Son in the mid-1990s and bought the Newell shredder. The debt he accumulated then "almost destroyed me," Weitsman says. "I was overleveraged, and I almost didn't make it. I didn't go bankrupt, but I was on the brink, teeter-tottering on the

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

edge." He can't forget the "bad times of being broke and then getting in trouble with the federal government" and being sent to prison for the 86 felonies and false statement to the bank.

"You're ruining our margins"

Weitsman's willingness to buy and sell scrap far and wide at aggressive prices has earned him the resentments of some other scrap companies. "We ruffled a lot of feathers by going into Ohio," Weitsman says. "When we busted up that Ohio market, we didn't make any friends."

Some scrap companies assert that, unlike Weitsman, who ships scrap to wherever the current market economics take him, they're building relationships with the mills as loyal suppliers. "Is holding a mill hostage a long-term-relationship move?" Weitsman asks, in rebuttal. "Is it a relationship builder to say: 'If I don't get the price I want, I'm going to hold back my scrap and not ship you anything,' so that the mill could possibly run out of scrap?"

"You're greedy, and you're ruining the margins for all of us," wrote one East Coast scrap executive--whose company owns a shredder 7-8 hours away from Owego--to Weitsman.

"My job is protect my employees and my company" and the companies that supply him with scrap, "not to protect the scrap market," Weitsman says. Other scrap companies "can work on bigger margins if they want. Nobody's forcing them to run on my smaller margins. The formula works for us, but it doesn't work for everybody."

However, Weitsman readily admits that "I like scrap prices to be lower. I don't need high scrap prices to make money."

By contrast, the big, money-losing companies like Sims "cannot make money" when scrap prices are "at the lower levels. They have debt, and they have big overheads: corporate offices, corporate this and corporate that," Weitsman says. Whereas, "if I carry no inventory, what do I care if the market goes down \$50?" The first concern of large public companies like Sims is to please their shareholders; Weitsman's is to protect his employees, company, and scrap suppliers.

As for the distant East Coast scrap executive who accused him of ruining everyone's margins, Weitsman wrote back to him: You own a shredder, you're a loyal supplier of Sims, Sims then builds a shredder right down the street from your shredder to compete with you--and I'm the bad guy?

Chihuahua nipping at Sims Metals

Weitsman readily admits to finding it "fun to fight the big guys" like Sims, Metalico, and

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

EMR (European Metal Recycling). "It's no fun to fight the little guy; it's not a fair fight," he says. "Let's fight the biggest guy--that's how you get stronger." On the wall in his office with all the screens showing the activity in all the Upstate/Weitsman operations also hangs a photo of Adam and Kim Weitsman's three-year-old daughter Clover frolicking while wearing a T-shirt that reads "Sims [Metal] sucks."

"I'm not a smart guy, but I'm not an idiot," Weitsman says. "I'm not going to go head-to-head against Sims. I'm not going to build a shredder like how Schnitzer and Sims are down the street from each other. I'm not going to go next to the largest scrap dealer in the world."

Instead, "we're like a chihuahua. I run and I bite a little, quick, and then I run," he says. "I've learned how to fight the big guys" without getting into a "head-to-head punching brawl" with them. Switching metaphors from baseball and boxing, Weitsman speaks of the exhilaration of playing "dodge ball in junior high, where you don't get a trophy or prize, but you still want to knock the other guy's head off!"

In Newark, for example, "I can't fight Sims," Weitsman says. "So I find out who Sims' largest, loyal suppliers are, and I put a scrap yard against them, right next to them, and I compete against their loyal suppliers."

Port in Albany, shredder in New Castle

And he hires people from Sims. Weitsman has hired people from Sims, EMR, and Schnitzer for his next big project: At the end of this month (April 2013), Upstate/Weitsman will start up a new \$15 million port facility, which also will serve as "a giant scrap yard" (Weitsman says), in Albany, N.Y. The deep-water port will enable the company to ship scrap inland, through the Great Lakes and down the Mississippi to Nucor's mills in Arkansas, for example, or export scrap by way of the Hudson and over the Atlantic to Turkey and other countries.

In theory Upstate/Weitsman could export 120,000 gross tons a month from the port at Albany, but that's unlikely, Weitsman says. As always, where the scrap will go from Albany, from month to month--whether it goes into the interior of the United States or to Turkey--will depend on price.

Until the end of 2012, Upstate sold up to half of its shredded scrap to Sims, EMR, and Schnitzer for export to Turkey and elsewhere. "We were the larger supplier" to Sims' East Coast docks, Weitsman says. But after Upstate announced the new port facility in Dec. 2012, Sims and EMR stopped buying scrap from its future competitor, or, as Weitsman puts it more dramatically, "they blackballed us." Schnitzer, whose docks in Everett, Mass., are farther from Albany and Newark (where Sims and EMR have docks), "didn't blackball us," Weitsman adds. Still, since the Dec. 2012 announcement, Upstate has been shipping 98 percent of its ferrous scrap to domestic customers; the 2 percent is "a couple

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

of specialty items" that are exported by container, Weitsman says.

In the past "the gigantic weakness of my company was that I had to go through my competition to get to the water," Weitsman says. "Now we're going to have a port facility that gives me access to water."

The other big move that Upstate is working on is the New Castle, Pa., plant, which will ultimately house the company's second Riverside 10,000-hp shredder. New Castle is northwest of Pittsburgh, near the Ohio border, so the new operation puts him in the middle of the Pittsburgh and northern Ohio scrap markets. The New Castle yard will start up this summer. "I'll get the yard running first, and then the shredder will probably come in [at New Castle] next year," Weitsman says.

Weitsman plans to surround the New Castle, Pa., yard and shredder with the same kind of network of feeder yards that presently encircles Upstate Shredding in Owego, N.Y. "I view Upstate Shredding as the castle, and I'm building feeder yards around it as a moat to protect the castle," Weitsman says.

He plans to open up a new scrap yard in Buffalo by the fall of this year. The startup at Buffalo has been delayed by three months because the city council there voted down Weitsman's original proposal, because of concerns about traffic; Weitsman is working on changes to his plan to respond to the council's objections. The Buffalo yard will raise the number of Upstate/Weitsman's facilities to 13.

Besides Buffalo, Weitsman wants to acquire or start up other feeder yards to supply scrap to Upstate's Owego shredder. "I'd like to be up by the Canadian border," he says, "and I'd like to be in the Poughkeepsie area," which is 80 miles north of New York City.

Weitsman stresses how important his network of scrap suppliers is to his companies' success. "The growth of this company isn't because of me--it's because of our suppliers," he says. "My suppliers are just as important as my feeder yards. Our suppliers stood by me during my hard times, and my goal is to protect my suppliers with everything I have.

"I thank every supplier for their business; I'm appreciative of it. I know where the food's coming from on my table at night--it's from the suppliers." Again, Weitsman contrasts his very personal connections with his suppliers (and gratitude to them) with the more impersonal relations between Sims (whose main loyalty is to its shareholders) and its suppliers of scrap.

From speculating business guy to methodical production guy

Weitsman spends 90 percent of his 80-90-hour work weeks on production issues. The two key issues he's invariably spending time on are: (1) how to use new technologies to recover more material from the waste in his yards that's presently going to the landfills,

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

and (2) where to open new feeder yards. "At all times we're going to keep opening feeder yards," he says.

Upstate keeps recovering more of what used to go to the landfill. It has a fines plant and an ASR (automotive shredder residue) wire-removal plant and is building what will be "the first plant of its kind to chop wire from auto fluff," Weitsman says. Upstate presently is one of the few operations that collects the insulated wire from the waste. That generates \$7-8 million a year, Weitsman says. "If you're doing 700,000 tons of shred, it's \$10 a ton that's going into the landfill" otherwise.

"I'm a production guy," Weitsman says. "I'm not really an office guy."

That's a change from the man he was in the 1990s and before he went to prison, when "I was a business guy," Weitsman says. He'd sit in his office watching the screen to see how much aluminum was going up or down "even though I didn't have any aluminum to sell," he says. "But when I got out of prison, I realized that the money to be made is all outside [the office] in production."

"Prison was a good thing" for him, Weitsman says. "My work ethic got much stronger after prison. I came out of prison ready to work."

And the public humbling involved in the convictions and the prison time "strips away your ego," he says. "I had a big ego when I was young. I'm aggressive now, but back then I was arrogant."

Prison also gave Weitsman time to think, to plan the future of his company. "You never get that chance in life to really sit and think," Weitsman says, reflectively, with all the "distractions of phones and cell phones" and other technologies. In prison "I pictured the company, what it would be like today. Now it's sort of falling into place, because I'm trying to" build it up "very methodically," sticking to the models he's worked out: a shredder surrounded by feeder yards and hundreds of scrap suppliers, not speculating, selling all his inventory every month, making the sales to the mills early.

Kim Weitsman

And prison shows you "who your real friends are," Weitsman says. Only a couple people would visit him while he at Otisville.

One of them was his future wife, Kim, whom he first dated after he had committed the crimes (in 1998) but before he went to prison in 2005. "On our first date, I had to tell her I was going to prison," Weitsman says, "because it was going to be in the papers and she could find it on the internet. I was embarrassed, but I admitted I did it.

"And she just asked me, 'Are you ever going to do it again?'," to which Weitsman

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

responded, "No."

"She stood by me" during that time, Weitsman says. Every day she would drive the 2 ½ hours to Otisville to consult with Weitsman about how to run the business, since he wasn't allowed to talk about business over the phone; she'd drive back to Owego and "run the business," Weitsman says. Before joining Upstate/Weitsman, Kim Weitsman worked as a model in New York City for two years, but she's from Indianapolis; "she's very midwestern, quiet," her husband says.

"At that time I wasn't sure if the company was going to survive," Weitsman continues. "I was thinking about going bankrupt. She said, 'No, we'll get everybody paid; we'll hand-deliver the checks. If we owe somebody \$1,000, we'll bring them \$100. As long as we don't stiff them, people will work with us.' And she was right."

"I never made any money in the business until [Kim Weitsman] joined the company," Weitsman says. "My profits started when she started working here. She's very methodical, organized, professional."

"All the employees really love and respect her," because, although she doesn't have to work for financial reasons, "she's working 50-60-hour weeks," Weitsman says. Like her husband, Kim Weitsman has no title at Upstate; neither needs one.

"Here's another thing I have for you," Weitsman tells the reporter, pulling out two official documents. "I'm pretty happy about this," he says as he gives me copies of the documents.

On March 1, 2013, Donald D. Fries, director, Executive Clemency Bureau, State of New York Dept. of Corrections and Community Supervision, wrote Weitsman informing him he has been granted a Certificate of Relief from Disabilities, which "provides relief from forfeitures, disabilities or bars to employment and licensing automatically imposed by New York State law as a result of your conviction." The certificate lists the crimes for which Weitsman was convicted: "bank fraud, engaging in monetary transactions in property derived from specified unlawful activity, [and] false statement to influence a financial institution."

"When you have a felony, it's hard to get a scrap dealer's license," Weitsman says. "This certificate allows me to get a scrap license." Until now, in some communities, others in the company besides Weitsman had to get the scrap license; now he can.

Company president Steve Green

The other key player in Upstate/Weitsman is company president Steve Green, who worked at Auburn Steel and then Nucor Auburn (when Nucor acquired the mill) for 30 years before joining Upstate nearly five years ago. Green bought scrap metal and ran the

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

purchasing department at the bar mill.

In the 1980s and 1990s, the Nucor of Ken Iverson and John Correnti was known for pushing down decision-making to the lowest level possible and minimizing the corporate structure. But, in Green's view, that had changed by the time Nucor acquired Auburn Steel early in the first decade of this century.

At Upstate/Weitsman, "if you make a decision on pricing or whatever we're doing, we have a 30-second conversation, and we do what we need to do," Green says. At Nucor, the same decision "probably would have taken a week." Clearly Green prefers the former to the latter.

"Steve and my wife are the level-headed ones in the company," Weitsman says. "I'm like the crazy one. They keep a grounded approach. My wife is very conservative, very methodical, very big-picture, where I'm more 'Push, push, push.' So it's a good mix, a good formula."

When Steve Green was at Nucor buying scrap from Upstate/Weitsman (one of Auburn's big suppliers), "Steve and I were arch-enemies," Weitsman says. "We couldn't stand each other. But I always knew that he did a good job for Nucor, because he was fighting for the mill.

"For a long time I wanted Steve to come [to Upstate] even though I couldn't stand him. We don't have to be holding hands at work." But, working together with Weitsman to accomplish the same, shared goals, "Steve has helped me build up the whole company," Weitsman says. "When I brought him on, that really helped me take off the business."

Micromanager on Facebook

Upstate Shredding is "a hard place to work," given the intense "go-go" work atmosphere, Weitsman says. A lot of people come to Upstate from other companies; the "very compelling pay packages" (as Weitsman puts it) are one attraction. But given the intense work atmosphere, out of every five people "that come, two stay and three hate it," Weitsman says.

As the TV screens and big windows in his office show, Adam Weitsman wants to know what's going on up and down his whole company. Every single employee of Upstate/Weitsman has the boss's cell-phone number, and every one of them has to call or text him if he or she has to be late to work. Adam Weitsman wants to know what's going on with each employee, and he wants to know when he'll need to transfer somebody from one yard to another to cover for an absent employee.

Yes, "I micromanage" the company very much, Weitsman says. And every transaction for every location, and the details of trucking and dispatching and the safety programs, all

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

go through Weitsman.

The information flows the other way, too. "I share our financial statements with the whole company," Weitsman says. "I want people to realize what the expenses are."

And the boss is very transparent about both the good days and the bad days, the successes and the challenges, of life in his Facebook postings, some of which are posted on the company Web site.

"I like the social media," Weitsman says. "It's a good way for people to understand about our company, to see that we're not a corporation, that we're people behind this company. And people relate to people."

"My suppliers can see what goes on here good or bad. Bad stuff happens. Equipment breaks; a truck hits something. My suppliers are going through what I go through every day in the battle of the scrap business."

Nineteenth-century American stoneware

It's officially the third day of spring on this Friday, 22 March, but there are snow flurries as Steve Donnelly, the consultant who handles Weitsman's press relations, and I watch a grapple tamp down shredded scrap being loaded onto rail cars at Upstate Shredding. The shredder pulpit has bulletproof glass, since propane tanks sometimes explode in the shredder, even though they're supposed to have been punctured beforehand, to prevent this.

Upstate Shredding is surrounded by low hills and is next to another manufacturing facility, Norwesco, which makes plastic water and storage tanks. The two-hour drive down I-88 from Albany (past Cooperstown and the Baseball Hall of Fame) to Binghamton and New York's southern tier takes you through valleys between ranges of low mountains, or hills, covered with snow in late March. The long stretch of upstate New York is largely unpopulated until you get to the commercial area, loaded with hotels, malls, and chain stores and restaurants, from Binghamton to Owego.

Downtown Owego (founded in 1787), where the original Ben Weitsman yard is still located, is on the Susquehanna River, which overflowed in Sept. 2011, flooding Owego and nearby Binghamton. Adam Weitsman and a number of company employees live in Vestal, N.Y., between Owego and Binghamton.

When he was 11 years old, Adam and his father, Fred, dug up two stoneware beer bottles on their property. When they took their finds to a collector and saw his display of nineteenth-century stoneware, Adam developed an interest in the stoneware and began collecting it. After graduating from high school, Owego Free Academy, in 1986 and then taking classes in art history and business at New York University and C.W. Post, he

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

worked at art galleries in Manhattan and then started his own, very small gallery in the West Village in the first half of the 1990s.

But then his older sister Becky, or Rebecca, who had been working as a scale clerk for Ben Weitsman, died of colon cancer, and Adam's father asked Adam to return to Owego to help with the scrap business. Adam's parents were shaken by the death of Becky, who was in her 30s.

"My father and Becky were very close," Weitsman says. "He never thought that he would be burying his little girl." Fred Weitsman retired from the scrap business in 2005; he and his wife live in Florida. Becky's husband still works for Ben Weitsman, in the Binghamton plant.

In 1996, after moving from New York City back to the Owego area, Adam Weitsman donated his "impressive collection of stoneware, consisting of about 100 pieces," to the New York State Museum (the museum's Web site states), where it now forms the Weitsman Stoneware Collection. "Adam Weitsman is perhaps the premier collector of New York State stoneware," the museum says.

Weitsman continues to buy nineteenth-century American stoneware and donate it to the museum. "Paying up to \$100,000 for your old blue decorated crocks and jugs--Ask us for details," reads the sign on the reception desk as you enter Upstate Shredding.

"Zero interest in selling the company"

Another speculation that other scrap executives make about Weitsman is that he's assembling his company simply in order to sell it.

"I have zero interest in selling the company, ever," Weitsman says, firmly. "My daughter's going to take over the company."

The companies' profits "roll to me personally," Weitsman says. "I don't want to be spending \$20 million a year by myself. I take the money and I reinvest it" in the company.

"Back in the day, when I was getting destroyed, when I was broke, I looked at the options of selling the company," he continues. "But nobody wanted to buy it back then anyway."

When I later speak to scrap executives in Ohio about Weitsman's plan to start up a shredder near the Pennsylvania/Ohio border, in New Castle, some express extreme skepticism. "It's dumb to put in a shredder near Ohio," one Ohio scrap broker says. "There are too many shredders there already fighting for limited feedstock."

But next year those Ohio shredders are going to have to compete with an Upstate

On the East Coast and beyond, Adam Weitsman shakes up the scrap market

Shredding willing to pay high for scrap and sell to the mills, if necessary, a dollar or two low in order to clear out its inventory. They'll have to compete with a company bringing in scrap from far and wide, seven days a week, with a goodly number of truckers available to haul scrap for them.

"I have a lot of faults," Weitsman says. But, as he bids me goodbye and reflects one last time on what he wants other scrap executives to know about him, he says, "Let them know I don't have horns and a pitchfork!"