

## A Legacy Reclaimed: Rifkins start new scrap venture

Danny Rifkin had a lift in his voice and an intermittent smile on his face as he led an impromptu tour of the sprawling expanse of his new company, MetalX LLC, just off Interstate 69 in Waterloo.

His demeanor was, by any standard, a measure of elation, and it was about so many things. It was about being able to build another organization that will have as its first priority the employees. It was about once again tackling the “fascinating” challenges of a complex commodities market. And it was about reviving the nearly 70-year family legacy in the scrap and secondary metals processing and distribution industry.

Though he didn’t say it, it was clear that four-plus years had been a long time for the former president and CEO of Fort Wayne-based OmniSource Corp. and his two younger brothers to be away from a business that is endemic to the Rifkin name.



Danny Rifkin, left, stands with his oldest son, Neal, in the scrap yard of the just-opened MetalX LLC in Waterloo. Rifkin hopes that Neal and perhaps his youngest son, Mark, will one day take over the company.

“This has a lot to do with the legacy,” Rifkin said. “I have always felt that it was important to the family — and the family and the business were always intertwined — that this legacy continue. I have always felt a part of it and in some ways felt like my role was as an intermediary or a caretaker whose responsibility was to take this precious gift I was given and grow it and shape it and then hand it off to the next generation.”

What he will be handing off one day — MetalX — was formally unveiled at a ribbon-cutting ceremony Nov. 14.

The scrap-metal company is on 70 acres at 295 S. Commerce Drive near Nucor Building Systems. It is composed of three roughly adjoining buildings totaling 50,000 to 60,000 square feet. Seventeen employees currently work at the site. Within three years, Rifkin said, he expects there will be 200 to 250 employees and \$400 million to \$500 million in gross annual revenue.

Rifkin, 58, will serve as president and CEO of MetalX. His brothers will serve on the board. The first-year investment in MetalX, Rifkin said, will top \$50 million.

Rifkin said he fully expects the company to grow, and that will happen, in part, through the acquisition of scrap dealers throughout the country. MetalX, he said, is already considering two acquisitions: one in the Midwest and one elsewhere.

“The growth strategy,” he said, “will encompass three areas. One will be organic growth, either more greenfield operations or growth with customers. The second one will be through innovation; we may develop a different way of applying technology. And the third is acquisitions.”

Acquisitions were a key component in the growth of OmniSource, now a wholly owned subsidiary of Steel Dynamics Inc. and no longer a part of the Rifkin family.

Rifkin said leaving OmniSource certainly wasn’t part of the vision when the family sold the company to Steel Dynamics in 2007 for \$1.1 billion. The three Rifkin brothers intended to stay with the company, that is until “philosophical differences” with the nation’s fifth-largest producer of carbon steel products intervened.

“At the time (we sold it),” Rifkin said, “we didn’t expect to be leaving the business. It may have been naive, but it was never really a part of our expectation.”

There was that lineage, after all, dating back to 1941.

That's when Russian immigrant Irving Rifkin borrowed \$750 to purchase a stake-bed truck so he could buy and sell scrap metal in Lima, Ohio.

Two years later, he borrowed another \$7,500, bought a scrap yard in Fort Wayne and founded Superior Iron & Metal, which later became OmniSource.

In the years that followed, Irving Rifkin, his son Leonard, and Leonard's three sons — Danny, Rick and Marty — built OmniSource into one of the nation's most successful recyclers of ferrous and nonferrous scrap metals. At its peak with the Rifkins, OmniSource employed about 3,000 people locally and another 1,000 elsewhere in the country, Rifkin said.

Then in 2007, in what Rifkin described as a "very, very difficult" decision, the family sold OmniSource to SDI, believing it to be a good decision for employees and the future of OmniSource, and to provide additional liquidity for the Rifkin family.

Nine months later, the Rifkin brothers left OmniSource and, bound by a five-year noncompete clause, busied themselves with North River Capital LLC, a privately held Fort Wayne-based equity capital firm. They invested in manufacturing, construction, excavating, oil exploration, another type of recycling business and an independent movie that debuted at the Sundance Film Festival.

They also quietly planned their re-entry into the scrap-metals arena, and on Oct. 29, precisely three days after the noncompete clause expired, the privately held, independent MetalX started operations.

In doing so, MetalX began competing with the other company the Rifkin family founded, although Danny Rifkin downplayed the significance, saying there are many other competitors in the industry besides OmniSource.

"The industry," he said, "has always been highly competitive at multiple levels, whether it's competition for aluminum cans in the community recycling area, whether it's competition for contracts with industrial generators or whether it's procuring wholesale scrap, which would be from other dealers."

One of the underlying factors driving that competition is that scrap metal is ubiquitous, and that means the Rifkins could have established MetalX pretty much anywhere in the country. Instead, they chose to remain where the family legacy started.

"When we began to think about coming back into this business," Rifkin said, "we identified opportunities in a half-dozen regions of the country, mostly in the eastern half. As we narrowed it down, we determined that, from an economic perspective, it would be best to be in the area that we knew."

"Northeast Indiana has been our (family's) home for 70 years and we feel part of this community, this area, and we feel we have given back always and wanted to continue that. There was no better place to start this than home."

Home, where the Rifkins plan to continue North River Capital as well as the Rifkin Family Foundation, which has donated millions of dollars to local charitable organizations over the years. Home, where Rifkin hopes his oldest son, Neal, 24, and perhaps his youngest son, Mark, 19, will one day assume the leadership of MetalX. And home, where a family and turning trash into treasure are inextricably linked.

Rifkin acknowledged he doesn't need more money. But then, he said, that really isn't the objective of MetalX.

"I will tell you," he said, "money by itself and material success don't bring fulfillment or satisfaction."

What will bring satisfaction to him, besides conquering the challenges of the industry and building "an organization of people who are energized and committed to being the best," is honoring the hard work and steadfast dedication of his grandfather and father.

That decades-long commitment may best be reflected in the title of a book published by the Indiana Jewish Historical Society about the Rifkins and the state's other scrap-metal dealers: "Bonds as Strong as Steel."

Rifkin, ever mindful of his roots, said he's often wondered what his late grandfather and father would think of his new enterprise.

He's concluded: "I think they would be very proud of me. My dad would probably question my sense of going back into a business that's that tough. But they'd both be very proud."

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