BEFORE THE STOREY COUNTY PLANNING COMMISSION
MEETING DATE: AUGUST 6, 2020

BLOCKCHAINS LLC'S OBJECTION TO SPECIAL USE PERMIT 2020-021 STERICYCLE INC. MEDICAL WASTE INCINERATOR FACILITY

Matthew Digesti
Vice President of Government Affairs and Strategic Initiatives
Blockchains, LLC

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I. INTRODUCTION.

Blockchains, LLC and its affiliates (collectively, "**Blockchains**") oppose the Special Use Permit 2020-021 request ("**SUP Request**") by Stericycle, Inc. ("**Stericycle**") to construct and operate a biohazardous medical and other special waste incineration facility (the "**Proposed Waste Incineration Plant**") at 1655 Milan Drive, McCarran, Storey County, Nevada, a portion of APN 005-11173 (the "**Proposed Waste Incineration Plant Site**"). It is clear that Stericycle submitted this SUP Request as quickly and quietly as possible in an attempt to prevent relevant stakeholders from conducting the type of due diligence typically required for projects proposed by biohazardous waste companies. Blockchains thanks the Storey County Planning Commission for previously deferring any decision on the SUP Request to allow Blockchains and other stakeholders time to fully investigate Stericycle and the SUP Request. The following represents the results of Blockchains' investigation and we hope that it is helpful to the Storey County Planning Commission in reviewing the SUP Request.

Blockchains submits that the required findings under the Storey County Zoning Code for the approval of the SUP Request cannot be made for the reasons expressed in this Opposition. As detailed below, approval of the Proposed Waste Incineration Plant under the SUP Request would (1) cause substantial detriment to the public good, (2) substantially impair the purpose and intent of the Storey County Zoning Code and the Storey County Master Plan, and (3) create an unacceptable risk to the public health, safety and welfare of Storey County citizens.

II. ABOUT BLOCKCHAINS.

Blockchains is a Storey County-based software development and real estate development company. Blockchains has made substantial investments in world-class personnel, computer systems, technology development, facilities, and land on its path to becoming the market leader in this burgeoning field.

Since 2017, Blockchains has acquired more than 60,000 acres in McCarran and Painted Rock, Storey County, for the purpose of developing "Innovation Park," the only blockchain technology-based community in the world. The planned development, which surrounds Stericycle's Proposed Waste Incineration Plant Site, includes a transformational high-tech business park integrated with a master planned residential community. See Innovation Park Map, **Appendix A**. The purchase represents the largest single private monetary land investment in Storey County history.

III. WHY STERICYCLE IS IN STOREY COUNTY.

Stericycle is an Illinois-based medical waste disposal company with a history of environmental, public safety, deceptive business practices, employment, and investor and consumer fraud violations. Since 2014, Stericycle has agreed to pay well in excess of $6,000,000 in penalties and fines throughout the Western United States for egregious violations of environmental laws. Perhaps even more troubling, during the three-year period from 2016 to 2019, Stericycle agreed to pay more than $371,000,000 to settle class action lawsuits involving deceptive trade, fraud and wage and hour violations. In its most recent Form 10-K Report filed with the Securities and Exchange Commission ("**SEC**"), Stericycle disclosed that it has been subject of investigations by

the United States Drug Enforcement Agency ("**DEA**"), the United States Department of Justice ("**DOJ**"), the SEC, and the environmental regulatory authority for the Country of Mexico. Stericycle has a long and uninterrupted history of harming the environment, customers, neighbors, employees, and investors. This is not the type of corporate citizen Storey County should approve to become a stakeholder in our community.

A. The North Salt Lake City Facility.

Stericycle's path to submitting this SUP Request in Storey County began in North Salt Lake City, where it operated a medical and special waste incineration plant like the one proposed in Storey County. In 2013, the Utah Division of Air Quality ("**UDAQ**") issued a "Notice of Violation" alleging multiple violations of Stericycle's air quality operating permit for exceeding emission limits on dioxins and other hazardous pollutants, and misreporting emission data. On November 25, 2014, Stericycle agreed to an Administrative Settlement to pay a penalty of $2,322,536 to the State of Utah, which reportedly was the largest in history and the maximum amount that could be levied by the UDAQ.

Under the settlement terms, Stericycle paid one-half of the penalty, but would not be required to pay the other half if it ceased operations at its North Salt Lake Facility within three years and obtained approvals for a new facility in a desert community in Tooele County, Utah. It is worth highlighting and repeating. Rather than require a payment in excess of $1.150,000, which is significant revenue for a state agency, UDAQ preferred to negotiate Stericycle's operational exit from the North Salt Lake City community. This, alone, underscores the gravity of approving Stericycle as a stakeholder in the Storey County community. The Utah Administrative Settlement Order is attached hereto as **Appendix B.**

Stericycle tried but did not obtain approval in Tooele County within the three-year deadline and abandoned that project while setting its sights on an alternative desert community in North Las Vegas. It is unknown whether Stericycle paid the full fine due to its inability to cease operations and relocate to Toole County within the required timeframe.

B. The Recommended Denial in North Las Vegas.

The North Las Vegas Planning Commission's June 12, 2019 Planning Staff Report issued in connection with Stericycle's second Special Use Permit application, which recommended denial of the application, is attached hereto as **Appendix C** (the "**North Las Vegas Planning Commission Staff Report**"). On page 4, the North Las Vegas Planning Staff Report identified the following violations of Stericycle's operations at incinerator sites and provided support for the findings in Exhibits A through F thereof:

- In June of 2004, Stericycle was fined by the Ohio Environmental Protection Agency for improper disposal of hazardous waste. Twelve cubic yards of hazardous waste treatment sludge was sent to a solid waste landfill. (Exhibit A) [agreed to pay $10,900];
- In 2011, Stericycle was in violation of air emissions tests in Utah. Stack testing data revealed that emissions exceeded acceptable levels for hazardous pollutants, nitrogen

oxides and highly reactive gases. Stericycle was fined for this violation by the Utah Environmental Protection Agency. (Exhibit B) [stipulated penalty of $2,322,536];

- [In] April 2011, Stericycle was in violation of air quality regulations in California for failing to inspect its diesel trucks to ensure that the trucks met smoke emission standards. (Exhibit C) [agreed to pay $13,500];
- In 2014, Stericycle agreed to a settlement with the state of New Mexico for violations of excess waste storage time and inappropriate emergency response preparation. (Exhibit D) [agreed to pay $120,813];
- In 2017, Stericycle was fined by the Department of Ecology in the State of Washington for not treating its wastewater, which overwhelmed the treatment plant in Morton, Washington and caused the plant to violate the plant's water quality permit. (Exhibit E) [fined $72,000]; and
- In 2018, the United States Environmental Protection Agency (the "EPA") fined Stericycle resulting from the failure to maintain a liability insurance policy that would provide adequate coverage to third parties (neighbors) whose health and properties could be harmed by a release of hazardous wastes from the facility. (Exhibit F) [agreed to pay $150,000].

The North Las Vegas Planning Commission Staff Report stated that Stericycle's operations "could lead to the release of substances of unknown toxicity into the air and environment, which could negatively impact the people around the [industrial center] area." In recommending denial, the North Las Vegas Planning Staff identified multiple air pollutants that are released from medical waste incinerators: dioxins and furans, PCBs, mercury, hydrogen chloride, nitrogen oxide, lead, cadmium, sulfur dioxide, carbon monoxide and particulate matter. The Report noted that, "According to the Blue Ridge Environmental Defense League in North Carolina, dioxins and furans … have been called the most dangerous chemicals known to man."

Stericycle abandoned its medical waste incinerator project in North Las Vegas in June 2019 and next set its sights on yet another desert community – Storey County. A December 19, 2019 news article describing Stericycle's journey in Utah and North Las Vegas is attached as **Appendix D.**

At the time of its North Las Vegas abandonment, Stericycle told reporters that it abandoned the waste incinerator application based on "broader business considerations and facility planning." At the July 16, 2020 Storey County Planning Commission meeting, Stericycle representative Selin Hoboy provided a different explanation for abandoning North Las Vegas–lack of infrastructure. In reality, Stericycle abandoned the North Las Vegas project because it was clear that it was not going to be approved due to the troubling facts in the North Las Vegas Planning Commission Staff Report that caused that planning commission to recommend denial of Stericycle's permit application.

IV. STERICYCLE'S PATTERN AND PRACTICE OF VIOLATIONS, PENALTIES, FRAUD, DECEPTIVE BUSINESS PRACTICES, AND SETTLEMENTS.

The violations listed in the North Las Vegas Planning Commission Staff Report do not reflect the complete picture of the Stericycle's corporate irresponsibility. In addition to the substantial issues highlighted in the North Las Vegas Planning Commission Staff Report, the following public

records show additional violations, penalties and stipulated class action settlements of Stericycle which must be considered.

A. Facility in Tacoma Washington.

Despite the $72,000 fine imposed by the Washington Department of Ecology ("**WDOE**") in 2017 referenced above, Stericycle continued its ongoing pattern and practice of violating that state's environmental laws. In July, 2018, Stericycle's Tacoma facility accepted 510 drums of hazardous tetrazole which should have been sent to a licensed incinerator. Stericycle emptied the drums with the intent of illegally loading the hazardous material onto a rail car to ship to a landfill. The waste ignited and caused a large fire. Stericycle provided misleading and incomplete documentation to WDOE investigators and failed to manage the waste and residue left by the fire. The WDOE found a serious lack of training and failure to follow proper procedures. Stericycle allowed a second, smaller fire to ignite in November, 2018. Because of repeated problems with training, oversight and abiding with its permit conditions, the WDOE fined Stericycle $1,900,000. On May 14, 2020, Stericycle settled the dispute by agreeing to pay $2,256,000 in penalties, consisting of the original fine plus an additional $300,000 due to informal enforcement actions arising after the original fine. The 2020 Settlement Agreement and WDOE news releases relating thereto are included in **Appendix E.**

B. Facility in Rancho Cordova, California.

Stericycle and its affiliate, General Environmental Management of Rancho Cordova, LLC ("**GEM**"), own, operate and manage a hazardous waste treatment and storage facility in Rancho Cordova, Sacramento County, California. ***According to the California Attorney General, Stericycle/GEM has a "long and troubled history of violating the Hazardous Waste Control Law" in California.*** On October 19, 2018, Stericycle/GEM settled a civil lawsuit involving violations from 2011-2017 by stipulating with the California Department of Toxic Control Substance ("**CDTCS**") to pay civil penalties of $1,412,000 and agreeing to a court judgment and permanent injunction to prevent future violations. Among the violations was a 2017 fire caused by employees intentionally igniting hazardous waste that contained naphthalene (made from crude oil or coal tar), as well as two earlier fires at the facility. Other violations included:

- Failure to properly manage and/or store incompatible hazardous wastes;
- Failure to properly bulk and consolidate hazardous waste;
- Failure to comply with conditions of the hazardous waste facilities permit issued by CDTSC;
- Failure to train facility staff who are responsible for safely managing hazardous waste; and
- Failure to follow the CDTSC-approved Emergency Action and Contingency Plan.

Despite the injunction prohibiting further violations, on February 18, 2020, CDTSC and the California Attorney General filed a civil lawsuit against Stericycle/GEM alleging serious and repeated violations of the hazardous waste laws. The CDTSC news releases, 2020 civil lawsuit and 2018 Judgment by Consent and Permanent Injunction are included in **Appendix F.**

C. Illinois Whistleblower Action for Healthcare Fraud.

In 2008, a former government customer-relations specialist for Stericycle filed a False Claims Act action against Stericycle as a private citizen on behalf of defrauded governments. The whistleblower claimed to have exposed an overpricing scheme where Stericycle withheld accurate pricing data and added fuel and energy surcharges after government contracts were finalized. Fourteen states joined as plaintiffs, including Nevada. On January 11, 2016, Stericycle signed a Settlement Agreement agreeing to pay $28,500,000 to settle the case. The Settlement Agreement and an article describing the settlement are included in **Appendix G.**

D. Nationwide Class Action for Consumer Fraud and Deceptive Business Practices.

In 2013, a veterinary clinic filed a class action complaint against Stericycle in Illinois for unfair and deceptive business practices, which was consolidated with at least 20 other lawsuits alleging similar claims. A nationwide class was certified consisting of veterinarians, dentists and other small business owners charged for medical waste disposal services pursuant to an automated price increase policy. This challenged pricing practice increased customer prices by 12%, 15%, or 18% on a periodic basis. On October 17, 2017, Stericycle signed a Settlement Agreement agreeing to pay $295,000,000 to settle the nationwide class action lawsuit. The Settlement Agreement and an article dated October 27, 2017 from the American Dental Association describing the settlement are included in **Appendix H.**

E. Class Action for Violation of Federal Securities Laws.

The illicit billing practice of automatic price increases formed the basis for yet another class action lawsuit initiated in 2016 by pension fund shareholders alleging materially false and misleading statements in violation of the federal Securities Act of 1933 and Securities Exchange Act of 1934. They alleged Stericycle reported astronomical revenue growth but failed to disclose the improper automatic price increases, which nearly doubled its revenues and resulted in the large class action settlement referenced above. The Public Employees Retirement System of Mississippi and Arkansas Teacher Retirement System served as lead plaintiffs in this class action. On February 14, 2019, Stericycle entered into a Stipulation and Agreement of Settlement and agreed to pay $45,000,000 to settle this lawsuit. The Stipulation and Agreement and an article describing the settlement are included in **Appendix I.**

F. New Jersey Deceptive Business Practices.

In May 2016, the State of New Jersey began investigating Stericycle after the New Jersey Dental Association complained about Stericycle sales agents pressuring dentists to purchase a program which they falsely claimed was required by EPA regulations. The investigation prompted other complaints including unannounced price increases, unresponsive customer service, and allowing unauthorized individuals to sign contracts on behalf of dentists. On April 25, 2019, Stericycle entered into a Consent Order with New Jersey agreeing to pay $867,800 to settle this dispute, consisting of $500,000 to the Department of Environmental Protection, $162,800 to the Division of Consumer Affairs, and more than $200,000 for restitution to 155 individual dental practices.

The Consent Order and a New Jersey Attorney General news release relating thereto are included in **Appendix J.**

G. California Wage and Hour Class Action Settlement.

In 2014, a former employee filed a class action alleging wage and hour law violations for illegal rounding of hours, failure to pay for donning, overtime, meals and rest periods. On February 5, 2018, Stericycle entered into a Stipulation of Class Settlement and agreed to pay the settlement of $2,000,000 to settle the matter. The Stipulation and an article describing the settlement are included in **Appendix K.**

H. Disclosures in Stericycle's Most Recent SEC Filing.

As a publicly-traded corporation, Stericycle is required to file information and reports with the SEC and other regulatory authorities on an ongoing basis to disclose risks to potential investors, including an annual 10-K report containing a comprehensive overview of the company's business and financial condition. Note 20 of Stericycle's 10-K report filed February 28, 2020 for its fiscal year ending December 31, 2019 describes certain legal proceedings. In addition to the class action lawsuits and the environmental violations identified above, the 10-K identifies three additional areas of concern:

- Stericycle is currently under investigation by the SEC and the DOJ relating to its compliance with the Foreign Corrupt Practices Act or other foreign or domestic anti-corruption laws with respect to operations in Latin America;
- Stericycle is currently under investigation by the DEA regarding its Rancho Cordova, California facility and its facility in Indianapolis, Indiana; and
- Stericycle has been fined by the National Agency for Industrial Security and the Protection of the Environment for the Hydrocarbon Sector in Mexico regarding its subsidiary in Tabasco, Mexico.

A copy of relevant pages of Stericycle's 10-K Report is included in **Appendix L.**

V. STERICYCLE'S SELF-SERVING RECENT SUPPLEMENT TO THE PLANNING COMMISSION CANNOT RE-WRITE HISTORY.

Blockchains has reviewed Stericycle's July 31, 2020 letter to the Planning Commission "supplementing" its prepared presentation at the July 16, 2020 Planning Commission Meeting (the "**Supplement**"). Nothing in the Supplement changes the facts in the executed settlement agreements, stipulations, court judgments, administrative orders, and governmental filings described herein, which are self-explanatory and speak for themselves. These facts readily contradict the picture that Stericycle is trying to paint regarding its supposed compliance with the law, "advancement of public health," protection of and respect for the environment, and compliance with permit conditions in other jurisdictions.

VI. THE SPECIAL USE PERMIT APPLICATION MUST BE DENIED BECAUSE THE STOREY COUNTY PLANNING COMMISSION CANNOT MAKE THE FINDINGS REQUIRED TO MEET THE ZONING CODE.

The Proposed Waste Incineration Plant Site is located in the McCarran Planning Area of the Storey County Master Plan adopted August 4, 2016 (the "**Master Plan**"). The Master Plan states that the 2000 Development Agreement (the "**Development Agreement**") between Storey County and Tahoe Reno Industrial Center, LLC ("**TRICLLC**") governs development of the land then owned by TRICLLC in McCarran. In turn, the Development Agreement provides that the 1999 Storey County Zoning Ordinance (the "**1999 Zoning Code**") shall govern commercial uses and zoning of such land, which includes the Proposed Waste Incineration Plant Site. As such, Stericycle is required to obtain a Special Use Permit under Section 17.37.040 of the 1999 Zoning Code for its proposed incinerators, possible recycling facility, and possible power generating plant. Section 17.62.010 of the 1999 Zoning Code sets forth the findings that the Planning Commission must make to issue the Proposed Waste Incineration Plant Special Use Permit to Stericycle:

> A variance to the provisions of this title may be granted by the board of county commissioners in accordance to the provisions of this chapter where by reason of exceptional narrowness, shallowness, or shape of a specific piece of property at the time of enactment of the regulations, or by reason of exceptional topographic conditions or other extraordinary and exceptional situation or condition of such lot or parcel, the strict application of such regulations enacted under this title would result in peculiar and exceptional practical difficulties to, or exceptional and undue hardships upon, the owner of such property. Such ***relief from the strict application of the regulations of this title***, however, ***may only be granted without substantial detriment to the public good*** and ***without substantially impairing the intent and purpose of any ordinance or resolution*** and under ***such conditions as the board may deem necessary to assure that the general purpose and intent of this title will be observed, public safety and welfare secured and substantial justice done.*** (Emphasis added).

As demonstrated herein, the Planning Commission cannot make the required findings that the relief sought in the Proposed Waste Incineration Plant SUP Request can be granted (1) without substantial detriment to the public good; (2) without substantially impairing the intent and purpose of any ordinance or resolution; and (3) without creating unacceptable risk to the public health, safety and welfare of Storey County citizens. Each will be discussed in turn.

A. The Proposed Waste Incineration Plant Poses a Substantial Detriment to the Public Good.

As detailed in Sections III and IV above, Stericycle has a proven track record of disregarding the law and conditions of government approvals, and causing a substantial detriment to the public good by repeated and flagrant violations and circumventions of environmental, public safety, and consumer and shareholder protection laws nationwide. The risk of substantial detriment is elevated by Stericycle's long-term pattern and practice of flouting laws designed to protect the environment, adjacent landowners, consumers, investors, employees, and the public generally.

1. Harm to the Public from Environmental Violations.

The Nevada Legislature has declared the public policy of this State is to: (1) maintain levels of air quality which will protect human health and safety (NRS 445B.100); (2) maintain the quality of the waters of the State consistent with the public health and enjoyment (NRS 445A.305); and (3) protect the health, safety and general welfare of the residents of this State from the effects of the improper handling of hazardous chemicals (NRS 449.380). As described above, Stericycle's extended history of environmental violations in other states is extremely troubling, which raises the likelihood that it will not follow Nevada policy to protect the public from environmental violations. Stericycle's violations resulted in more than $6,000,000 in stipulated and agreed upon penalties in the past six years alone, including:

- The stipulated penalty of $2,322,536 in 2014 based on the UDAQ finding multiple violations of Stericycle's air quality permit and misrepresentations of emissions data;
- The stipulated penalty of $10,900 in 2004 based on the Ohio EPA finding improper disposal of hazardous waste which Stericycle sent to the landfill;
- The stipulated penalty of $13,500 in 2011 in California for failing to inspect diesel truck emissions;
- The $72,000 fine by the WDOE in 2017 for failure to treat wastewater which overwhelmed a water treatment plant;
- The stipulated penalty of $150,000 in 2020 for failure to maintain liability insurance to protect the public;
- The stipulated penalty of $2,256,000 in 2020 based on the fire ignited in Washington after attempting to send flammable hazardous waste to the landfill, falsification of records, and subsequent fire; and
- The stipulated penalty of $1,412,000 in 2018 in nearby Rancho Cordova, California for a different fire and repeated hazardous waste violations.

Not only is the aggregate sum and ongoing pattern of stipulated penalties troubling, but Stericycle has engaged in other behavior that endangers public health and safety, including:

- multiple fires at its facilities (Washington and California);
- multiple attempts to bypass hazardous waste laws by sending hazardous waste to a landfill (Ohio and Washington);
- falsifying or misreporting records to cover up violations (Utah, Washington); and
- prolonged periods of repeated violations, as reflected in the penalties in excess of $1,000,000 in each of Utah, Washington and California and reinforced by the 2020 lawsuit filed by the CDTCS and California Attorney General.

Based on this sordid environmental history, the Storey County Staff Report, and statements and claims asserted in the Supplement that "[t]he wastes do not represent an airborne threat" and "[t]he medical waste is a solid product and cannot 'flow' out of the facility" are not consistent with facts surrounding Stericycle's incineration operations, waste transportation, and demonstrated misconduct.

Moreover, Stericycle's representation at the July 16, 2020 Planning Commission meeting and in the Supplement that it abandoned the North Las Vegas project due to lack of infrastructure is disingenuous based on Stericycle's own contemporaneous press release and the well-researched North Las Vegas Planning Commission Staff Report, whose recommended denial likely triggered the abandonment. There is no reason why the Storey County Planning Commission should not likewise recommend denial of Stericycle's SUP Request.

2. Harm to the Public for Deceptive Business Practices.

In addition to the environmental and safety issues detailed above, Stericycle has a history of ongoing and repeated violations of consumer, investor and employee rights, resulting in several class action settlements in the last four years where Stericycle agreed to pay more than $371,000,000:

- $295,000,000 in 2017 to settle the nationwide class action based on consumer fraud and deceptive trade practices in overbilling Stericycle's small customers (dentists, veterinarians and other small businesses in need of disposing medical waste);
- $28,500,000 in 2016 to settle alleged violations of the False Claims Act, which included the State of Nevada as one of 14 plaintiffs;
- $45,000,000 in 2016 to settle a class action alleging violation of federal securities laws designed to protect current and prospective investors, including the pension funds and state retirement system shareholders of Stericycle;
- $867,800 in 2016 to settle the State of New Jersey action to protect dentists from unfair pricing and fraudulent business practices; and
- $2,000,000 in 2018 to settle a California wage and hour law class action.

Similar laws regarding deceptive business practices, consumer protection and employment exist in Nevada to protect the public. There is no reason to believe Stericycle's conduct will be different in our State. Not only should the Planning Commission be troubled by the $371,000,000 paid to settle class actions, but the revelations contained in Stericycle's most recent 10-K report of the SEC/DOJ investigation in whether Stericycle violated the Foreign Corrupt Practices Act in Latin America and the DEA's investigation of Stericycle's Rancho Cordova and Indianapolis facilities are strong indicators that its operations continue to be mismanaged.

3. The Failure to Introduce New Leadership.

Perhaps anticipating that these environmental and consumer/investor protection actions would be discovered, Stericycle, after downplaying that "these things happen," represented to the Planning Commission on July 16, 2020 and in the Supplement that it has made significant leadership changes. The changes appear superficial.

In May 2019, Stericycle announced that Janet H. Zelenka had been appointed Executive Vice President and Chief Financial Officer to replace Daniel V. Ginnetti, who held those positions from 2014 to 2019. Ginnetti has been employed since 2003 and was personally named as a defendant in the Illinois investor fraud class action ($45,000,000 settlement). Ginnetti did not leave the

company, but merely transferred to become Executive VP of Stericycle International.[1] Similarly, in February 2019, Cindy J. Miller was promoted to President and Chief Executive Officer ,[2] after serving as the company's President and Chief Operating Officer from 2018 to 2019, according to her LinkedIn page. Thus, the old leadership at Stericycle has simply shifted internally without significant new personnel appointed to ensure that similar abuses do not occur in the future, as evidenced by the multiple ongoing investigations disclosed in the 10-K Report. In fact, the same leadership that lead Stericycle during the troubling violations and lawsuits above are still leading the company.

B. The Proposed Waste Incineration Plant Substantially Impairs the Purpose and Intent of the Zoning Code and Master Plan.

1. Operations Incompatibility.

Section 17.62.010 of the 2012 Storey County Zoning Code (the "**2012 Zoning Code**") further codifies the interpretation of the 1999 Zoning Code and requires findings that the Proposed Waste Incineration Plant "will not cause a substantial negative impact on adjacent land uses or will perform a function that is essential to the surrounding uses, community, and neighborhood."

As detailed above, the contemplated use of the Proposed Waste Incineration Plant (which includes transportation, incineration, discharge, and disposal of hazardous and environmentally sensitive waste in different forms) is wholly incompatible with Blockchains' planned use of the adjacent and surrounding property (over 60,000 acres) -- a technology-based live-work master planned community. Given the future development plans of Blockchains and other nearby situated technology-based companies (such as Tesla and Panasonic), Stericycle's Proposed Waste Incineration Plant will have significant and material negative impacts on these surrounding areas, landowners, and businesses. Put simply, as acknowledged by Stericycle in the Supplement, no one desires to live or work next to a medical waste facility operated by a company with a well-documented history of environmental and community abuses.

Stericycle's history reveals how it fails to control the obvious nuisances which will be created by the proposed transportation, storage, and incineration of biohazardous medical waste. Stericycle's proposed facility intends to operate 24 hours a day, 7 days a week, with 10-15 trucks per day carrying biohazardous waste traversing through McCarran roadways for disposal. The Staff Report does not consider the increased infrastructure needed for such an operation as well as Stericycle's demonstrated history of disregarding environmental laws. Instead, it relies on Stericycle's assurances that because the medical waste disposal occurs "inside" its own facility, this somehow prevents contamination and/or pollution. There is no feasible way to address Stericycle's disposal of contaminated wastewater or avoid air pollution.

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[1] *See* https://www.globenewswire.com/news-release/2019/05/02/1815660/0/en/Stericycle-Announces-CFO-and-New-Senior-Leaders.html.

[2] *See* https://www.streetinsider.com/Corporate+News/Stericycle+%28SRCL%29+announces+Janet+Zelenka+has+been+appointed+EVP+and+CFO/15448137.html.

The Staff Report notes that "[t]he waste streams that the facility will process are considered biohazardous as they potentially can be contaminated with infectious agents that may be a threat to public health if not handled and disposed of properly." A similar concern was raised in North Las Vegas, where its planning staff recommended denial. The recommended denial in North Las Vegas was based on "many environmental and health concerns with the use," including the release of pollutants at numerous stages of the incineration process, emission of pollutants that could cause harm to neighbors and employees, and the impact on local wildlife. In addition to these concerns, North Las Vegas was deeply concerned by Stericycle's consistent "unwillingness to comply with State and Federal guidelines for this use." The Staff Report similarly does not address the material, unmitigable impact on local wildlife, primarily the wild horse population, as detailed immediately below.

The Proposed Waste Incineration Plant could have a profound adverse effect on the wild horse population in Storey County. Blockchains founder and CEO, Jeffrey K. Berns, founded Project Frontier, Inc. ("**Project Frontier**"), a private nonprofit entity which oversees approximately 900 horses on 67,000 acres of land in Storey County, to preserve and protect the wild horse population within Storey County, including McCarran. As a direct result of the increased development in McCarran, the sole watering source for approximately 300-400 wild horses per day is the watering hole on Blockchains' property commonly known as "Milan Pond," whose location prevents wild horses from migrating onto roadways and private businesses. This is evident in the Wild Horse Migration Map included in **Appendix M**. Project Frontier has dedicated hundreds of hours to training the horses to adapt to this new water source and Blockchains itself pays roughly $3,500 per month to pump water into Milan Pond to support the wild horse population.

Project Frontier's concerns with Stericycle's Proposed Waste Incineration Plant are twofold. First, any soil contamination caused by the plant would have direct, negative impacts on the wild horse grazing area and Milan Pond. Soil contamination from pollutants such as those released by Stericycle facilities cannot feasibly be remedied; any mitigation efforts would be prohibitively expensive, if not impossible. Furthermore, contamination of Milan Pond (located only a quarter mile away as noted in the Supplement) from Stericycle's Proposed Waste Incineration Plant would devastate the horse population because approximately one-third of all Project Frontier horses utilize Milan Pond as their sole water source.

Second, air pollutants from Stericycle's Proposed Waste Incineration Plant would harm the wild horses because they consistently lick and graze nearby to obtain beneficial minerals and nutrients. Like humans, the horses would also inhale any air pollutants released from the facility. Stericycle's history of improperly releasing toxic water and air pollutants, and mismanaging records related to the same, is demonstrated above and need not be repeated here.

2. Incompatibility with the Master Plan – McCarran Area.

The Proposed Waste Incineration Plant is incompatible with the Master Plan. The purpose of the Master Plan, as stated in the Land Use and Growth Chapter, is as follows:

> The Land Use and Growth Chapter is the principal guiding element of the Storey County Master Plan. It describes the County and each of its unique regions and

sub-regions; discusses key land use patterns and challenges for those areas.... This Chapter assigns land use designations across the County, each with specific goals, objectives, and policies engaging the provisions of this Master Plan.

The guiding principles of this Master Plan emerge from the public planning process and they serve as the foundation for this Master Plan's vision, goals, and policies. ***They represent the community's commitment to a more compact, organized and mixed-use pattern of development of the County.***

This Master Plan protects the public health, safety, and welfare of residents, property owners, and other stakeholders by providing for residential, commercial, mixed-use, industrial, natural resources, recreation, open spaces, and public uses, and by situating uses appropriately... Defining characteristics for each land use are provided and include ... preferred location of uses... This Master Plan is a tool from which elected and appointed community leaders and the community-at-large may evaluate and make decisions about the location, placement, and design of buildings and land uses and land use zoning in the County in order to achieve these principals. Master Plan Section 3.1. (Emphasis added.)

According to the Master Plan, the McCarran Planning Area (where Stericycle's Proposed Waste Incineration Plant Site is located) "depicts a homogenous planned industrial center. [McCarran] has grown to become a major regional hub for distribution, alternative energy production, digital data management... McCarran is now home to more than 19 million square-feet of warehousing, distribution, manufacturing, energy production, and other high-tech industries, including over a dozen Fortune 500 companies." Master Plan Section 3.4.7, pg. 83. (Emphasis added.) ***Primary landowners in the McCarran area include companies such as Tesla, Google, Switch, and Blockchains, which is the single largest landowner. McCarran is thus Nevada's developing technological hub, at times compared to Silicon Valley, and through Blockchains' Innovation Park, is on-track to be the world-renowned, next generation, transformational technology park.***

The Proposed Waste Incineration Plant in this area by an applicant with such a tumultuous history of environmental and safety violations will destroy the decades of progress of technological development and job growth in Northern Nevada envisioned by the Storey County Commission. The Staff Report finding that "[t]he proposed use of 'recycling facilities and operations involving use, recovery or residue of hazardous materials and/or wastes' is consistent with the heavy industrial use statements for [TRIC]," is incompatible with current and future development in the highly technology-focused McCarran Planning Area. Therefore, the Storey County Planning Commission should find that approval of Stericycle's Proposed Waste Incineration Plant SUP Request cannot be granted without substantially impairing the intent and purpose of the Master Plan.

C. The Proposed Waste Incineration Plant Creates Unacceptable Risks to the Public Health, Safety and Welfare of Storey County Citizens.

Section 17.62.010 of the 1999 Zoning Code requires the Planning Commission "to assure that the general purpose and intent of this title will be observed, *public safety and welfare* secured and substantial justice done." As stated in Section 17.02.020 of the 2012 Zoning Code, the general purpose is "to *serve the public health, safety, comfort, convenience and general welfare*; to provide the economic and social advantages resulting from an orderly planned use of economic, natural and community resources; to encourage, guide and provide for the future growth and development of the county; and to implement the goals, objectives, policies, and proposals of the Storey County master plan." Thus, the Planning Commission necessarily must determine whether risks to the public health, safety and welfare of Storey County citizens are acceptable before approving the SUP Request.

In considering whether the Proposed Waste Incineration Plant creates an unacceptable risk, the Planning Commission need only to look to our neighbor to the east in Utah. The Utah Physicians for a Healthy Environment ("**UPHE**") issued a report and response on the effects of Stericycle's facility in North Salt Lake which states "there is no law requiring incineration of medical waste, and 98% of the nation's medical waste incinerators have been closed in the last 15 years. Although the purpose of incineration is to eliminate pathogens, contrary to the assertions made by Stericycle in the Supplement, it does not remove toxins and actually creates new ones by concentrating and redistributing existing ones." The UPHE report considers discharge from incinerators as the most toxic type of air pollution and includes the deadliest compounds known to science.[3] Similarly, the Blue Ridge Environmental Defense League in North Carolina has called dioxins and furans, two types of air pollutants created by medical waste incinerators, the most dangerous chemicals known to man.[4]

Increased rates of cancer, pregnancy complications, birth defects, and autism have been found among people living within several miles of incinerators. At the time of its report, the UPHE stated that Utah had the highest rates of autism in the nation, double the national average. High rates of cancer in the closest subdivision to Stericycle's Utah facility is similarly disconcerting. Because air pollution from incinerators can travel hundreds of miles, surrounding residential areas are also at risk. UPHE member Dr. Brian Moench stated during a local town-hall meeting: "The scientific evidence that facilities like [Stericycle's] cause serious harm to the surrounding community is as undeniable as the evidence that smoking causes lung cancer."[5] The documented medical and health risks caused by Stericycle in the neighboring state of Utah should not be accepted by the citizens of Storey County. Therefore, the Storey County Planning Commission should find that approval of Stericycle's Proposed Waste Incineration Plant SUP Request cannot be granted without creating an unacceptable risk to the public health, safety and welfare of Storey County citizens.

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[3] *See* https://www.uphe.org/priority-issues/stericycle/.
[4] *See* http://www.bredl.org/pdf2/Medical_waste_pollutants.pdf.
[5] Full video of Dr. Moench's testimony can be found here: https://www.youtube.com/watch?v=7kil5b8B34k.

VIII. CONCLUSION.

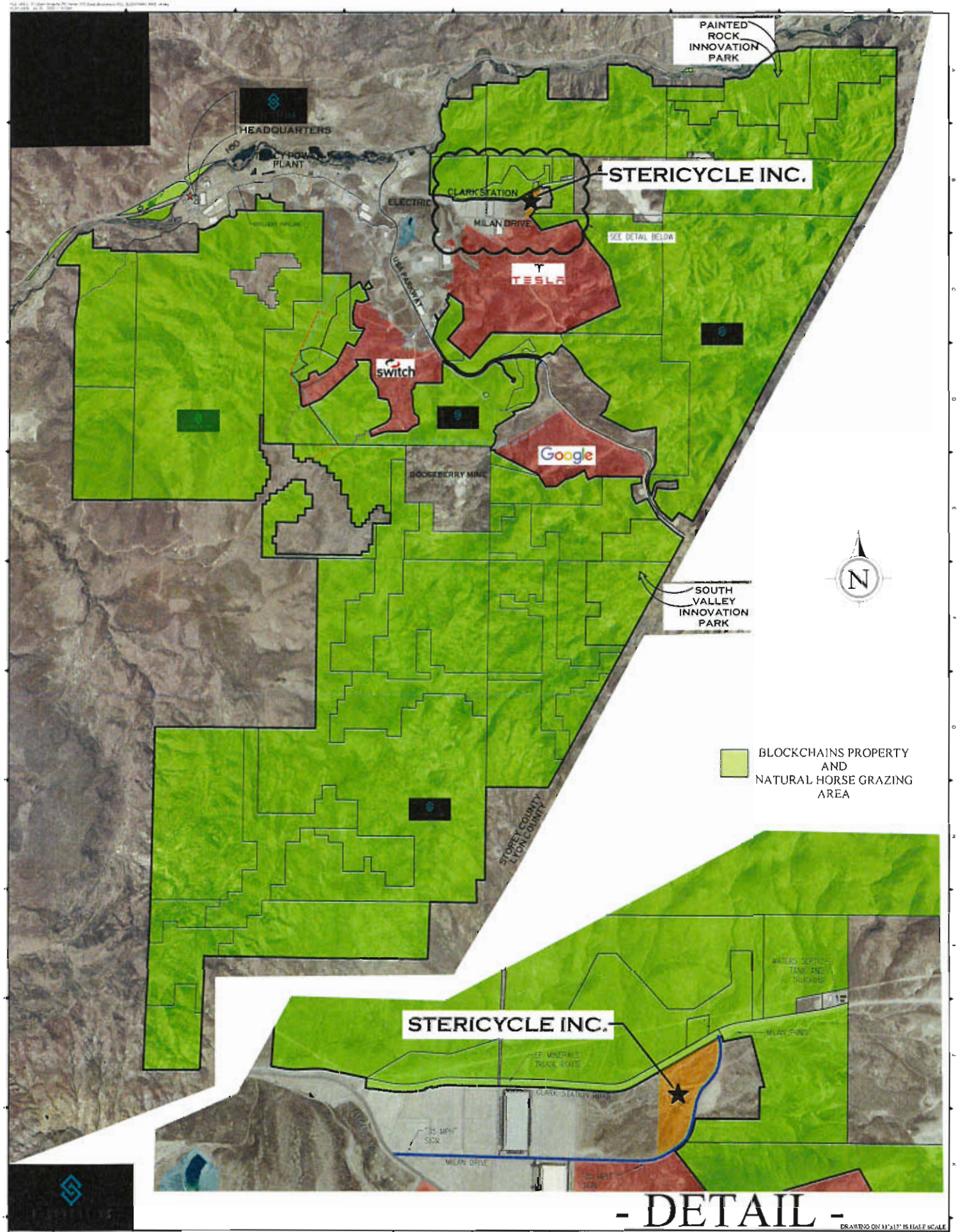
Based on the evidence provided in this Opposition, the Planning Commission should recommend denial of Stericycle's SUP Request in a manner similar to the recommendation in the North Las Vegas Planning Commission Staff Report because Stericycle's Proposed Waste Incineration Plant poses a substantial detriment to the public good, substantially impairs the intent and purpose of the Zoning Code and Master Plan, and creates substantial risks to public safety and welfare to residents, businesses and wildlife in Storey County.

Date: Aug. 3, 2020

BLOCKCHAINS, LLC

By: _____
Matthew Digesti
Vice President of Government Affairs
and Strategic Initiatives

APPENDIX A



1

INNOVATION PARK

STOREY COUNTY NEVADA

DRAWING ON 11"x17" IS HALF SCALE

APPENDIX B

Utah Department of Environmental Quality

Division of Air Quality

Fact Sheet

November 2014

Stericycle Settlement Agreement

The Division of Air Quality (DAQ) and Stericycle have reached a Settlement Agreement for DAQ's 2013 Notice of Violation (NOV) alleging violations of Stericycle's Title V Operating Permit. This Agreement stipulates that Stericycle will pay a total penalty of $2.3 million dollars and move its North Salt Lake facility to Tooele County within three years of receipt of the necessary construction permits. The Agreement requires Board approval before becoming final.

Background

In May 2013, DAQ issued an NOV to Stericycle for violations occurring between 2011 and 2013. These violations included:

- Emissions exceeding the permit limits for dioxin and furan
- Emissions exceeding the permit limits for nitrogen oxides (NOx) on multiple occasions
- Failure to report these emission exceedances to DAQ in a requisite time frame
- Failure to maintain normal operating conditions during a stack test
- Failure to include the test results demonstrating these emission exceedances in the requisite annual and semi-annual monitoring reports

In August 2013, DAQ amended the NOV to explicitly cover each day of the NOx violations. Stericycle was able to demonstrate compliance with emission limits in April 2013 and has subsequently upgraded its air pollution control equipment to meet stricter federal standards for medical waste incinerators. These upgrades include:

- Installation of a selective non-catalytic reduction (SNCR) unit to reduce NOx emissions
- Replacement of an electrostatic precipitator with a baghouse
- Replacement of existing emergency diesel generator with a new generator that can better handle loss of power and minimize bypass events

Contact

Harold Burge
hburge@utah.gov
801-536-4129

NOV Web Page

deq.utah.gov/businesses/S/Stericycle/novintro.htm

DEQ Social Media Access

Blog

http://dequtah.blogspot.com/

Facebook

https://www.facebook.com/utahdeq

Pinterest

https://www.pinterest.com/utahdeq/

Twitter

https://twitter.com/UtahDEQ

YouTube

https://www.youtube.com/user/UtahDEQ

Settlement Agreement

Settlement discussions have been ongoing between DAQ and Stericycle since the NOV was originally issued. DEQ and Stericycle reached a Settlement Agreement on November 25, 2014. The terms of the agreement are as follows:

- Stericycle shall pay a rotal stipulated penalty of $2,322.536.00.
    - The company shall pay half of this penalty ($1,161, 268.00) to the state's General Fund within 30 days.
    - The remaining half of the penalty shall be credited as a Supplemental Environmental Project (SEP) when Stericycle permanently ceases operations at its current North Salt Lake location.
- Stericycle shall relocate its medical waste incinerator to a new location in Tooele County no later than tbree years after the company receives the following documents:
    - final, non-appealable permits from DEQ
    - final, non-appealable permits from local governments
    - Governor's approval required under state statute
- Stericycle shall submit all permit applications necessary to relocate the facility within 90 days of a signed agreement.
    - Sixty days after Srericycle receives all Necessary Approvals to Construct, the company will provide a construction schedule to the Division of Air Quality (DAQ).
    - Every 90 days thereafter, Stericycle will provide DAQ with a report on construction progress.
- Within three years to the date that Srericycle obtains all Necessary Approvals to Construct, Stericycle's Title V Operating Permit (February 19, 2009) and its Title V renewal and Approval Order (August 12, 2014) will become null and void, and Stericycle will permanently shut down operations at its North Salt Lake facility.

The Agreement resolves all claims under the NOV. Nothing in the Agreement precludes DAQ from seeking penalties for violations of the Agreement or future violations of state or federal air pollution laws and regulations.

State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF AIR QUALITY
Bryce C. Bird
Director

DAQ-101-14

MEMORANDUM

TO: Air Quality Board

THROUGH: Bryce C. Bird, Executive Secretary

FROM: Harold Burge, Major Source Compliance Section Manager

DATE: November 25, 2014

SUBJECT: Stericycle, Incorporated Administrative Settlement Order No. 2013051501

Stericycle, Incorporated (Stericycle) operates a hospital/medical/infectious waste incinerator (HMIWI) located at 90 North Foxboro Drive, North Salt Lake, Davis County, Utah. On May 28, 2013, the Division of Air Quality (DAQ) issued a Notice of Violation and Order to Comply (NOV). On August 28, 2013, DAQ issued an Amended NOV that superseded the original NOV. By April 10, 2013, Stericycle had demonstrated compliance with all of their emission limits through stack testing.

Stericycle filed a request for Agency Action (RFAA) on September 27, 2013, which requested an evidentiary hearing to challenge the Amended NOV. On April 24, 2014, the Executive Director of the Utah Department of Environmental Quality (DEQ) appointed an Administrative Law Judge (ALJ) to conduct an administrative hearing to adjudicate the merits of the Amended NOV and RFAA. DAQ and Stericycle have engaged in a series of settlement negotiations starting before and continuing after the issuance of the NOV and Amended NOV. The attached Administrative Settlement Order is a result of those negotiations. The major provisions of the Administrative Settlement Order are:

1. A total penalty amount is $2,322,536.

2. Stericycle will pay half of the total penalty ($1,161,268) within 30 days of the effective date of the Administrative Settlement Order.

3. In lieu of paying the remaining half of the total penalty ($1,161,268), Stericycle will relocate to Tooele County and permanently cease operations at its North Salt Lake Facility within 3 years of obtaining all necessary permits and approvals for the new facility and Stericycle's Title V Permits and Approval Orders for the North Salt Lake Facility will be voided. The new facility will have better control technology and will be sited away from population centers.

In accordance with Utah Code Ann. 19-2-104(3)(b)(i), this memorandum is provided to the Utah Air Quality Board (UAQB) for review since the penalty exceeds $25,000. The signed Administrative Settlement Order has been provided in the packet. DAQ is seeking approval to enter into this Administrative Settlement Order to avoid further legal delays in resolving the Amended NOV and to ensure that operations at the North Salt Lake Facility cease as quickly as possible. The DAQ will withhold any further action on this case until the UAQB approves or disapproves the settlement.

Staff Recommendation: Staff recommends the UAQB approve the penalty amount and Administrative Settlement Order No. 2013051501.

BEFORE THE UTAH DIVISION OF AIR QUALITY

In The Matter of	:	Administrative Settlement Order
Stericycle, Incorporated	:	
No. 2013051501	:	

RECITALS

This Administrative Settlement Order ("Agreement") is entered into between Stericycle, Incorporated ("Stericycle") and the Director of the Utah Division of Air Quality ("DAQ," "Director," or "Division") pursuant to the Utah Air Conservation Act, Utah Code Ann. § 19-2-101 et seq. ("Act") and Utah Administrative Code ("UAC") Rule 305-7-320. For purposes of this Agreement, DAQ and Stericycle shall be referred to collectively as the "Parties."

1. **Utah Air Quality Board's and DAQ's Authority.**
   The DAQ has authority to administer the Act, and to issue notices of violation and orders and to exercise all incidental powers necessary to carry out the purposes of the Act. Utah Code Ann. § 19-2-107. The Parties may agree to settle an action pursuant to Rule 305-7-320. The Utah Air Quality Board ("Board") has the authority to review and approve a settlement negotiated by the DAQ that requires a civil penalty of $25,000 or more. Utah Code Ann. § 19-2-104(3)(b)(i).

2. **Stericycle.**
   Stericycle operates a hospital/medical/infectious waste incinerator located at 90 North Foxboro Drive, North Salt Lake, Davis County, Utah ("Facility").

3. **NOV and Amended NOV.**
   DAQ issued a Notice of Violation and Order to Comply to Stericycle on May 28, 2013 ("NOV") and DAQ issued an Amended Notice of Violation and Order to Comply ("Amended NOV") to Stericycle on August 28, 2013. The Amended NOV superseded the NOV. The Amended NOV alleges that Stericycle violated several conditions of the Title V Operating Permit 1100055002 dated February 19, 2009.

4. **Request for Agency Action.**
   Stericycle filed a Request for Agency Action ("RFAA") on September 27, 2013, which requested an evidentiary hearing to challenge the Amended NOV.

5. **Appointment of Administrative Law Judge.**

On April 24, 2014, the Executive Director of the Utah Department of Environmental Quality appointed an Administrative Law Judge ("ALJ") to conduct an administrative hearing to adjudicate the merits of the Amended NOV and RFAA.

6. **Settlement Discussions.**

The Parties have engaged in a series of settlement discussions starting before and continuing after the filing of the NOV and Amended NOV. As part of those discussions, it was suggested that one aspect of a resolution could involve moving Stericycle's incinerator operations at the Facility to another location, if a suitable, remote location could be found for a new incinerator in Utah, that would be built with better air pollution control technology than is currently required at the Facility but that would also be buffered from population centers and sited in compliance with setbacks within its property boundaries consistent with applicable land use regulations. Stericycle has found what it believes to be a suitable location, has entered into an agreement to purchase property at that location, and has begun the process to obtain the necessary approvals to construct and operate a new incinerator at this new location. In order to provide further incentive to Stericycle to complete this process, the Parties have agreed to the penalty payment structure outlined in Paragraph 11 below.

7. **Purpose.**

The purpose of this Agreement is to settle the violations alleged in the NOV dated May 28, 2013 and the Amended NOV dated August 28, 2013. This settlement shall not in any way relieve Stericycle of any obligation to comply with applicable, federal, state or local laws, rules or regulations, and nothing in this settlement shall preclude DAQ from taking appropriate action to abate a threat to public health or the environment should such a situation arise.

8. **No Admissions.**

The Parties now wish to resolve this matter fully without admissions of: any factual allegations or findings in the NOV or Amended NOV, any violations of law, rule, regulation or permit, any liability, wrongdoing, failure or omissions whatsoever; and without further administrative or judicial proceedings.

9. **Payments.**

Without any admission of liability, wrongdoing, or negligence, Stericycle has agreed to undertake the actions and make the payments identified in Paragraph 11 below.

10. **Mutual Interest.**

The Parties believe that it is in their mutual best interest to execute this Agreement and to settle the NOV and Amended NOV.

AGREEMENT AND ORDER

NOW THEREFORE, without adjudication of any issue of fact or law and without admission of any liability, and subject to the approval of the Board, the Parties hereby agree and DAQ orders as follows:

11. In settlement of the alleged violations referenced in Paragraphs 3 and 7 of this Agreement, Stericycle, agrees to a total stipulated penalty of $2,322,536.00, one half of which will be paid to the State of Utah upon execution of this Agreement as provided below, and the other half of which will be credited as provided below.

    a. Civil Penalty paid to the State. Stericycle agrees to pay one-half of the penalty amount within thirty (30) days of the effective date of this Agreement, by wire transfer of funds in the amount of $1,161,268 payable to the State of Utah.

    b. Supplemental Environmental Project (SEP) Credit for Remaining Civil Penalty. The remaining one-half of the penalty amount ($1,161,268) shall be credited as a Supplemental Environmental Project at the time Stericycle permanently stops operating the North Salt Lake Facility which will occur no later than three years from the date Stericycle obtains the final, non-appealable permits from the Utah Department of Environmental Quality (DEQ), all non-appealable local governmental approvals necessary to commence construction of the new incinerator and the Governor's approval referenced in Utah Code Ann. Section 19-6-108 (3)(c)(i) (hereinafter "All Necessary Approvals to Construct").

12. If the $1,161,268 payment referenced in Paragraph 11.a. is not made within 30 days, additional penalties shall accrue at the rate of $10,000 a day and DAQ may enforce payment through a civil action in Second District Court.

13. In order to ensure prompt and diligent efforts to relocate the Facility from its current location in North Salt Lake, Stericycle agrees to comply with the following:

    a. Within 90 days of the date that DAQ signs this Agreement, Stericycle shall submit to the Utah Department of Environmental Quality ("DEQ") all permit applications (over which DEQ has jurisdiction) necessary to relocate the Facility to a new location.

    b. 60 days from the date Stericycle obtains All Necessary Approvals to Construct, Stericycle will provide DAQ with a schedule for the construction of the incinerator in the new location in Tooele County, Utah.

c. Every 90 days thereafter, Stericycle shall provide DAQ with a report describing in detail Stericycle's good faith efforts to complete the construction referred to in Paragraph 13.b.

14. Within three years after the date that Stericycle obtains All Necessary Approvals to Construct, Stericycle's Title V Operating Permit 1100055002 (issued February 19, 2009) or any subsequent Title V Operating Permit renewal and Approval Order DAQE-AN101420011-14 (issued August 12, 2014) for the North Salt Lake Facility shall become null and void and Stericycle shall permanently cease operation at the North Salt Lake Facility.

15. None of the provisions of this Agreement shall be considered admissions by Stericycle and shall not be used by any third party related or unrelated to this Agreement for purposes other than determining the basis of this Agreement. This Agreement resolves any and all liability and claims under the authority of the DAQ arising from the NOVs listed in Paragraphs 3 and 7 of this Agreement against Stericycle, its officers, employees and agents and against any other unnamed owners and/or operators of the North Salt Lake Facility at the time of the alleged violations.

16. Nothing in this Agreement shall preclude the DAQ from seeking civil penalties for violations of this Agreement, future violations of the Act or Rules, or to issue future Notices or Orders. Nothing in this Agreement shall constitute a waiver by Stericycle of any defense or the ability to raise any factual or legal contention for future alleged violations, or in response to future Notices or Orders.

17. All notices, requests, demands, and other communications hereunder shall be in writing and shall be given by (i) established express delivery service which maintains delivery records, (ii) hand delivery, or (iii) certified or registered mail, postage prepaid, return receipt requested, to the Parties at the following addresses, or at such other address as the Parties may designate by written notice in the following manner:

Director

Bryce C. Bird
Utah Division of Air Quality
P.O. Box 144870
Salt Lake City, UT 84114-4870

Stericycle

Attn: Richard Kogler
Stericycle, Inc.
28161 N. Keith Drive
Lake Forest, IL 60045

With a copy to:

Christian C. Stephens
Office of Utah Attorney General
P.O. Box 140873
Salt Lake City, UT 84114-0873

Raymond J. Etcheverry
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, UT 84111

18. Successors and Assigns. All of the rights and obligations of the Parties under this Agreement shall be binding upon and inure to the benefit of their permitted successors. Stericycle shall not assign this Agreement without the written permission of DAQ.

19. Authority to Execute. Each person executing this Agreement individually and personally represents and warrants that he or she is duly authorized to execute and deliver the same on behalf of the entity for which he or she is signing, and that all corporate and/or legislative authority and approvals, as the case may be, have been obtained, and that this Agreement is a binding obligation on such entity.

20. Entire Agreement. This Agreement, which includes all recitals and terms hereto, constitutes the entire agreement between the Parties relating to the subject matter of this Agreement, and incorporates all prior correspondence, communications or agreements between the Parties relating to the subject matter of this Agreement, and cannot be altered except in writing signed by all Parties.

21. This Agreement shall be executed as follows: Stericycle shall execute this Agreement first. The Parties shall then present the Agreement to the Board for approval. If the Board approves the Agreement without change, DAQ will execute the Agreement.

Agreed:

Stericycle; Incorporated

_____ Date: 11/25/14
Richard Kogler
Chief Operating Officer

Agreed and Ordered:

_____ Date: _____
Bryce C. Bird, Director
Utah Division of Air Quality

APPENDIX C

Planning Commission Agenda Item

Date: June 12, 2019

Item No: 20.

TO: Planning Commission

FROM: Marc Jordan, Director Land Development & Community Services
Prepared By: Amy Michaels

SUBJECT: **UN-45-19 (69246) STERICYCLE MEDICAL WASTE INCINERATOR. (Public Hearing)** Applicant: Stericycle, Inc. Request: A special use permit in a M-2 (General Industrial District) to allow a Medical Waste Incinerator Facility. Location: Approximately 4,600 feet south of Apex Sapphire Avenue and 800 feet southwest from the end of Grand Valley Parkway (APN 103-15-010-027). (For possible action)

RECOMMENDATION:

The Land Development and Community Services Department recommends that UN-45-19 be denied.

GENERAL INFORMATION:

Comprehensive Plan:	Heavy Industrial
Existing land use and zoning:	Undeveloped; M-2, General Industrial District
Surrounding land use and zoning:	North: Developed Outdoor Recycling; M-2, General Industrial District West: Undeveloped; M-2, General Industrial District East: Undeveloped; M-2, General Industrial District South: Undeveloped; M-2, General Industrial District

BACKGROUND INFORMATION:

The applicant is requesting Planning Commission consideration for a special use permit to allow a medical waste incinerator. The site is located within the Apex Overlay District. The site is 6.45 acres in area and is located approximately 4,600 feet south of Apex Sapphire Avenue and 800 feet southwest from the end of Grand Valley Parkway.

The site and the proposed use were previously approved by the Planning Commission and City Council (UN-78-16) in December 2016. The special use permit approval lapsed in December 2018.

According to the applicant's letter of intent, the proposed use is a hospital, medical, and infectious waste incinerator. The incinerator will process medical waste, non-hazardous

pharmaceuticals, tissues, and other waste as determined by the Federal Division of Solid and Hazardous Waste. The applicant indicates that the impact on the surrounding areas should be minimal. After incineration, the resulting ash will be stored on site and then disposed into the landfill.

The letter of intent states that the development will contain a 44,000 square foot incinerator building with an attached 4,500 square foot office building. The floor plans submitted show a different building/area square footage. The floor plan indicates that the incinerator room is 15,300 square feet, the loading dock/plant area is 17,300 square feet, electrical/storage is 2,300 square feet and the maintenance room is 800 square feet for a total of 35,700 square feet. The letter of intent indicates that the site plan and floor plans are subject to revisions as detailed designs will be developed for building permits and construction.

Access to the site is from two driveways from the access road. The first driveway is for employee and visitor parking while the second driveway is for trucks and is gated. The site plan shows 69 parking spaces are provided, which is in compliance with the Apex Overlay Standards. The site plan does not indicate whether the parking areas are paved, which is required by code. The site plan does not show the required perimeter landscaping of five feet as required per the Apex Overlay standards. The site plan does not indicate where the ash will be stored after incineration. The elevations show an ash canopy on the west side of the building; however, it does not indicate if the ash is being stored in the building or outside of the building. The ash cannot be stored outside of the building. According to the site plan there are three detention ponds located onsite and the ash could be carried by wind or a rain event into the ponds contaminating the water, or onto surrounding properties.

The elevations submitted, indicate that the building is precast metal panels with a prefinished metal parapet cap with eight truck bays. The elevations also show an ash storage canopy on the west side of the building.

DEPARTMENT COMMENTS:

Public Works:	Please see the attached memorandum.
Police:	No comment.
Fire:	Please see the attached memorandum.

ANALYSIS

The proposed medical waste incinerator is an intense industrial use located in the Apex Overlay District. The Apex Overlay District was created specifically for intense industrial activities that are not appropriate within the Las Vegas Valley. The applicant's letter of intent states that the waste processed at the facility will include medical waste generated in healthcare or healthcare related facilities (doctor's office, dentist, etc.), veterinary and animal care facilities, research facilities, pharmaceutical manufacturing

and distribution facilities. The letter also states that the typical wastes include paper, plastic, cloth, human and animal tissue, expired and unused non-hazardous pharmaceuticals, and similar wastes.

Staff has concerns about the environmental effects from the proposed medical waste incinerator use. Incinerators can release a variety of pollutants depending on the composition of the waste being incinerated. This could lead to the release of substances of unknown toxicity into the air and environment, which could negatively impact people around the Apex area. The applicant provided information that indicates a variety of emissions into the air and that information is an estimate from all the facilities that they operate. However, the emissions are an estimate based on their other facilities. Since this information is an estimate, some facilities may release more pollutants than others in operation. Some of the pollutants that can be released include: carbon monoxide, hydrogen chloride, dioxins and furans, particulate matter, oxides of nitrogen, sulphur dioxide, mercury, cadmium, and lead.

When pollutants form, incineration facilities disperse them into the air, people that are close to the facility may be exposed directly to the pollutants through inhalation or indirectly through the consumption of contaminated food or water. The facility proposes to have 30-35 employees and other facilities in the vicinity also have employees. There are several businesses located within the vicinity of the proposed use: Shed Holdings, UNEV Pipeline, Nevada Power, Circle S Farms, Delta Liquid Energy, Waveseer, and a truck stop located to the east off of the I-15. The state's Desert National Wildlife Park is also located to the north of the site. Emissions from this facility could negatively impact people working in this area and impact the wildlife at the refuge. Contaminants can be carried through the air and can affect soil, water and food sources which in turn can impact people and the wildlife.

According to the Blue Ridge Environmental Defense League in North Carolina, dioxins and furans which are only two types of air pollutants created by medical waste incinerators have been called the most dangerous chemicals known to man and are air pollutants that are released from medical waste incinerators (Attachment G). These chemicals form when the incinerator temperatures are not consistent; when the waste is not completely incinerated; and during by-pass events when air pollution control equipment fails. In the event of an explosion, the facility would not perform the by-pass procedures and air pollutants formed during incineration are released into the air and can travel long distances contaminating the environment.

Another concern is the discharge of wastewater created by the operation of the incinerator facility. The applicant states that a neighboring business has agreed to take their wastewater however, if this does not happen the applicant has not stated how they will dispose of the wastewater. If the wastewater is not treated properly, it will pollute the environment.

Stericycle has had several violations for the operation of their incinerator sites.

- In June of 2004, Stericycle was fined by the Ohio Environmental Protection Agency for improper disposal of hazardous waste. Twelve cubic yards of hazardous waste treatment sludge was sent to a solid waste landfill. (Exhibit A)

- In 2011, Stericycle was in violation of air emissions test in Utah. The stack tests that were done exceeded acceptable levels for hazardous pollutants, nitrogen oxides and highly reactive gases. Stericycle was fined for this violation by the Utah Environmental Protection Agency. (Exhibit B)

- April 2011, Stericycle was in violation of air quality regulations in California for failing to inspect their diesel trucks to ensure that they met smoke emission standards. (Exhibit C)

- In 2014, Stericycle agreed to a settlement with the state of New Mexico for violations of excess waste storage time and inappropriate emergency response preparation. (Exhibit D)

- In 2017, Stericycle was fined by the Department of Ecology in the State of Washington for not treating their wastewater which overwhelmed the treatment plant in Morton, Washington and caused the plant to violate the water quality permit. (Exhibit E)

- In 2018, Stericycle received a violation from the United States Environmental Protection Agency for failing to maintain a liability insurance policy that would provide adequate coverage to third parties (neighbors) whose health and properties could be harmed by a release of hazardous wastes from the facility. (Exhibit F)

The proposed medical waste incinerator is a heavy industrial use does not appear to be appropriate in the Apex Overlay District. There are many environmental and health concerns with the use. Pollutants are created at various stages of the process in the stack pipes, ashes, scrubber water and filters and in the smoke that leaves the stack. The emissions of pollutants can affect the health and welfare of people that work around the Apex area as well as the employees of the facility. There could also be an impact on the wildlife within the Desert National Wildlife Park. Therefore, staff does not support this special use permit request.

Requirements for Approval of a Special Use Permit

Medical Waste Incinerators are permitted as a special use in the M-2, General Industrial Apex Overlay Area. In accordance with the Zoning Ordinance, the Planning Commission may, by motion, grant a special use permit if the Planning Commission finds, from the evidence presented, that all of the following criteria are satisfied:

1. That the proposed use at the particular location is necessary or desirable to

provide a service or facility which will contribute to the general well-being of the neighborhood or the community.

2. That such use will not, under the circumstances of the particular case, be detrimental to the health, safety or general welfare of persons residing or working in the vicinity, or injurious to property or improvements in the vicinity.

3. That the proposed use will comply with the regulations and conditions specified in this code for such use.

4. That the granting of this special use permit will not adversely affect the master plan of the City.

Staff does not support the proposed use. The proposed use is consistent with the zoning designation and the Comprehensive Plan. However, the proposed use creates a number of environmental and health concerns. Additionally, the applicant has demonstrated an unwillingness to comply with State and Federal guidelines for this use. Therefore, the potential danger to the Apex area, the city as a whole, and the employees within the area warrant a recommendation of denial.

If however, the Planning Commission were to determine that approval is warranted, then staff recommends the following conditions.

Planning and Zoning:

1. That, unless expressly authorized through a variance, waiver or another approved method, this development shall comply with all applicable codes and ordinances.

2. No outdoor storage of waste or ash shall be permitted.

3. All trucks / trailers storage shall be within the gated and fenced yard.

4. A five (5) foot perimeter landscaping buffer is required by the Apex Standards.

5. Buildings shall comply with the architectural character and materials within the Apex Overlay standards.

Public Works:

6. All known geologic hazards shall be shown on any preliminary development plans and civil improvement plans submitted to the City. Subsequent

identification of additional hazards may substantially alter development plans.

7. Approval of a drainage study is required prior to submittal of the civil improvement plans.

ATTACHMENTS:

Public Works Memorandum
Fire Prevention Memorandum
Letter of Intent
Site Plan
Building Elevations
Exhibit A
Exhibit B
Exhibit C
Exhibit D
Exhibit E
Exhibit F
Exhibit G
Clark County Assessor's Map
Location and Zoning Map

CITY OF NORTH LAS VEGAS
INTEROFFICE MEMORANDUM

To: Amy Michaels, Principal Planner, Land Development & Community Services
From: Robert Weible, Land Development Project Leader, Department of Public Works
Subject: UN-45-19 **Stericycle Medical Waste Incinerator**
Date: May 20, 2019

In addition to the requirement to comply with the *City of North Las Vegas Municipal Code – Titles 15 and 16, NRS 278* and accepted *Clark County Area Uniform Standard Drawings*, the Department of Public Works recommends the following conditions of approval:

1. All known geologic hazards shall be shown on any preliminary development plans and civil improvement plans submitted to the City. Subsequent identification of additional hazards may substantially alter development plans.

2. Approval of a drainage study is required prior to submittal of the civil improvement plans.

Utilities – For information only:

- This project shall comply with the General Provisions and Conditions of the *City of North Las Vegas Water Service Rules and Regulations* and the *Design and Construction Standards for Wastewater Collection Systems.*

- Submittal of a Hydraulic Analysis per the *Uniform Design and Construction Standards (UDACS) for Potable Water Systems* is required and will be subject to the review and approval of the Utilities Department.

For more information regarding the land development process and other associated requirements in the City of North Las Vegas, please visit the City's website and find the **Land Development Guide**:
http://www.cityofnorthlasvegas.com/Departments/PublicWorks/PublicWorks.shtm.

Robert Weible, Land Development Project Leader
Department of Public Works

CITY OF NORTH LAS VEGAS
INTEROFFICE MEMORANDUM

To: Planning Commission
From: Janice Thomas, Fire Protection Specialist
Subject: UN-45-19 | Stericycle Medical
Date: May 16, 2019

The Fire Plan Review is not opposed to this application.

For informational purposes only:

1. Design for fire access, water supply and building requirements shall be based on the *2018 International Fire Code* as amended by the City of North Las Vegas.
2. A technical opinion and report is required The technical opinion and report prepared by a qualified engineer shall evaluate the design of the facility or the operational process in question. The report may be a deferred submittal; however, any recommended changes presented by the report shall be incorporated into the design of the facility or operational process.
3. Operating permits for activities or conditions regulated by the North Las Vegas Fire Code such as Hazardous materials and Waste handling ***IFC 105.6***.
4. *Approved* secondary access for ingress shall be provided for all commercial and industrial developments.
5. *All portions of the facility and all portions of the exterior ground floor walls* of the proposed buildings or structures are to be within 150 feet of an approved fire apparatus access road, as measured from the road along the exterior of the building or facility to the furthest point as the hose lies.
6. Fire apparatus access roads shall have an unobstructed clear width of not less than 24 feet, except for approved access gates.
7. The required turning radius of a fire apparatus access road shall be no less than 28 feet inside turning radius and 52 feet outside turning radius.
8. Fire apparatus access roads shall be designed and maintained to support the imposed loads of fire apparatus, with a minimum vehicle load of 33,000 pounds per axle, and shall be surfaced and paved so as to provide all-weather driving capabilities.
9. The grade of the fire apparatus access road shall not exceed 12%. The angles of approach and departure for fire apparatus access roads shall be a maximum of 6% grade for 25 feet of approach/departure.
10. Red-painted curbs and appropriate signage are required to maintain the minimum required access road width of 24 feet.
11. Dead-end fire apparatus access roads in excess of 150 feet in length shall be provided with an approved area for turning around the fire apparatus. For commercial and industrial areas, a clear turnaround with a diameter of ***104 feet*** to face of curb shall be provided.
12. *Approved automatic fire sprinkler systems* in new buildings and structures shall be provided throughout all buildings, regardless of occupancy type, exceeding 5,000 sq. ft. (464 m2) in building area and *additionally* throughout all buildings containing a *Group S1 occupancy*.
13. Either a dedicated fire riser room with exterior door or a Post-Indicator Valve is required for each fire sprinkler system riser.
14. A Fire Department Connection shall be located on the address side of buildings, adjacent to the access lane, within 100 feet of a fire hydrant and clear of obstructions.
15. An *approved* water supply capable of supplying the required fire flow for fire protection shall be provided.
16. Fire hydrants shall be provided along required fire apparatus access roads. In all commercial and industrial areas, hydrants shall be spaced not to exceed 300 feet or 400 feet provided the building is protected by an approved automatic fire sprinkler system.

17. Fire hydrants shall be located 4 feet to 7 feet from the back of curb. Where it is not possible to locate the hydrant a minimum of 4 feet from the back of the curb, the hydrant shall be protected against vehicular impact in accordance with Section 312. A perimeter around the hydrant measuring a minimum of 3 feet from its exterior shall be maintained clear of all obstructions at all times.
18. Where streets are provided with median dividers, or have four or more travel lanes and a traffic count of more than 30,000 vehicles per day, hydrants shall be spaced at a maximum of 1,000 feet along both sides of the street; arranged on an alternating basis at 500–foot intervals.
19. Where new water mains are extended along streets where hydrants are not needed for protection of structures or similar fire problems, fire hydrants shall be provided at spacing not to exceed 1,000 feet to provide water for transportation hazards.
20. The maximum distance from a hydrant to the end of a dead-end street shall not exceed 200 feet.
21. Two sources of water supply are required whenever 4 or more fire hydrants and/or sprinkler (per Section 903.3.1.1 and/or 903.3.1.2) lead-ins are installed on a single system.
22. For systems required to have two sources of water supply per C104.1, sectional control valves shall be installed so that no more than 2 fire hydrants and/or fire sprinkler (per Section 903.1.1 and/or 903.3.1.2 only) lead-ins can be out of service due to a service interruption. For systems permitted to have one source of water supply per C104.1, sectional control valves shall be installed so that no more than 3 fire hydrants and/or fire sprinkler (per Section 903.1.1 and/or 903.3.1.2 only) lead-ins can be out of service due to a service interruption.
23. Portable fire extinguishers shall be installed per IFC§906.1.

Janice Thomas, Fire Protection Specialist

April 25, 2019

Community Development Department
City of North Las Vegas
1700 North Grand Avenue
North Las Vegas, Nevada

Subject: Purpose and Intent Letter
Stericycle – Proposed Incinerator Facility
Grand Valley Parkway, Mountain View Industrial Park (Apex)
North Las Vegas, Nevada

To Whom It May Concern:

Stericycle, Inc. presents this letter to document the purpose and intent for the construction and operation of a hospital, medical, and infectious waste incinerator (HMIWI) facility. Stericycle, Inc. proposes to construct and operate an HMIWI facility just south of Grand Valley Parkway in the Mountain View Industrial Park portion of the Apex Overlay Area in North Las Vegas, Nevada, parcel number 103-15-010-027. This purpose and intent letter has been prepared in accordance with the City of North Las Vegas (CNLV) zoning ordinance and is submitted as part of the Special Use Permit application that is included with this letter. The Site will be located in an M-2, General Industrial District, zoned area within the CNLV, and is surrounded by similar uses and the same M-2 zoning.

The site and proposed use was originally approved by the CNLV in December 2016 as part of this same zoning and special use process. That approval inadvertently lapsed in December 2018 while Stericycle was working with other City departments for approval of site designs, utility commitments, and other needed approvals. Therefore, this is a re-application for approval of the same use in the same site that was previously approved.

Presented below is a discussion of the project background, our proposed intent, and estimated schedule.

Stericycle

SITE DESCRIPTION

The Site will require an approximately 6.45 acre developed portion, containing a 48,000 square foot main building with two types of use, as listed below. It should be noted that the layout of the facility and the dimensions presented below are only approximate at this time proposed and may be revised during detailed design and construction phases, reflecting adherence to best engineering practice, all applicable codes and ordinances, and required approvals by city, county, state, and federal regulatory agencies having jurisdiction.

- Office/administration – approximately 4,500 square feet; and
- Incineration and Waste Management – approximately 44,000 square feet for receiving, staging, sorting, transfer, processing, and incineration of medical waste.

The Site will also require an employee parking lot; outdoor storage; truck access and parking; movement and queuing; loading and unloading of freight and supplies; compatible landscaping; natural open space; exterior lighting; security; a backup generator; run-on/run-off control facilities; and other ancillary facilities associated with the intended use of the Site. The developed portion of the Site will be enclosed with a perimeter fence and gates to prevent unauthorized access.

The site development design, drainage features, storm water and flood control features, entrance roadway, and other site features have been designed and submitted to the CNLV for review and approval by Stericycle's local site and civil engineer, Poggemeyer Design Group (PDG). Conceptual building and equipment layout designs are included with the application, however, while consistent with site design features and dimensions developed this far, these building and equipment details are subject to potential revision as detailed designs are developed for building permits and construction.

FACILITY PURPOSE

The HMIWI facility proposed by Stericycle is the first of its kind in the CNLV area which will assist with medical/infectious waste handling, treatment and disposal in a safe and effective manner. There is no other HMIWI or processing facility within the State of Nevada; thus, HMIWI and other medical waste that is generated within Nevada must be either landfilled, if allowable under the regulations for those materials, or transported outside of the State of Nevada to approved treatment facilities.

The Site will service the greater Las Vegas area as well as the State of Nevada. As part of Stericycle's network, the Site will also service Stericycle's Western Regional System, including but not limited to the Pacific Coast and Intermountain States.

The waste processed/incinerated at the facility will include medical waste generated in health care or health care-related facilities, animal care, and research facilities, pharmaceutical manufacturing and distribution facilities. It will also include special waste streams approved by the Division of Solid and Hazardous Waste.

Typical wastes include paper, plastic, cloth, diagnostic cultures, human and animal tissues generated by hospitals, nursing homes, clinics, and other medical, dental and veterinary facilities; expired and unused non-hazardous pharmaceuticals, and other such similar wastes as may be permitted for incineration by the facility.

EFFECTS ON TRAFFIC AND SURROUNDING NEIGHBORHOODS

The impacts to traffic and surrounding neighborhoods is anticipated to be minimal. Truck volume is expected to be approximately 30 trucks per day, both in and out of the site. This number will include waste transport trucks, semi-tractor trailers, local service and route trucks, and other facility support vehicles. This number could change somewhat (increase or decrease) as the needs and regulations of the business change over time. The approximate amount of vehicles listed above does not include employees or visitor traffic. The estimated truck and vehicle volume is not anticipated to impact traffic or surrounding neighborhoods. Stericycle, by PDG, has submitted, and received, a waiver of the need for a traffic study by the CNLV, reflecting this minimal impact.

The surrounding neighborhood in the industrial park features compatible intense industrial uses and zoning, including neighboring uses such as a waste water lagoon and treatment facility, a petroleum tank farm, and a natural gas to electricity power plant.

GENERAL PUBLIC BENEFITS

In summary, the following benefits will be provided to CNLV and the State of Nevada:

- The construction and operation of the HMIWI facility will be the first medical waste incinerator located inside Nevada, which will benefit the State of Nevada by providing a local source for the proper and correct method of destruction of incinerable medical waste. This includes certain wastes, such as pathological waste, marijuana growers residuals, and other difficult to manage waste streams that the Southern Nevada Health District has indicated could be designated for the proposed facility and, in so doing, would relieve a potential public health issue.
- With the addition of an HMIWI facility within the greater Las Vegas area, it will reduce the volume of truck traffic and vehicle emissions that currently exist due to having to transport medical waste to out-of-state facilities for treatment and disposal.
- Site development, construction of the facility, and operation of the facility will benefit the economic condition of Las Vegas by creating additional jobs and economic activity.

Stericycle

PROPOSED CONSTRUCTION SCHEDULE

In 2016, Stericycle began the process of obtaining the Southern Nevada Health District permit to construct/operate an HMIWI facility, and also the approval of the permit to construct from the Department of Air Quality of Clark County. Both of these permits have since been granted and remain in good standing. As mentioned above, the special use permit approval for the site and facility were originally granted by the CNLV in December 2016. Site design and drainage study approvals have been applied for with the CNLV and are pending. Once the reapplication for the city SUP and site permits are approved, site grading and construction would begin, while detailed building and process designs are completed and permitted. It is anticipated that the construction phase of the facility would take approximately 2-3 years, including site work, building construction, equipment installation, startup, shakedown, and testing. This anticipated schedule is proposed and will be determined based on the availability of materials, equipment, permitting, etc.

Please feel free to contact us should you have any questions concerning this submittal, or require any additional information. We look forward to continuing to work cooperatively with the City on the development and construction of this important project.

Sincerely,

James W. Nold
Director of Engineering
Stericycle, Inc.

BASIS OF BEARING:

SOUTH 89°31'12" WEST BEING THE SOUTH LINE OF THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 13, TOWNSHIP 19 SOUTH, RANGE 61 EAST, M.D.M., NORTH LAS VEGAS, CLARK COUNTY, NEVADA, AS SHOWN ON CERTAIN MAP, BOOK 141, PAGE 43 OF PLATS, CLARK COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA.

PROJECT BENCHMARK:

PROJECT DATUM: NORTH AMERICAN VERTICAL DATUM OF 1988 (NAVD88)

NATIONAL GEODETIC SURVEY: U408 1983
HANDEL ELEVATION: 640.164 METERS (2103.89 FEET)

MONUMENT DAN WITH STEEL ROD WITH VERTICAL CONTROL, 37.1 KM (23.3 MI) NE FROM LAS VEGAS, 36.0 KM (22.3 MI) NORTHEAST ALONG THE UNION PACIFIC RAILROAD FROM THE STATION IN LAS VEGAS, THENCE 0.15 KM (0.1 MI) NORTHEAST ALONG US HIGHWAY 93, THENCE 1.0 KM (0.6 MI) NORTHEAST ALONG STATE HIGHWAY 604, 0.8 KM (0.5 MI) SOUTHWEST OF MILEPOST #6, 14.0 METERS (45.9 FT) NORTHWEST OF THE HIGHWAY CENTERLINE, 3.3 METERS (10.8 FT) NORTHEAST ACROSS THE HIGHWAY FROM THE SOUTHWEST END OF A 4 SPACE IN THE RIGHT OF WAY FENCE, 73.8 METERS (64 FT) NORTH OF THE NORTHEAST END OF THE NORTHWEST HEADWALL FOR A 18 INCH CORRUGATED METAL PIPE CULVERT, 0.9 METER (3 FT) NORTHEAST OF A 4 BY 4 INCH WOODEN WRIGHT OF WAY POST PROJECTING 3 FEET, HERE—IN IS SOLID AND BELIEVED TO BE IMBEDDED IN BEDROCK. THE MARK IS 0.6 METERS SW FROM A WITNESS POST. THE MARK IS 0.8 M BELOW THE HIGHWAY.

LEGAL DESCRIPTION:

[illegible]

PARKING COUNT

PARKING SPACES REQUIRED PER TABLE 17.16-5 OF CHAPTER 17:

1 SPACE PER 1,000 SF GROSS FLOOR AREA
TOTAL FLOOR AREA: 46,000 SF (44,000 WAREHOUSE PLUS 4,000 OFFICE)
REQUIRED PARKING SPACES: 46 SPACES
PROVIDED PARKING SPACES: 66 SPACES

REGULAR PARKING SPACES: 67 SPACES
HANDICAP PARKING SPACES: 2 SPACES

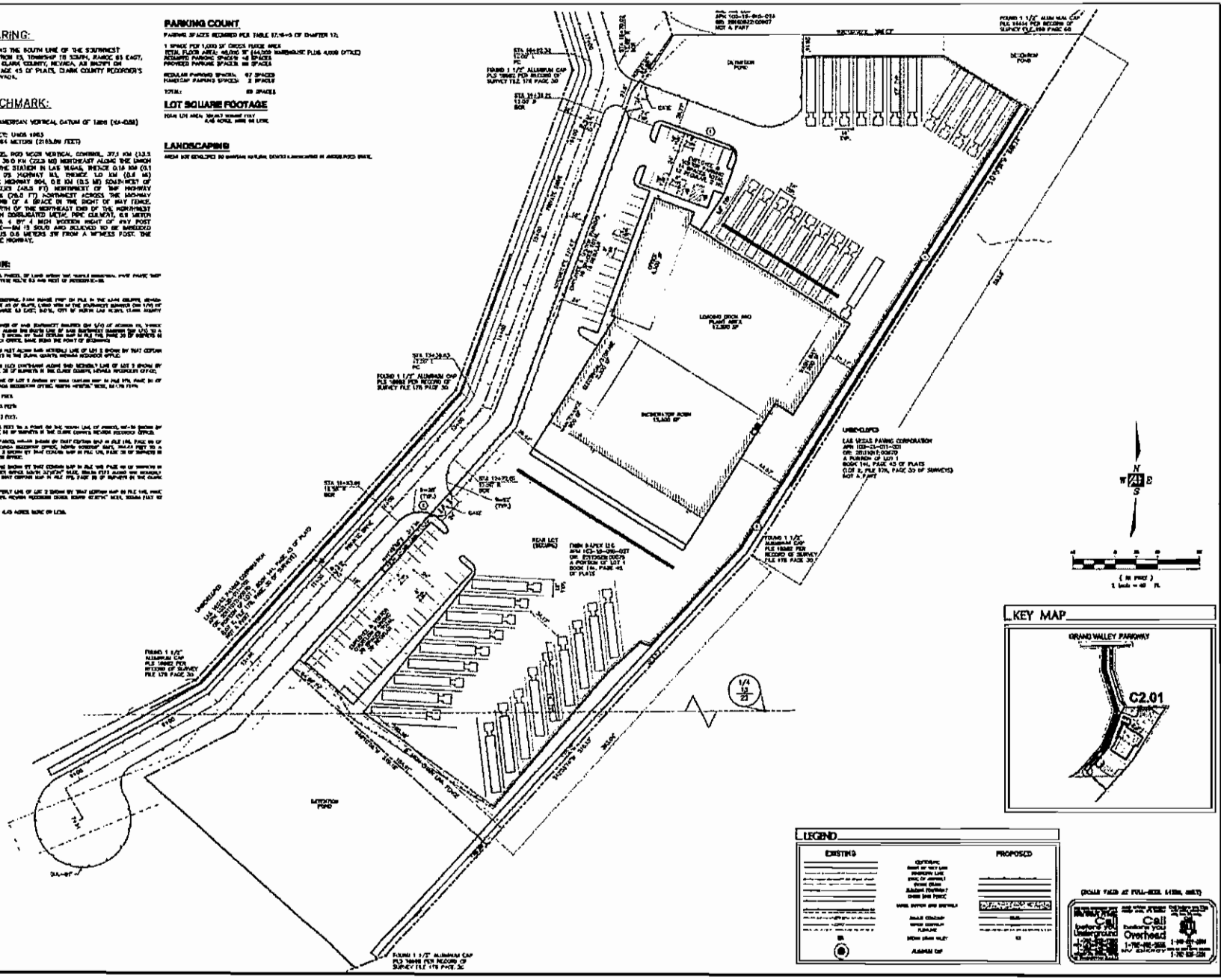
TOTAL: 69 SPACES

LOT SQUARE FOOTAGE

TOTAL LOT AREA: 306,963 SQUARE FEET
4.45 ACRES, MORE OR LESS

LANDSCAPING

AREAS NOT DEVELOPED TO MAINTAIN NATURAL DESERT LANDSCAPING IN ACCORDANCE WITH [illegible]



KEY MAP

LEGEND

EXISTING		PROPOSED
	CONTOURS	
	PROPERTY LINE	
	EDGE OF PAVEMENT	
	CURB (BLACK)	
	BUILDING FOUNDATION	
	CURB (RED TOPPED)	
	WALL, BUTTER AND RETAINING	
	BUILD CONCRETE	
	WATER CONTROL FURNITURE	
	BUILDING (BLACK)	
	BUILDING (RED)	
	ALUMINUM CAP	

(SCALE FACTS AT FULL-SIZE 24X36, ONLY)

Call before you Underground 1-800-227-2600

Call before you Overhead 1-702-385-2600

FOGGEMEYER DESIGN GROUP

NO.	DATE	REVISIONS

PROFESSIONAL SEAL

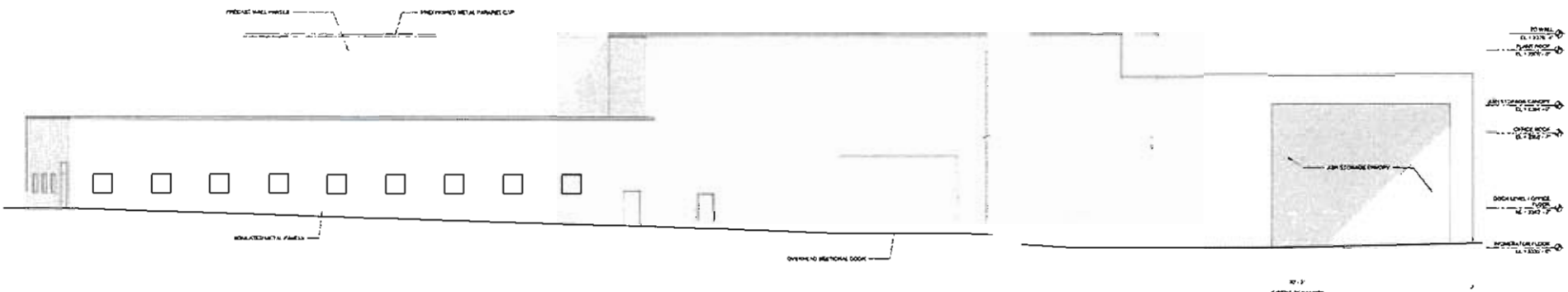
HORIZONTAL CONTROL & FIRE ACCESS PLAN

STERICYCLE MEDICAL WASTE INCINERATOR

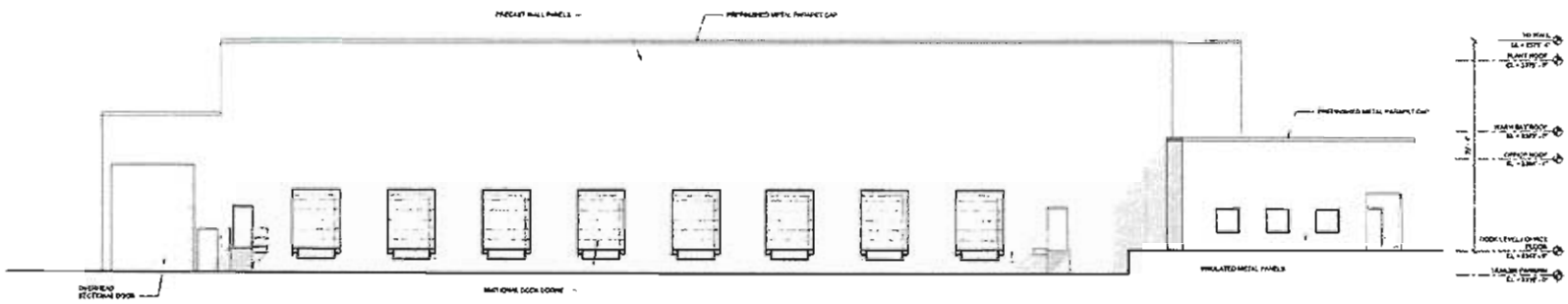
CITY OF NORTH LAS VEGAS, NEVADA

LV-17061
DESIGNED BY: NP
DRAWN BY: JC
CHECKED BY: JC
04/2019

SHEET
1 OF 1



1 WEST ELEVATION
A2 1/8" = 1'-0"



1 NORTH ELEVATION
A2 1/8" = 1'-0"

NV5
877.708.6658 www.nv5.com

Stericycle

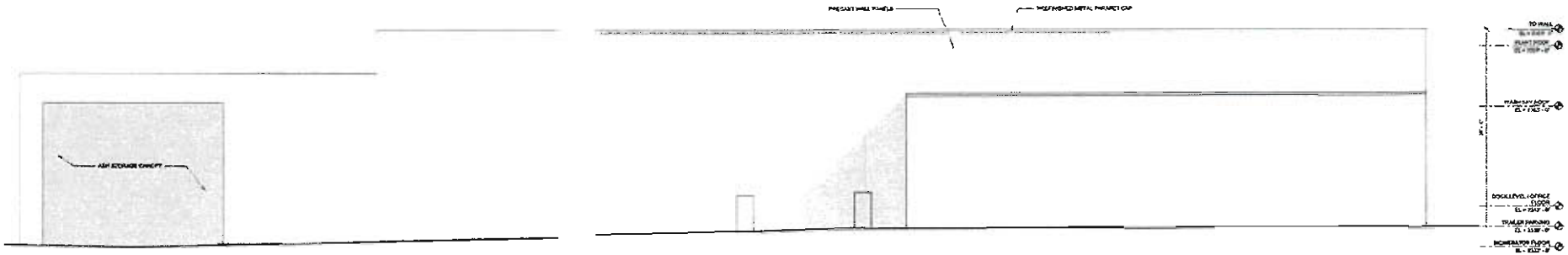
PRELIMINARY
NOT FOR
CONSTRUCTION

Project No. [illegible]
Checked By:
Designed By: [illegible]
Drawn By: [illegible]
Date: [illegible]
Scale: 1/8" = 1'-0"

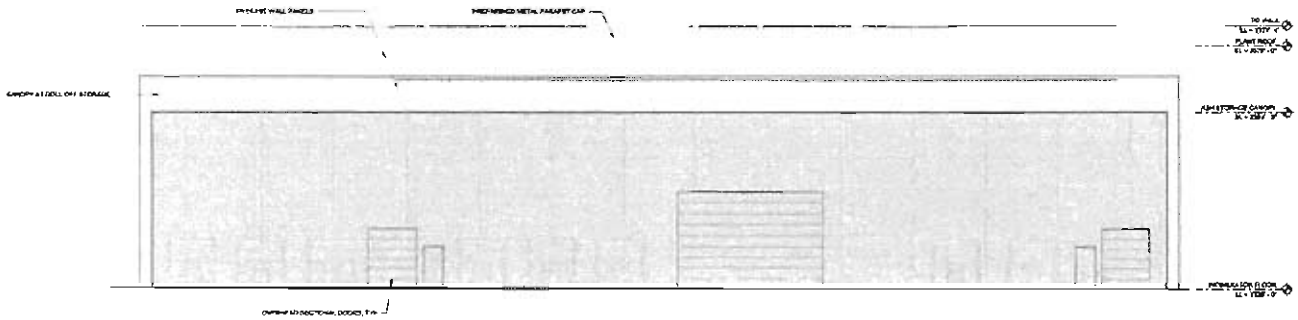
Project Title
NORTH LAS VEGAS
INCINERATOR PLANT

Sheet Title
EXTERIOR
ELEVATIONS

Sheet No.
A2



1 EAST ELEVATION



2 SOUTH ELEVATION

NV5
877.706.6856 WWW.NV5.COM

Stericycle

A	ZONING APPLICATION	04/25/2018
Revision		Date

PRELIMINARY
NOT FOR
CONSTRUCTION

Project No.: 20620.00
Checked By:
Designed By: A. JOHNSON
Drawn By: A. JOHNSON
Date: 04/25/2018
Scale: NO SCALE

Project Title
NORTH LAS VEGAS
INCINERATOR PLANT

Sheet Title
EXTERIOR
ELEVATIONS

Sheet No.
A3

Exhibit A

800-537-2372

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type=3)

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Stericycle Fined for Improper Disposal of Hazardous Waste

February 28, 2005

Ohio EPA has reached a settlement with Stericycle, Inc., for violating hazardous waste laws. The Trumbull County company has agreed to pay a $10,900 civil penalty. Stericycle operates an infectious waste incinerator and two autoclaves at its facility located at 1901 Pine Avenue SE, Warren, OH. The facility is a large generator of hazardous waste including wastewater treatment sludge and incinerator ash.

On June 14, 2004, Ohio EPA was notified by Stericycle that it had sent a roll-off box containing 12 cubic yards of hazardous waste treatment sludge to a solid waste landfill. The sludge was disposed of at a Mahoning County landfill not permitted to accept hazardous waste. Approximately 80 tons of material containing both the hazardous waste sludge and surrounding solid waste were later removed from the landfill and sent to a permitted hazardous waste facility.

On June 28, 2004, an Ohio EPA inspector noted additional violations at Stericycle. They included: failure to conduct and document weekly inspections of emergency equipment; failure to include and update emergency-related information in the hazardous waste contingency plan; and failure to maintain job titles and descriptions for employees who handle or manage hazardous waste.

Exhibit B

Notice of Violation: Stericycle Inc.

Update December 3, 2014

The Air Quality Board approved the Stericycle Agreement (https://documents.deq.utah.gov/air-quality/facilities/stericylce/DAQ-2018-013018.pdf) (275 KB) between DEQ and Stericycle for the violations asserted in the August 28, 2014 Notice of Violation (NOV).

Update December 1, 2014

- Fact Sheet (https://documents.deq.utah.gov/air-quality/facilities/stericylce/DAQ-2018-013032.pdf) (558 KB)

The Department of Environmental Quality (DEQ) and Stericycle reached a Settlement Agreement (https://documents.deq.utah.gov/air-quality/facilities/stericylce/DAQ-2018-013039.pdf) (275 KB) on the violations asserted in the August 28, 2014 Notice of Violation (NOV). The Agreement requires Air Quality Board approval before becoming final.

The terms of the agreement are as follows:

1. Stericycle shall pay a total stipulated penalty of $2,322.536.00.
    a. The company will pay half of this penalty ($1, 161, 268) to the state's General Fund within 30 days.

b. The remaining half of the penalty will be credited as a Supplemental Environmental Project (SEP) (http://www2.epa.gov/enforcement/supplemental-environmental-projects-seps) when Stericycle permanently ceases operations at its current North Salt Lake location.

2. Stericycle shall relocate its medical waste incinerator to a new location in Tooele County no later than three years after the company receives the following documents:

   a. final, non-appealable permits from DEQ
   b. final, non-appealable permits from local governments
   c. Governor's approval for construction required under state statute (http://le.utah.gov/xcode/Title19/Chapter6/19-6-S108.html?v=C19-6-S108_1800010118000101)

3. Stericycle shall submit all permit applications necessary to relocate the facility within 90 days of a signed agreement.

   a. Sixty days after Stericycle receives all Necessary Approvals to Construct, the company will provide a construction schedule to the Division of Air Quality (DAQ).
   b. Every 90 days, Stericycle will provide DAQ with a report on the construction progress.

4. Within three years to the date that Stericycle obtains all Necessary Approvals to Construct, Stericycle's Title V Operating Permit (February 19, 2009) (https://documents.deq.utah.gov/air-quality/facilities/stericylce/DAQ-2018-013042.pdf) (136 KB) and its Title V renewal and Approval Order (August 12, 2014) (https://documents.deq.utah.gov//air-quality/facilities/stericylce/DAQ-2018-013049.pdf) (117 KB)

will become null and void, and Stericycle will permanently cease operations at its North Salt Lake facility.

The Agreement resolves all claims under the NOV. Air pollution control upgrades to the incinerator over the past two years have brought the facility into compliance with all applicable federal and state air quality regulations.

Update April 24, 2014

The Executive Director of DEQ appointed an administrative law judge (ALJ) to conduct an administrative hearing on the amended NOV and Stericycle's Request for Agency Action (RFAA) for an evidentiary hearing to challenge the amended NOV.

On May 28, 2013, the Division of Air Quality (DAQ) issued a Notice of Violation and Order to Comply (https://documents.deq.utah.gov/air-quality/facilities/stericylce/DAQ-2018-013053.pdf) (8.1 MB) to Stericycle for multiple violations of its Title V air quality operating permit.

The Order required Stericycle to take all necessary actions to bring its operations into compliance with all applicable provisions of the Utah Air Conservation Act and submit written notification of its intent to comply, outlining how, and when compliance will be achieved to DAQ in writing on or before the 15th day after it received the Order. Stericycle submitted its 15-day response to the NOV (https://documents.deq.utah.gov//air-quality/facilities/stericylce/DAQ-2018-013058.pdf) (1.8 MB) to DAQ on June 14, 2013 and requested a 30-day extension from DAQ to decide whether it will challenge the Order. Stericycle submitted a request for extension (https://documents.deq.utah.gov/air-quality/facilities/stericylce/DAQ-2018-013062.pdf) (205 KB) on July 26, 2013, asking for additional time to work towards a settlement. DAQ granted Stericycle an extension

(https://documents.deq.utah.gov/air-quality/facilities/stericylce/DAQ-2018-013066.pdf) (154 KB) until August 30, 2013. DAQ requested, and Stericycle agreed, to weekly meetings to advance settlement discussions, with an option for additional meetings as needed.

The Division of Air Quality identified a need to modify the NOV to explicitly cover each day of the nitrogen oxides (NOx) emission limit violation based on the charging rate of waste prior to the installation of additional NOx controls. On August 28, 2013, DAQ issued an Amended Notice of Violation and Order to Comply (https://documents.deq.utah.gov//air-quality/facilities/stericylce/DAQ-2018-013069.pdf) (6.7 MB). Stericycle responded to this Amended Notice of Violation by filing a Request for Agency Action (https://documents.deq.utah.gov//air-quality/facilities/stericylce/DAQ-2018-013070.pdf) (485 KB) with the Division on September 27, 2013.

Stericycle demonstrated compliance with the emission limits contained in its permit as of April 10, 2013, with the penalty accruals for the violations listed in the NOV ending on that date. Under state rules, DAQ can levy fines of up to $10,000 per day for every violation.

The violations identified in the Notice of Violation (NOV) occurred between 2011 and 2013. They include:

1. emissions exceeding the permit limits for dioxin and furan
2. emissions exceeding the permit limits for NOx on multiple occasions
3. failure to report these emission exceedances to DAQ in a requisite time frame
4. failure to maintain normal operating conditions during a stack test
5. failure to include the test results demonstrating these emission exceedances in the requisite annual and semi-annual monitoring reports

The Division Director will determine the penalties (https://rules.utah.gov/publicat/code/r307/r307-130.htm) for noncompliance based on the nature and extent of the violations and the potential for harm from the violations. Violations with a high potential for impact on the public health and the environment are subject to the highest penalties.

The Notice of Violation and Order to Comply is a document that describes findings of fact, identifies violations based on these findings, and issues mandatory compliance provisions based on the findings and violations. It does not establish penalties, but does provide information the Division Director can use in determining fines.

Contacts

- Air Quality Compliance History: Rusty Ruby
- Air Quality Permit: Jon Black
- Health Related Concerns: Steve Packham, Toxicologist
- Solid Waste Permit and Compliance History: Roy Van Os.

© 2019 Utah Department of Environmental Quality
195 North 1950 West, Salt Lake City, UT 84116
Office: (801) 536-4400
Environmental Incidents (https://deq.utah.gov/general/report-an-incident): (801) 536-4123

Exhibit C

CALIFORNIA AIR RESOURCES BOARD

Stericycle, Inc. Case Settles for $13,500

This page last reviewed December 28, 2011

In April 2011, Stericycle Inc. agreed to pay $13,500.00 in penalties for violating air quality regulations: $10,125.00 will go to the California Air Pollution Control Fund, which provides funding for projects and research to improve California's air quality; $3,375.00 will go to Peralta Community College District to fund emission education classes conducted by participating California community colleges, under the California Council for Diesel Education and Technology (CCDET) program.

An investigation by the Air Resources Board (ARB) showed that Stericycle Inc. failed to properly self-inspect their diesel trucks to assure the trucks met state smoke emission standards, and to properly affix emission control labels the engines of their fleet vehicles. ARB documented violations as they related to the Periodic Smoke Inspection Program (PSIP). To settle the case, Stericycle Inc. agreed to the $13,500.00 penalty and to comply with the Emission Control Label and Periodic Smoke Inspection programs, and other ARB programs.

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Exhibit D

Stericycle agrees to $120,800 settlement with state

By ABQJournal News Staff

Published: Friday, May 8th, 2015 at 2:41pm
Updated: Friday, May 8th, 2015 at 2:56pm

SANTA FE —The state Environment Department has entered into a $120,813 settlement agreement with Stericycle Specialty Waste Solutions, Inc., which manages hazardous waste from small quantity generators, non-hazardous waste, universal waste, household hazardous waste and used oil.

State inspectors discovered 15 alleged violations during a February 2014 routine inspection, including issues pertaining to excess waste storage time, inappropriate emergency response preparation, incomplete waste shipping documents and insufficient employee training.

Stericycle has taken action to prevent a recurrence of those violations, a state Environment Department news release said.

Auto Racing

One-shot drivers hoping to use Indy 500 as launching pad

2 hrs ago

ADVERTISEMENT

Stewart, Gibbs, Labonte elected to NASCAR Hall of Fame

24 minutes ago

Exhibit E

Department of Ecology News Release - April 25, 2018
Updated: April 25, 2018

Stericycle medical waste facility fined for polluted wastewater

MORTON – Over a 10-month stretch in 2017, Stericycle Inc. repeatedly discharged polluted wastewater from its medical waste processing plant in Morton. The wastewater disrupted the city's treatment plant and threatened aquatic life in the Tilton River.

The Washington Department of Ecology has fined Stericycle $72,000 for not properly treating its wastewater, and for not notifying the city or Ecology within 24 hours of its violations.

Stericycle receives medical waste from Washington, Oregon, and Idaho. It is required (by an Ecology permit) to limit conventional pollutants like pH, oil and grease, solids, and any material that consumes oxygen in the water.

One of Stericycle's polluted discharges overwhelmed Morton's treatment plant and caused the plant to violate its own water quality permit. Another discharge included excessive mercury, which can cause death or disease to living organisms. And, in nine cases, the company exceeded the limits set to protect oxygen in water; fish and other aquatic animals need the dissolved oxygen to live.

"All companies are expected to carefully manage their facilities so discharges do not cause harmful pollution. When Stericycle sent polluted wastewater to Morton's treatment plant, it disrupted city operations," said Heather Bartlett, who manages Ecology's water quality program. "We expect Stericycle to promptly

make the necessary changes to its treatment system to protect their workers, Morton's facility, and waters downstream."

In addition to the penalty, Ecology has ordered Stericycle to hire outside experts to assess the company's treatment system within 30 days, and propose corrective action to Ecology within 60 days. The company must complete all corrective action within 90 days.

Stericycle has 30 days to appeal this penalty to the Washington State Pollution Control Hearings Board. Water pollution fines are placed in the state's Coastal Protection Fund that provides grants to local and tribal governments for water quality improvement projects.

Contact information

Dave Bennett
Communications
dave.bennett@ecy.wa.gov
Primary: 360-407-6239
Twitter: ecySW

Exhibit F

An official website of the United States government.

We've made some changes to EPA.gov. If the information you are looking for is not here, you may be able to find it on the EPA Web Archive or the January 19, 2017 Web Snapshot.

Close

EPA United States Environmental Protection Agency

News Releases from Region 10

Stericycle settles with EPA, pays penalty for violations of hazardous waste law

12/18/2018

Contact Information:
Mark MacIntyre (macintyre.mark@epa.gov)
206-553-7302

Today, the U.S. Environmental Protection Agency announced a settlement of a significant hazardous waste liability case against Stericycle, a company that treats and stores hazardous wastes at facilities in Kent and Tacoma.

"Protecting human health and the environment also means ensuring that storing and treating hazardous waste at a commercial level does not harm people or their property," said EPA Region 10 Office of Compliance and Enforcement Director Ed Kowalski. "Protection – and fairness – dictates that a company must be able to compensate its neighbors if it does them harm."

Stericycle agreed to pay a $150,000 penalty after EPA found that the company violated terms of its waste-handling and storage permit by failing to maintain a liability insurance policy that would provide adequate coverage to third parties – neighbors – whose health and properties could be harmed by a release of hazardous wastes from the facilities. Stericycle agreed to the settlement without admitting the allegations it contains.

Liability insurance is a particularly important issue in the low-income areas where these types of facilities often operate. Such insurance is a key component of the overall permitting system, which is intended to ensure the safe operation of commercial hazardous waste handling facilities, where dangerous fires, spills, and other incidents can occur. EPA found that pay-outs in Stericycle's policy could have been consumed by legal fees rather than payment to those harmed by such a release.

EPA is looking closely at the liability insurance policies at all hazardous waste handlers in the Pacific Northwest and is working closely with the states' environmental agencies to ensure these handlers are meeting all their permit obligations.

###

LAST UPDATED ON DECEMBER 18, 2018

Stericycle settles with EPA, pays penalty for violations of hazardous waste law

By **Scott Schaefer** · December 19, 2018

On Wednesday (Dec. 19), the U.S. Environmental Protection Agency announced a settlement of a significant hazardous waste liability case against Stericycle, a company that treats and stores hazardous wastes at facilities in Kent and Tacoma.

Here's more from the EPA:

> "Protecting human health and the environment also means ensuring that storing and treating hazardous waste at a commercial level does not harm people or their property," said EPA Region 10 Office of Compliance and Enforcement Director Ed Kowalski. "Protection – and fairness – dictates that a company must be able to compensate its neighbors if it does them harm."
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>
> EPA is looking closely at the liability insurance policies at all hazardous waste handlers in the Pacific Northwest and is working closely with the states' environmental agencies to ensure these handlers are meeting all their permit obligations.

Get FREE hyperlocal news for Kent daily via email – sign up here:

Exhibit G

Air pollutants that are released from medical waste incinerators

Dioxins & Furans – Dioxins have been called the most dangerous chemical known to man. Contrary to popular usage, "dioxin" is *not one compound* of a single, defined toxicity, but a *family of compounds* consisting of 17 dioxins and furans, and 13 polychlorinated biphenyls (PCBs). Each have a wide range of toxicity. Dioxins form from the burning of plastics and paper containing polyvinyl chloride. Furans, are similar to dioxins, and cause cancer in animals, and are suspected to cause cancer in people. These chemicals form when temperatures are not consistent, when waste is not completely incinerated, and during by-pass events when air pollution control equipment fails.

Items common to medical waste that may contain dioxins and furans are blood bags and fluid (IV) bags. Smaller amounts of dioxins are present in bleached paper products including facial tissue, toilet tissue, paper towels, and disposable diapers. Instead of recycling them, the BMWNC medical waste incinerator needlessly burns plastic and paper products – the very things that when burned form dioxins and furans. Dioxins formed during incineration are released into the air and travel long distances via air currents, contaminating fields and crops. Cattle and other livestock eat soil contaminated with dioxin, the dioxin enters their tissues, and then people eat the contaminated meat and dairy products. Once dioxins enter the human body they are absorbed by fat tissue where they stay for years. In the environment, dioxins tend to accumulate in the food chain. Birds are highly susceptible to poisoning because of their eating habits close to the ground. Dioxin is absorbed by algae in surface waters and eaten by fish which then become poisoned by dioxins.

Dioxins cause cancer. Long-term, low-level exposure of humans to dioxins and furans can lead to the impairment of the immune system, impairment of the development of the nervous system and endocrine system, birth defects, altered liver functions, breast cancer, and reproductive functions. Dioxins have also been linked with lowered sperm counts, behavioral problems and increased incidence of diabetes. A systematic review of epidemiologic studies has found an association between dioxin exposure and heart disease. Short-term, high-level exposure may result in skin ulcers called chloracne. Exposure of animals to dioxins has resulted in several types of cancer.

Mercury - Mercury is found in dental wastes which are burned by medical waste incinerators. A neighborhood being poisoned by mercury emissions from a medical waste incinerator (Stericycle) in Alamance County demanded that the incinerator stop taking dental waste. The state issued an order to that made it illegal for the incinerator to take medical waste and a sharp decrease in mercury emissions resulted. Mercury is suspected to cause cancer. At high levels it may damage the brain, kidneys, and developing fetus. Children are at special risk. It can affect the brain functioning, mental retardation, seizures, tremors, inability to speak, kidney damage, digestive problems, and may result in irritability, shyness, tremors, changes in vision or hearing, and memory problems. Very young children are more sensitive to mercury than adults. Mercury in the mother's body passes to the fetus and it can also pass to a nursing infant through breast milk.

Hydrogen Chloride - Hydrogen chloride is a colorless gas with a pungent odor. Heavier than air, it accumulates in low-lying areas. Hydrogen chloride is irritating and corrosive to any tissue it contacts. Brief exposure to low levels causes throat imitation; exposure to higher levels can result in rapid breathing, narrowing of the bronchioles, blue coloring of the skin, accumulation of fluid in the lungs, and even death. Some people may develop an inflammatory reaction to hydrogen chloride, called reactive airways dysfunction syndrome (RADS), a type of asthma caused by irritating or corrosive substances. It is not known if hydrogen chloride causes cancer or reproductive problems.

Nitrogen Oxide - Low levels of nitrogen oxides in the air can irritate your eyes, nose, throat, and lungs, possibly causing coughs and shortness of breath, tiredness, and nausea. Breathing high levels of nitrogen oxides can cause rapid burning, spasms, and swelling of tissues in the throat and upper respiratory tract, a build-up of fluid in your lungs, and death. Exposure of pregnant animals to nitrogen oxides has resulted in toxic effects in developing fetuses. Nitrogen oxides have also caused changes in the genetic material of animal cells. We do not know if exposure to nitrogen oxides causes reproductive or developmental effects in humans.

Lead - Lead is one out of four metals that have the most damaging effects on human health. Lead is highly toxic and can enter the human body through uptake of contaminated food, water and air. Health effects include anemia, elevated blood pressure, kidney damage, miscarriages and subtle abortions, disruption of nervous systems, brain damage, and declined fertility of men through sperm damage. Lead is particularly harmful to children, and exposure can result in diminished learning abilities, and behavioral disruptions, such as aggression, impulsive behavior and hyperactivity.

Cadmium - Cadmium is an extremely toxic metal and causes cancer. Acute exposure may result in flu-like symptoms of weakness, fever, headache, chills, sweating and muscular pain. Chronic or long-term exposure is lung and/or prostate cancer, and kidney damage. Cadmium also is believed to cause pulmonary emphysema and bone disease. Cadmium may also cause anemia, teeth discoloration and loss of smell.

Sulfur dioxide - High concentrations of sulfur dioxide can result in breathing problems with asthmatic children and adults who are active outdoors. Short-term exposure has been linked to wheezing, chest tightness and shortness of breath. Other effects associated with longer-term exposure include respiratory illness, alterations in the lungs' defenses and aggravation of existing cardiovascular disease.

Carbon monoxide - Carbon monoxide is an odorless, colorless, toxic gas and results from incomplete combustion. It is impossible to see, taste or smell the toxic fumes. At lower levels of exposure, carbon monoxide causes mild effects hat are often mistaken for the flu. These symptoms include headaches, dizziness, disorientation, nausea and fatigue. The effects of carbon dioxide exposure can vary greatly from person to person depending on age, overall health and the concentration and length of exposure.

Particulate matter - Particle pollution, especially fine particles, contains microscopic solids or liquid droplets so small that they can get deep into the lungs and cause serious health problems. Numerous scientific studies have linked particle pollution exposure to a variety of problems, including increased respiratory symptoms, such as irritation of the airways, coughing, or difficulty breathing, decreased lung function, aggravated asthma, development of chronic bronchitis, irregular heartbeat, nonfatal heart attacks and premature death in people with heart or lung disease. People with heart or lung diseases, children and older adults are the most likely to be affected by particle pollution exposure. However, even if you are healthy, temporary symptoms may result from exposure to elevated levels of particle pollution.

The President's Cancer Panel recently issued a new report on the dangers of chemicals in our environment. The report concluded that tens of thousands of chemicals and other substances currently in use have never have been evaluated, and it is not known how many cause cancer. Only a handful of chemical mixtures have been assessed, and virtually nothing is known about the toxicity of the *combinations of various chemicals* under various situations. New chemicals are created from the incineration process, and these are not tested or regulated. Stericycle's draft permit allows for more waste to be incinerated. Do we really want to place our communities at greater risk for illness and disease when there are cleaner, safer alternatives?

NOTES

This map is for assessment use only and does NOT represent a survey.

No liability is assumed for the accuracy of the data delineated herein. Information on roads and other non-assessed parcels may be obtained from the Road Document Listing in the Assessor's Office.

This map is compiled from official records, including surveys and deeds, but only contains the information required for assessment. See the recorded documents for more detailed legal information.

USE THIS SCALE (FEET) WHEN MAP REDUCED FROM 11X17 ORIGINAL

0 100 200 400 600 800

ASSESSOR'S PARCELS - CLARK COUNTY, NV.

Briana Johnson - Assessor

MAP LEGEND

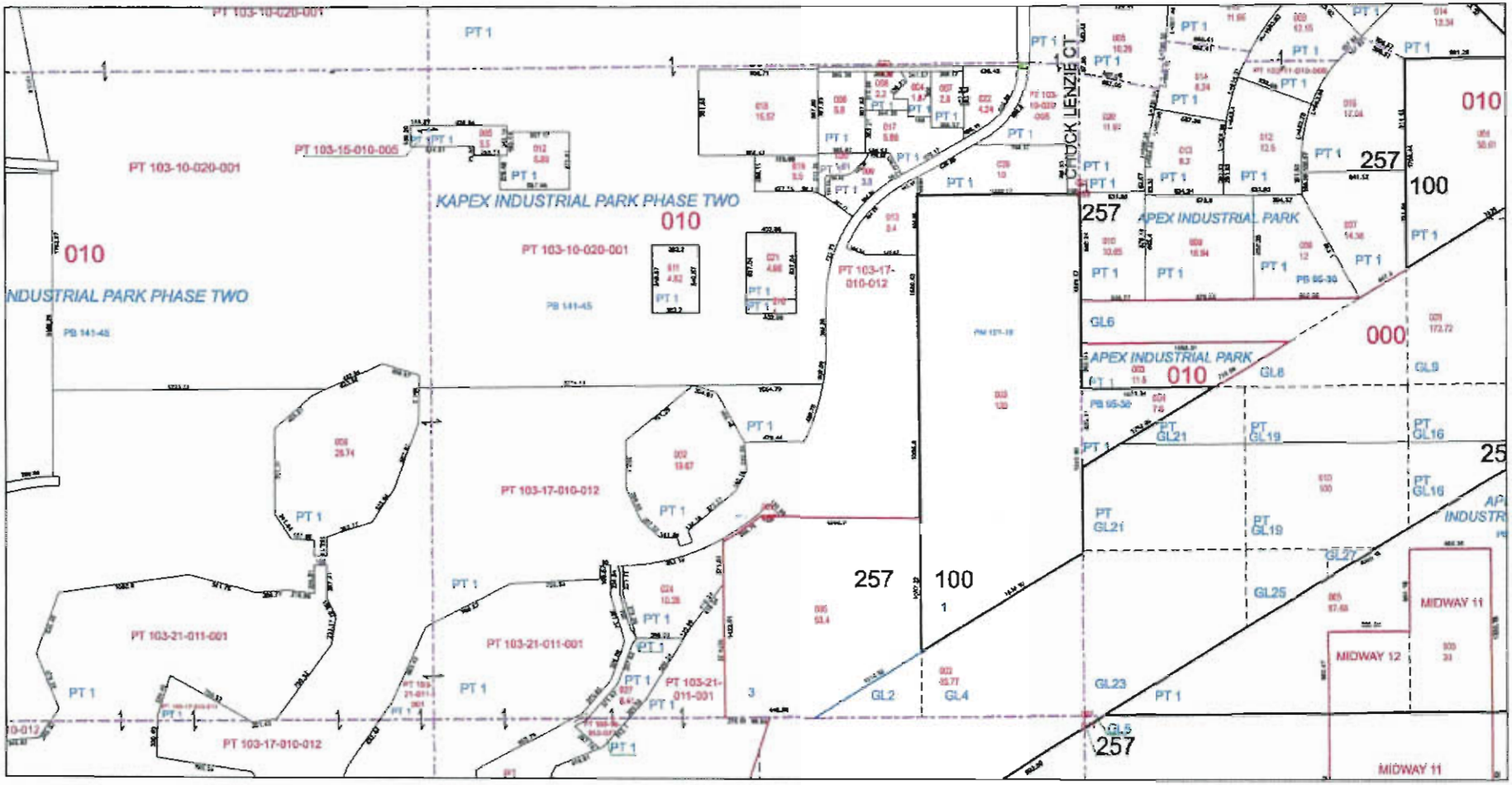
- PARCEL BOUNDARY
- SUB BOUNDARY
- PMLD BOUNDARY
- ROAD EASEMENT
- NON-PARCEL LOT LINE
- MATCH / LEADER LINE
- HISTORIC SUB BOUNDARY
- HISTORIC PMLD BOUNDARY
- SECTION LINE
- CONDOMINIUM UNIT
- AIR SPACE PCL
- RIGHT OF WAY PCL
- SUB-SURFACE PCL
- 001 ROAD ID NUMBER
- 001 PARCEL NUMBER
- 1.00 ACREAGE
- 202 PARCEL SUB/SEQ NUMBER
- PB 24-43 PLAT RECORDING NUMBER
- 5 BLOCK NUMBER
- 5 LOT NUMBER
- GL6 GOV. LOT NUMBER

BOOK T18S R63E | SEC. 15 | MAP ALL SEC | 103-15-0

085	084	083
102	103	104
123	122	121

Scale: 1" = 800'

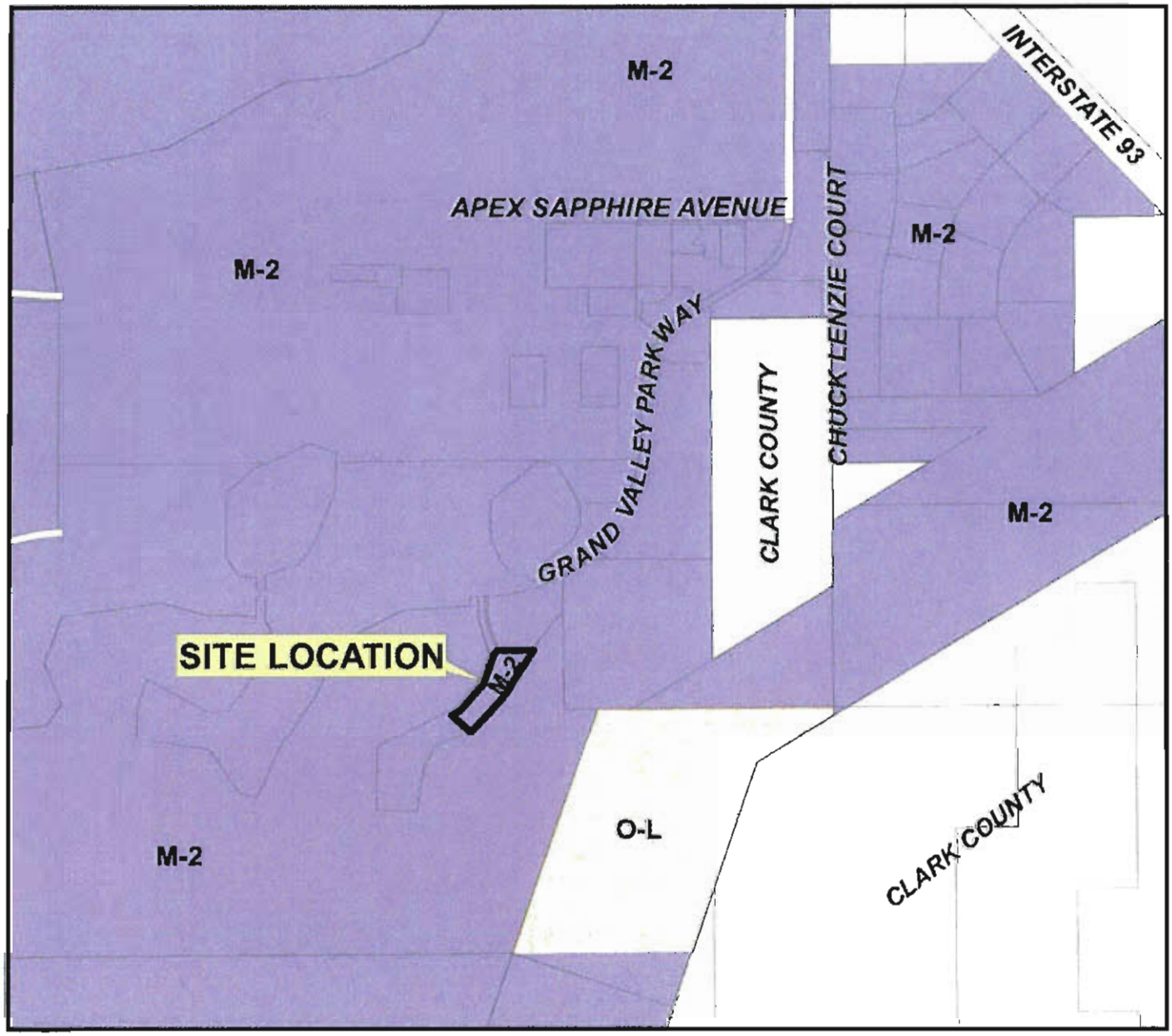
Rev: 1/7/2019



TAX DIST 257,100

THE CITY OF NORTH LAS VEGAS

Location & Zoning Map



Feet

Applicant: Stericycle, Inc.
Application: Special Use Permit
Request: To Allow a Medical Waste Incinerator Facility
Project Info: Approximately 4,600 feet south of Apex Sapphire Avenue and 800 feet southwest from the end of Grand Valley Parkway
Case Number: UN-45-19 5/29/2019

N
W E
S

APPENDIX D

WASTEDIVE

BRIEF

Stericycle abandons plans for North Las Vegas site following pushback over health and environmental risks

By E.A. Crunden

Published Dec. 19, 2019

Dive Brief:

- Stericycle officially confirmed it has abandoned plans to build a medical waste incinerator in the city of North Las Vegas, Nevada, as reported by the Las Vegas Sun. The incinerator, which was to be based at Apex Industrial Park, would have replaced a facility near Salt Lake City, Utah that is closing. The final plans included a 44,000 square foot facility that would have taken medical waste from throughout the West, with ash stored on-site.
- Back in June, Stericycle withdrew an application for a special permit from the North Las Vegas Planning Commission paving the way for the facility. Initially, the city expressed interest in the project and approved a special permit in December 2016 that later expired and prompted a new application. But concerns over health and environmental risks ultimately jeopardized the project as officials became skeptical, seemingly prompting the company to back out.
- Jennifer Koenig, Stericycle vice president for corporate communications, told Waste Dive the company abandoned the Nevada project over "broader business considerations and

facility planning." It is unclear what the abandoned North Las Vegas effort might mean for medical waste incineration and disposal in the region, or where the waste might now be sent.

Dive Insight:

Stericycle has operations around the world, but the Illinois-based company has struggled with pushback over public health risks and environmental concerns in these regions.

For years, the North Salt Lake City plant has been a source of particular contention. Environmentalist Erin Brockovich once joined a protest against the facility in 2013 after Stericycle received a violation notice for exceeding emissions limits on dioxins and other hazardous pollutants. A year later, the medical waste giant agreed to a $2.3 million fine — the highest in history for the Utah Division of Air Quality and the maximum that could be levied. That move came after Stericycle misreported emissions from the incinerator, in violation of limits under the Clean Air Act.

Part of the company's settlement with Utah entailed leaving the North Salt Lake City facility and seeking a site elsewhere in Tooele County, around two hours away. The state said the $2.3 million fine would be cut in half if the move was completed within three years of receiving operational permits for the new site.

But that plan fell through in February as Stericycle reportedly became more concerned about the mounting costs associated with the move. Because the Tooele County site is in a a desert, this would have have entailed transporting water and other costly efforts. When backing out of the move, Stericycle indicated the North Salt Lake City site would remain a transfer station for trucks en route to other facilities, including one in Kansas City, Missouri. The company also pointed to the planned Nevada site as an alternative.

Stericycle argued the company worked to improve conditions in Utah and that similar problems would not occur at a new facility. The company also worked closely with North Las Vegas on many components of the site, including designs for the facility. But Marc Jordan, who oversees land and development planning for the city, ultimately recommended against approving the project over concerns about toxins that could "impact people and the wildlife," according to the Sun. The city of North Las Vegas did not respond to a request for comment.

Brian Moench, president of the group Utah Physicians for a Healthy Environment, was among the activists opposed to Stericycle's work in his own state. He expressed similar sentiments to Waste Dive about the failed North Las Vegas project.

"Incinerators in general and medical waste incinerators in particular are well documented public health hazards," Moench wrote in an email, going on to say "the pollution actually spreads many of the toxins and metals further, including radioactive elements, and creates new ones, like dioxins, furans, and polycyclic aromatic hydrocarbons."

Koenig of Stericycle declined to answer Waste Dive's questions about where the waste intended for the planned Nevada facility might go. She also did not indicate whether or not the company plans to build elsewhere in the region.

Waste-to-energy plants more generally have long been a hard sell for companies as communities and lawmakers become more skeptical due to potential risks to human health and the environment. A previously proposed facility in North Las Vegas by the company EnviroPower Renewable fell through in 2014 after community pushback. But the company is still seeking to build in the area. In June 2018, EnviroPower applied for renewable energy

tax abatement, and the company still lists a local pyrolysis facility as a planned future project.

APPENDIX E

POLLUTION CONTROL HEARINGS BOARD
STATE OF WASHINGTON

BURLINGTON ENVIRONMENTAL, LLC; PSC ENVIRONMENTAL SERVICES, LLC; STERICYCLE ENVIRONMENTAL SOLUTIONS, INC.; and STERICYCLE, INC., Appellants, v. STATE OF WASHINGTON, DEPARTMENT OF ECOLOGY, Respondent.	PCHB No. 19-078 SETTLEMENT AGREEMENT

Respondent State of Washington, Department of Ecology (Ecology), represented by Robert W. Ferguson, Attorney General, John A. Level, Assistant Attorney General, and Nels Johnson, Senior Counsel, and Appellants Burlington Environmental, LLC, PSC Environmental Services, LLC, Stericycle Environmental Solutions, Inc. (now known as Clean Earth Environmental Solutions, Inc.), and Stericycle, Inc. (collectively, "Stericycle"), appearing by and through counsel Beth Ginsberg and Jason T. Morgan, hereby submit this Settlement Agreement (Agreement) to the Pollution Control Hearings Board (Board) as a full and final settlement of the above-referenced appeal, and request the Board dismiss the appeal with prejudice.

ATTORNEY GENERAL OF WASHINGTON
Ecology Division
PO Box 40117
Olympia, WA 98504-0117
360-586-6770

I. BACKGROUND

1. On October 7, 2019, Ecology issued Notice of Penalty No. 16831 (Penalty) for $1,956,000 and Administrative Order No. 16830 (Order) to Stericycle.

2. On November 5, 2019, Stericycle appealed the Penalty and Order to the Board.

3. In addition to the violations outlined in the Penalty and Order, Ecology has documented additional violations of WAC 173-303 and Permit WAD020257945 (Permit) at Stericycle's Tacoma facility (Facility).

4. Ecology and Stericycle have agreed to resolve the appeal of the Penalty and Order through the settlement outlined below.

II. SETTLEMENT AGREEMENT

The parties desire to resolve all outstanding claims and violations under WAC 173-303 and the Permit as specified below and avoid the cost and time associated with further litigation. The parties therefore stipulate and agree as follows:

A. SCOPE

This Agreement constitutes the entire agreement between the parties to this appeal, and settles all issues that have arisen between the parties at the Facility as of the effective date of this Agreement as specified herein. Ecology agrees to deem the Penalty and Order satisfied upon Stericycle's satisfactory and timely completion of its obligations under this Agreement. This Agreement applies to and resolves all enforcement, both pending and prospective, regarding:

- The 19 violations of provisions of Ecology Dangerous Waste Management Facility Permit WAD020257945 and the violations of State Dangerous Waste Regulations (WAC 173-303) described in the Penalty and Order.
- All other violations at the Facility under WAC 173-303 and the Permit noted in Ecology's informal enforcement actions against Stericycle and those that Stericycle self-reported to Ecology, which have occurred through the effective date of this Agreement.

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Ecology Division
PO Box 40117
Olympia, WA 98504-0117
360-586-6770

This Agreement does not in any way limit Ecology's authority to issue other penalties or enforcement actions for any violations of the Permit or WAC 173-303 that Ecology discovers after the effective date of this Agreement. In the event Ecology issues enforcement actions against Stericycle in the future, any past violations by Stericycle may be considered relevant for purposes of determining the reasonableness of a penalty, whether or not such violations are resolved under this Agreement.

B. NO ADMISSION OF LIABILITY

This Agreement is executed for the sole purpose of settling the appeal described herein, and it is expressly understood that this Agreement shall not constitute or be construed as an admission of liability.

C. RESOLUTION OF PENALTY AND ORDER

1. Cash Penalty Payment

Ecology and Stericycle have agreed that the amount of $1,956,000 will be paid in full within thirty (30) days of the Board's dismissal of this appeal in settlement of Administrative Order No. 16830 and Notice of Penalty No. 16831. Ecology and Stericycle have also agreed that an additional amount of $300,000 will be paid in settlement for violations Ecology cited as part of informal enforcement actions at the Facility subsequent to the issuance of the Penalty and Order and those violations that Stericycle has self-reported to Ecology from January 1, 2019, through the effective date of this Agreement. Stericycle shall make the required payments by check. If payment is made by mail, Stericycle shall make the check directly payable to "Department of Ecology" and make reference to Penalty No. 16831 on the check, and shall send the payment to:

Department of Ecology
Attn: Cashiering Unit
P.O. Box 47611
Olympia, WA 98504-7611

An extension to the Cash Penalty Payment date shall be granted only if a request for an extension is submitted at least fifteen (15) days before the completion date, good cause exists for

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Ecology Division
PO Box 40117
Olympia, WA 98504-0117
360-586-6770

granting the extension, and Ecology provides written approval of the extension. Any extension shall be requested in writing. The request shall specify: (1) the length of the extension sought, and (2) the reason(s) for the extension.

The written extension request shall be sent to:

Michelle Underwood
Department of Ecology
Southwest Regional Office
P.O. Box 47600
Olympia, WA 98504-7600

If Ecology does not receive Stericycle's payment within thirty (30) days of the effective date of the Settlement Agreement, Stericycle shall be liable for the late penalty payment(s) in the amount set forth in paragraph C.3 (Late Penalty Payment).

2. Settlement Conditions

a. Stericycle agrees to comply with the directives issued by Ecology to restrict or cease activities, and to promptly pay any late penalty payments.

b. Within thirty (30) days of the Board's dismissal of this appeal, Stericycle will submit an initial draft for Ecology review and approval of the following Class I prime modifications to Permit WAD020257945:

(i) Modification of Permit Conditions within WAD020257945 Sections C and D to clarify Process Under Supervision Only (PUSO) requirements discussed in the January 22, 2020 meeting. The permit must be modified to require that the PUSO requirement be marked on the profile and subsequent process forms.

(ii) Modification of conditions within WAD020257945 Section C5.4 and other related sections to further refine profiling criteria, the modification must include the following requirements:

(A) Profiles must accurately and specifically describe the characteristics of the waste streams they represent.

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(B) Profiles must accurately reflect the physical characteristics, metals method, applicable waste, shipping information, process codes, and chemical constituent concentrations listed as part of the chemical composition of the waste.

(C) Chemical constituents with characteristic limits and/or properties that contribute to the dangerous waste characteristics or criteria, such as the toxicity, ignitability, corrosivity, persistence, or ecotoxicity, may not be listed at a lower range of zero percent (0%).

(D) Section J of the profile, which specifies special disposal instructions, must include the applicable process codes, such as STAB02, INC13, or LFB07.

(E) If any sections of the profile are developed upon the basis of generator knowledge, then Stericycle must retain records with the profile addressing how the requirements stipulated in WAC 173-303-300(2)(a)(i) through (2)(a)(iv) and (2)(b) have been met.

(iii) Profiles shall include a certification signed by the generator's authorized representative describing the rationale applied to identify and characterize the waste material, if designation is completed without using information from documented studies or representative samples.

(iv) Modification of conditions within Permit WAD020257945 Sections C and D that states the Plant Manager or Plant Supervisor shall be responsible for certification of completion of the enhanced free liquids test for wastes processed using the filter press, wastewater bench treatments, and compatibility tests for bulk consolidations. These sections of Permit WAD020257945 include:

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360-586-6770

(A) C4.3: Addition of Section C4.3.4 stipulating that the Plant Manager or Plant Supervisor certify all process analyses listed in Sections C8.7.1.1 for bulk consolidations, C8.7.1.2, C8.7.1.3, and C8.7.1.4, including but not limited to required enhanced free liquid tests, wastewater bench treatments, and compatibility tests for bulk consolidations. Wastes will not be processed further until the Plant Manager or Plant Supervisor certifies, by signature, that the results of the aforementioned analyses are within acceptable limits.

(B) C8.12.3.1.3: Revision of the second sentence: "Documentation of compatibility testing will be retained with these forms *to be routed to the Plant Manager or Plant Supervisor for approval prior to further processing.*

(C) C8.12.3.2: Revision of the fourth sentence: "Compatibility tests are performed by the facility laboratory, *and certified by the Plant Manager or Plant Supervisor*, prior to offloading.

(D) Table C2-7: Addition of the symbol "*" to the bench test and LDR conformance test. Add a footnote to table C2-7 that states "* = Wastes undergoing these process analyses must have these process analyses certified by the Plant Manager or Plant Supervisor."

(E) Table C2-7: Addition of the symbol "**" to the compatibility test. Add a footnote to table C2-7 that states "** = Consolidation, transfer, and treatment of wastes in tanks from other tanks, containers, or transportation vehicles must have compatibility test analyses certified by the Plant Manager or Plant Supervisor."

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(F) Revise and submit to Ecology process forms that document the requirement for certification by the Plant Manager or Plant Supervisor for the aforementioned process analyses.

(G) D2.2.8.6.4: Addition of one sentence: The enhanced free liquid test must be certified by the Plant Manager or Plant Supervisor prior to moving the filter press solids container.

(H) D3.4.1.2.1.3: Addition of one sentence: The enhanced free liquid test must be certified by the Plant Manager or Plant Supervisor prior to transferring stabilized and solidified waste to transportation containers.

(I) D3.5.4.1: Addition of one sentence: The compatibility test must be certified by the Plant Manager or Plant Supervisor prior to treatment.

(v) Modification of container stacking requirements specified in Figures D1-12 and D1-12(a) to maximize safety and stack stability.

(vi) Modifications to permit Section H that stipulate certification by the Plant Manager, Plant Supervisor, or Supervisor that staff have been evaluated for competency prior to managing or processing dangerous waste without direct supervision.

(vii) Modification to the following Section C permit conditions, by the addition of a reference to the requirements in proposed Table C2-8:

- C1.4.4
- C7.2.6
- C8.11.1
- C8.5 (which shall apply to all subsections of C8.5)
- C8.7.1

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- C8.7.1.1
- C8.7.1.2
- C8.7.1.3

(A) Tables C2-2 and C2-7 will be updated with footnotes, referring to the requirements in proposed Table C2-8, which will highlight the updated reporting requirements for the pertinent Mandatory Verification Analysis (MVA) and process analyses listed in the aforementioned Section C permit conditions.

(B) A table (Table C2-8) or a table of substantially, similar nature will be proposed as an additional table to Section C to summarize the updated reporting requirements that Ecology must be notified within five (5) business days upon discovery of failure to meet the aforementioned Section C permit conditions as a result of this Settlement:

Permit Condition	**Reporting Time**
C1.4.4	Within five (5) business days
C7.2.6	
C8.11.1	
C8.5 – all subsections	
C8.7.1	
C8.7.1.1	
C8.7.1.2	
C8.7.1.3	
Table C2-2 – Mandatory Verification Analyses	
Table C2-2 – Process Analyses	
Table C2-7 – Summary of Processing Analysis Tests	

(viii) Include an additional appendix to Permit WAD020257945 Section C that includes a worksheet intended for use by facility environmental technicians to guide proper process analyses and management of process-generated wastes to meet the requirements of Table C2-7.

ATTORNEY GENERAL OF WASHINGTON
Ecology Division
PO Box 40117
Olympia, WA 98504-0117
360-586-6770

3. Late Payment Penalty

Stericycle shall be liable and pay a penalty of $10,000 per day that the payment pursuant to paragraph C.1 (Cash Penalty Payment) is not made by the required due date.

4. Restrictions or Cessation of Dangerous Waste Management and/or Processing Activities at the Stericycle Tacoma Facility

If Ecology determines that Stericycle has violated Permit WAD020257945 or WAC 173-303, then Ecology may notify Stericycle in writing that it must immediately cease the activities related to those violations. Ecology's notification to Stericycle will include a reference to the applicable provision of the Permit or WAC 173-303 and a description of the facts giving rise to the violation. The period of cessation will continue until Stericycle demonstrates to Ecology's satisfaction that Stericycle has cured the violation(s) of the Permit or WAC 173-303.

5. Modification or Revocation of the Permit

In the event of continued noncompliance, pursuant to WAC 173-303-830 and -840, Ecology may modify or revoke/terminate the Permit for Stericycle's violations of the Permit or WAC 173-303.

D. REMEDIES

In the event that Stericycle violates the terms of this Agreement, Ecology may pursue all remedies available by law. By entering into this Agreement, Stericycle shall have waived its right of administrative or judicial review on the underlying merits of the Penalty and Order. However, Stericycle does not waive the right to contest whether violations of this Agreement have occurred.

E. VENUE

Stericycle agrees that the venue for any judicial action to enforce this Agreement and/or to collect the penalty, or any portion thereof, shall be in Thurston County Superior Court.

F. SERVICE

In the event Ecology pursues any remedy in Thurston County Superior Court, Stericycle agrees to accept service of the summons and complaint by United States mail in lieu of personal

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Ecology Division
PO Box 40117
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360-586-6770

service, at Ecology's option. Service by mail shall be deemed complete upon the third day following the day the summons and complaint are placed in the mail. The current address that Ecology has for Stericycle is: 1701 E. Alexander Avenue, Tacoma, Washington 98421. Stericycle agrees to accept service at this address unless Stericycle informs Ecology in writing of any changes to its address.

G. WAIVER OF APPEAL RIGHTS

Stericycle understands that it has the right to contest the Penalty and Order by presenting evidence at a Board hearing. Stericycle voluntarily waives its right to a hearing upon signature and acceptance of this Agreement by representatives for Stericycle and Ecology.

H. RELEASE OF LIABILITY

Stericycle and its assigns, or other successors in interest, agree to release and discharge the Department of Ecology and its officers, agents, employees, agencies, and departments from any damages and causes of action of any nature arising out of the incidents that gave rise to this appeal.

I. DISMISSAL OF APPEAL

The parties consent to the submission of this Agreement to the Board and request that, based upon a full and final settlement having been reached, the Board dismiss this appeal with prejudice. Both parties further agree to bear their own costs and attorneys' fees associated with this appeal.

J. EFFECTIVE DATE

This Agreement shall become effective upon issuance of the Board's order dismissing this appeal.

K. SIGNATORIES AUTHORIZED

The undersigned representatives for Ecology and Stericycle certify that they are fully authorized by the party whom they represent to enter into the terms and conditions of this Agreement and to legally bind such party thereto.

ATTORNEY GENERAL OF WASHINGTON
Ecology Division
PO Box 40117
Olympia, WA 98504-0117
360-586-6770

L. EXECUTION

This document may be executed in counterparts and may be executed by facsimile, and each executed counterpart shall have the same force and effect as the original instrument.

M. PARTIES BOUND

This Agreement shall apply to and be binding upon Stericycle, their successors and assigns. No change in ownership or corporate status shall alter Stericycle's responsibility under this Agreement. Stericycle shall provide a copy of this Agreement to any corporate entity that may acquire Stericycle's Tacoma facility.

STATE OF WASHINGTON DEPARTMENT OF ECOLOGY	STERICYLE, INC.
Darin Rice Darin Rice, Program Manager Hazardous Waste & Toxics Reduction Program	Richard M. Moore Executive Vice President of N. American Operations
Dated: 5/12/2020 e-signed per approval	Dated: _____
ROBERT W. FERGUSON	STOEL RIVES LLP
John A. Level, WSBA #20439 Assistant Attorney General Nels Johnson, WSBA #28616 Senior Counsel Attorneys for Respondent 360-586-6770	Beth S. Ginberg, WSBA #18523 Jason T. Morgan, WSBA #38346 Attorneys for Appellant 206-624-0900
Dated: 5/14/2020	Dated: _____

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ATTORNEY GENERAL OF WASHINGTON
Ecology Division
PO Box 40117
Olympia, WA 98504-0117
360-586-6770

L. EXECUTION

This document may be executed in counterparts and may be executed by facsimile, and each executed counterpart shall have the same force and effect as the original instrument.

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STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

_____
Darin Rice, Program Manager
Hazardous Waste & Toxics Reduction Program

Dated: _____

STERICYLE, INC.

Richard M. Moore
Executive Vice President of N. American Operations

Dated: 5/5/20

ROBERT W. FERGUSON
Attorney General

_____
John A. Level, WSBA #20439
Assistant Attorney General
Nels Johnson, WSBA #28616
Senior Counsel
Attorneys for Respondent
360-586-6770

Dated: _____

STOEL RIVES LLP

_____
Beth S. Ginberg, WSBA #18523
Jason T. Morgan, WSBA #38346
Attorneys for Appellant
206-624-0900

Dated: _____

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ATTORNEY GENERAL OF WASHINGTON
Ecology Division
PO Box 40117
Olympia, WA 98504-0117
360-586-6770

BURLINGTON ENVIRONMENTAL, LLC

Jon S. Ploetz
Secretary

Dated: 5/8/2020

PSC ENVIRONMENTAL SERVICES, LLC

Jon S. Ploetz
Secretary

Dated: 5/8/2020

STERICYCLE ENVIRONMENTAL SOLUTIONS, INC.
(now known as CLEAN EARTH ENVIRONMENTAL SOLUTIONS INC.)

Jon S. Ploetz
Secretary

Dated: 5/8/2020

ATTORNEY GENERAL OF WASHINGTON
Ecology Division
PO Box 40117
Olympia, WA 98504-0117
360-586-6770

Department of Ecology News Release - Oct. 7, 2019

Dangerous fire on Tacoma tideflats leads to $1.9 million fine

Stericycle-Tacoma given 30 days to fix waste handling problems

The interior of a processing building at Stericycle-Tacoma following a fire in July 2018.

TACOMA – A dangerous fire erupted on the Tacoma tideflats in 2018 after a company mismanaged hazardous waste. That fire and other compliance problems at the Stericycle-Tacoma hazardous waste facility spurred a $1.9 million fine from the Washington Department of Ecology.

Stericycle-Tacoma, which operates under the name "Burlington Environmental," is one of two businesses in the state that collect, manage and dispose of hazardous waste generated by industries and businesses. Because their business manages dangerous chemicals, it is legally required to safely and properly handle material with the utmost care.

"People could have been injured or killed by Stericycle's mismanagement of these dangerous materials," said Maia Bellon, Ecology's director. "They are required by law to meet strict permit conditions. This incident shows a complete disregard for the safety of their employees and nearby communities, and that's totally unacceptable."

In July 2018, Stericycle-Tacoma accepted a shipment of 510 drums of tetrazole – a hazardous powdered chemical used to inflate vehicle airbags. The company was required to send the drums to a licensed incinerator. Instead, Stericycle emptied several dozen drums with the intention of loading the material onto a rail car to ship to a landfill. As the waste was being processed, it ignited and caused a large fire. Fortunately, the facility's employees were able to escape unharmed.

During Ecology's investigation of the fire, Stericycle provided misleading and incomplete documentation. Ecology inspectors also discovered that the company failed to properly manage the waste and residue left by the fire.

During a follow-up inspection in August 2018, Ecology found a serious lack of training and failure to follow proper procedures at the facility. Then, in November 2018, there was a second, smaller fire in the facility's shredder after Stericycle allowed containers with leftover liquid chemicals to mix. Ecology inspectors issued a compliance letter to the company in 2017 specifically warning against allowing liquids to enter the shredder. Again, no employees were harmed in the incident.

Because of the repeated problems with training, oversight and abiding by the facility's permit conditions, along with the $1.9 million fine, Ecology gave Stericycle 30 days to come into compliance or face revocation of its operating permit.

The company has 30 days to appeal the penalty to the Washington State Pollution Control Hearings Board.

Contact information

Andrew Wineke
Communications
andrew.wineke@ecy.wa.gov
360-407-6932 or 360-791-1939
Twitter: ecologywa

share:

Email

Share

Tweet

Department of Ecology News Release - June 9, 2020

Ecology settles 2019 penalty with Tacoma hazardous waste facility

Interior of a Stericycle warehouse after dangerous 2019 fire.

TACOMA –
The Stericycle hazardous waste facility in Tacoma has agreed to settle $2.2 million in penalties issued in 2019 by the Washington Department of Ecology. The facility, formerly owned by Stericycle, has since changed ownership and is now a Clean Earth company. It is one of two commercial businesses in the state that collect, manage and dispose of hazardous waste generated by households, industries and businesses.

In 2018, a warehouse fire erupted at the tideflats facility after the company mismanaged its hazardous waste. That fire and other compliance issues at the same location led to the penalty, which the company appealed in late 2019. The settlement agreement effectively ends the appeal process.

"It's unacceptable for any business to put its workers, the public and the environment in serious danger," said Ecology Director Laura Watson. "The company must meet all training and operational commitments in the settlement to ensure that this doesn't happen again."

According to the settlement's terms, Stericycle has agreed to pay the amount in full and the current operator will comply with new permit modifications that Ecology included to help prevent further violations. These permit changes – such as requiring management to certify crucial tests done while processing wastes and ensuring employees have the training they need to work safely – will help the company do a better job evaluating dangerous wastes before they arrive at the facility.

"It is important to point out that these violations occurred almost two years prior to our ownership of the facility and run contrary to our vision, mission and shared values," said Averil Rance, Clean Earth's Senior Vice President of Environmental Health and Safety. "We are confident that, since our acquisition two months ago, the facility has put in place robust compliance, governance, safety and

environmental procedures to prevent another unfortunate incident from taking place."

In July 2018, several drums of tetrazole (a hazardous powdered chemical used in vehicle airbags) caught fire as it was being processed. Had it not ignited at the facility, the highly reactive tetrazole waste would have been shipped through communities by rail. After the fire, inspectors discovered that the company failed to properly designate and manage the waste and residue left by the fire. Later that year, another fire in the facility's shredder ignited after Stericycle allowed containers with leftover liquid chemicals to mix. Ecology inspectors had issued a compliance letter to the company in 2017 specifically warning against allowing liquids to enter the shredder. Fortunately, no employees were harmed in either incident, however there was concern about potentially sensitive populations downwind of the fire being adversely affected.

By settling the case, the state avoids costly future litigation and can use the penalty funds to further enhance Ecology's work.

Related links

Dangerous fire on Tacoma tideflats leads to $1.9 million fine

Contact information

Erich R. Ebel
Communications Manager
erich.ebel@ecy.wa.gov
360-407-6709
Twitter: ecologywa

share:

Email

Share

Tweet

APPENDIX F

News Release

T – 14 – 19
Barbara A. Lee, Director

FOR IMMEDIATE RELEASE
October 25, 2018

Contact: Russ Edmondson
(916) 323-3372
Russ.Edmondson@dtsc.ca.gov

DTSC Enforcement Action Results in $1.4 Million in Penalties for Hazardous Waste Operator

SACRAMENTO – A Department of Toxic Substances Control (DTSC) enforcement action against a hazardous waste facility in Rancho Cordova has resulted in $1.4 million in penalties against the facility's operator for violations of California's hazardous waste laws.

Among the violations was a fire at the facility in 2017, caused when employees intentionally ignited hazardous waste that contained naphthalene, which is made from crude oil or coal tar. There were also two earlier fires and an explosion at the facility.

> "We take these violations very seriously, and this settlement should serve as a message to other potential violators that we will hold those who break the state's hazardous waste laws accountable," said DTSC Director Barbara A. Lee. "Compliance with hazardous waste laws is critical for the safety of the public and the environment."

The settlement of DTSC's enforcement action, approved by the Sacramento County Superior Court on Oct. 19, is with General Environmental Management of Rancho Cordova LLC; Stericycle Environmental Solutions Inc.; and Stericycle Inc. (collectively "GEM/Stericycle") for numerous violations related to the mismanagement of hazardous waste. The facility handles a wide variety of hazardous waste. A primary part of the business at the facility involves bulking and consolidating hazardous waste.

In addition to the fires and explosion, violations included:

- Failure to properly manage and/or store incompatible hazardous wastes
- Failure to properly bulk and consolidate hazardous waste
- Failure to comply with conditions of the hazardous waste facilities permit issued by DTSC
- Failure to train facility staff who are responsible for safely managing hazardous waste
- Failure to follow the DTSC-approved Emergency Action and Contingency Plan

A majority of the $1,412,400 penalty will go into DTSC's Orphan Site fund and will be used to help fund hazardous waste cleanup efforts. The settlement stemmed from a civil complaint filed on behalf of DTSC by the California Attorney General's Office.

In addition to the penalty, the settlement required GEM/Stericycle to take action to prevent future violations, including enhanced training and documentation, and hiring an independent auditor to conduct hazardous waste audits. The auditor will prepare and submit reports to DTSC that evaluate GEM/Stericycle's ongoing compliance with hazardous waste laws. In addition, GEM/Stericycle has agreed not to handle reactive waste at the facility. Reactive waste is ignitable and can undergo violent reactions.

GEM/Stericycle has also agreed that the past violations are deemed proven for the purpose of a future DTSC enforcement or permitting action. GEM also does business as PSC Environmental Services of Rancho Cordova LLC.

View documents related to this case on our Enforcement Cases page.

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News Release

T – 5 – 20
Meredith Williams, Director

FOR IMMEDIATE RELEASE
March 17, 2020

Contact: Russ Edmondson
(916) 323-3372
russ.edmondson@dtsc.ca.gov
Abbott Dutton
Abbott.Dutton@dtsc.ca.gov

DTSC Files Civil Complaint Against Sacramento-Area Hazardous Waste Facility for Repeat Violations of Hazardous Waste Laws

SACRAMENTO – The Department of Toxic Substances Control has filed suit against General Environmental Management of Rancho Cordova LLC, Stericycle Environmental Solutions Inc., and Stericycle, Inc. (GEM/Stericycle), because of numerous serious and repeat alleged violations of California's hazardous waste laws.

The complaint, filed in Superior Court in Sacramento County, stems from a 2018 DTSC inspection at the GEM/Stericycle facility located at 11855 White Rock Road in Rancho Cordova. The violations include the mismanagement of incompatible hazardous wastes, the improper storage of hazardous waste, and the failure to follow required safety protocols while combining hazardous waste onsite.

The Hazardous Waste Control Law authorizes DTSC to assess a penalty up to $70,000 for each separate violation, and for ongoing violations, for each day it continues.

In a 2018 settlement with DTSC, for violations identified between 2011-17, GEM/Stericycle, which handles a wide variety of hazardous waste with a focus on combining and consolidating it, agreed to pay more than $1.4 million in civil penalties. In 2017, employees intentionally ignited hazardous waste containing naphthalene, a flammable substance. Two earlier fires and an explosion at the facility were caused by the mismanagement of incompatible hazardous wastes or wastes that can become dangerous when mixed together.

View the complaint here and other GEM /Stericycle related documents here.

###

FOR GENERAL INQUIRIES: Contact the Department of Toxic Substances Control by phone at (800) 728-6942 or visit www.dtsc.ca.gov. To report illegal handling, discharge, or disposal of hazardous waste, call the Waste Alert Hotline at (800) 698-6942.

The mission of DTSC is to protect California's people and environment from harmful effects of toxic substances by restoring contaminated properties, enforcing hazardous waste law, reducing hazardous waste generation, and encouraging the manufacture of chemically safer products.

FOR GENERAL INQUIRIES: Contact the Department of Toxic Substances Control by phone at (800) 728-6942 or visit www.dtsc.ca.gov. To report illegal handling, discharge, or disposal of hazardous waste, call the Waste Alert Hotline at (800) 698-6942.

The mission of DTSC is to protect California's people and environment from harmful effects of toxic substances by restoring contaminated properties, enforcing hazardous waste law, reducing hazardous waste generation, and encouraging the manufacture of chemically safer products.

XAVIER BECERRA
Attorney General of California
MARGARITA PADILLA
Supervising Deputy Attorney General
ROSE B. FUA
Deputy Attorney General
State Bar No. 119757
1515 Clay Street, 20th Floor
P.O. Box 70550
Oakland, CA 94612-0550
Telephone: (510) 879-0190
Fax: (510) 622-2270
E-mail: Rose.Fua@doj.ca.gov
Attorneys for Plaintiff People of the State of California, ex rel. Meredith Williams, Director, Department of Toxic Substances Control

PLAINTIFF EXEMPT FROM FILING FEES
GOVERNMENT CODE § 6103

FILED/ENDORSED
FEB 18 2020
By: R. Gomez
Deputy Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

PEOPLE OF THE STATE OF CALIFORNIA, EX REL. MEREDITH WILLIAMS, DIRECTOR, DEPARTMENT OF TOXIC SUBSTANCES CONTROL, Plaintiff, v. **GENERAL ENVIRONMENTAL MANAGEMENT OF RANCHO CORDOVA LLC DBA PSC ENVIRONMENTAL SERVICES OF RANCHO CORDOVA, LLC, STERICYCLE ENVIRONMENTAL SOLUTIONS, INC., STERICYCLE, INC., AND DOES 1 THROUGH 10, INCLUSIVE,** Defendants.	Case No. 34-2020-00275561 **COMPLAINT FOR CIVIL PENALTIES AND INJUNCTIVE RELIEF** (Hazardous Waste Control Law, Health and Safety Code § 25100 et seq.)

Plaintiff, the People of the State of California, ex rel. Meredith Williams, Director, Department of Toxic Substances Control ("Department" or "DTSC"), alleges the following:

STATEMENT OF THE CASE

1. Defendants General Environmental Management of Rancho Cordova, LLC, dba PSC Environmental Services of Rancho Cordova, LLC ("GEM"); Stericycle Environmental Solutions, Inc. ("Stericycle Environmental") and Stericycle, Inc. (collectively "Stericycle"); and DOES 1 through 10 (collectively, "Defendants"), at all times relevant to this Complaint, owned, operated, and managed the hazardous waste treatment and storage facility located at 11855 White Rock Road, Rancho Cordova, California (referred to as the "Facility").

2. **Enforcement History**: Defendants have a long and troubled history of violating the Hazardous Waste Control Law, chapter 6.5 of division 20 of the California Health and Safety Code and its implementing regulations set forth in the California Code of Regulations, title 22, division 4.5, section 66260.1 et seq. ("HWCL") in connection with their operations of the Facility. As set forth below in detail, the Department found violations of the HWCL at Defendants' Facility in 2009, 2011, 2013, 2014, 2015, 2016, 2017, and 2018. Pursuant to a consent order with the Department entered on October 12, 2010, Defendant GEM admitted to the 2009 violations, agreed to a schedule of compliance, and paid $574,000 in penalties to the Department ("2010 Consent Order"). The Department and Defendants settled the 2011-2017 violations in a Final Judgment on Consent and Permanent Injunction entered by this Court on October 19, 2018 ("2018 Final Judgment") pursuant to which Defendants paid the Department $1,412,000 in civil penalties and agreed to be bound by the injunctive terms in the 2018 Final Judgment. *People of the State of California v. GEM and Stericycle,* Sacramento Superior Court, Case No. 34-2017-00221348. As part of the 2018 Final Judgment, Defendants stipulated that the violations alleged in the 2017 Complaint ("2017 Complaint") against Defendants for violations identified by the Department between 2011-2017 are deemed proven and may be considered as a basis for, inter alia, enhanced penalties in any future HWCL enforcement or the Department's determination in a permitting proceeding, decision, and/or process (2018 Final Judgment at ¶13).

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A copy of the 2010 Consent Order, 2017 Complaint, and 2018 Final Judgment are attached as Exhibits A, B, and C, respectively, to this Complaint.

3. **The Current Action**:

The Department inspectors conducted an inspection at the Facility on June 25-26, 2018 ("2018 Inspection"), reviewed the Facility's documents and identified, once again, that Defendants violated the HWCL by mismanaging hazardous waste, including many serious and repeat violations as described below.

4. The Department hereby seeks injunctive relief and civil penalties against the Defendants for the violations identified in this Complaint pursuant to Health and Safety Code sections 25181, 25184, 25188, 25189, and 25189.2, and enhanced civil penalties against the Defendants for repeat and continued violations of the HWCL.

PLAINTIFF

5. The Department is a state agency organized and existing pursuant to section 58000 et seq. of the California Health and Safety Code. The Department is the state agency responsible for administering and enforcing the HWCL.

6. Meredith Williams is the Director of the Department.

7. Health and Safety Code sections 25181, subdivision (a), and 25182 authorize the Attorney General of the State of California, at the request of the Department, to commence an action in the name of the People of the State of California for civil penalties and injunctive relief under the HWCL. The Department has requested the Attorney General to apply to this Court for injunctive relief and civil penalties pursuant to Health and Safety Code sections 25181, 25184, 25188, 25189, and 25189.2 for violations of the HWCL by Defendants.

DEFENDANTS

8. Based on information and belief, Defendant GEM has owned and operated the Facility from at least 2009 to at least the date of the 2018 Inspection and did and does business under the name PSC Environmental Services of Rancho Cordova, LLC.

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9. Based on information and belief, Defendant Stericycle Environmental or Defendant Stericycle, Inc., or both, owned and/or operated the Facility from on or about 2014 to at least the date of the 2018 Inspection.

10. When reference is made in this Complaint to any act of Defendants, such allegation shall mean that the officers, directors, employees, agents, or representatives of Defendants did, or authorized, such acts or intentionally and/or negligently failed to adequately or properly supervise, control, or direct their employees and/or agents while engaged in the management, direction, operation, or control of the affairs of the Facility.

11. Defendants are each "persons" as that term is defined by Health and Safety Code section 25118.

12. The names and capacities, whether individual, corporate, or otherwise, of defendants named herein as Does 1 through 10, inclusive, are unknown at this time to the Department. The Department therefore sues said defendants by such fictitious names. The Department will seek leave to amend this Complaint to show their true names and capacities when the names have been ascertained. Plaintiff is informed and believes, and on that basis alleges, that each defendant designated as a DOE defendant is responsible, along with the named Defendants, for the hazardous waste violations alleged in this Complaint.

13. Each reference in this Complaint to "Defendants" refers not only to the named Defendants, but also all DOE defendants sued under fictitious names.

JURISDICTION AND VENUE

14. This Court has jurisdiction pursuant to California Constitution Article VI, section 10 and Health and Safety Code section 25181.

15. This Complaint has been filed within five (5) years of the Plaintiff discovering the HWCL violations alleged herein.

16. Venue is proper in this Court pursuant to Health and Safety Code section 25183 in that the violations at issue occurred at the Facility, which is in Sacramento County.

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17. This action is an unlimited civil case because the amount of penalties requested exceeds twenty-five thousand dollars ($25,000) and because none of the Plaintiff's causes of action meets the criteria for limited civil cases in the Code of Civil Procedure.

STATUTORY AND REGULATORY BACKGROUND

18. The State of California has enacted a comprehensive statutory and regulatory framework for the generation, handling, treatment, transport, and disposal of hazardous wastes. The framework contained in the HWCL mandates a "cradle to grave" registration, tracking, storage, treatment, and disposal system for the protection of the public from the risks posed by hazardous wastes and for the protection of the environment—i.e., soil, air, surface water, groundwater—from contamination by hazardous wastes and their constituents. All terms defined in the Complaint shall be interpreted as provided in, and consistent with, the HWCL.

19. Pursuant to Health and Safety Code sections 25101, subdivision (d) and 25159-25159.9, California administers the HWCL in lieu of federal administration of the federal Resource Conservation and Recovery Act ("RCRA"), which is codified at 42 United States Code section 6901 et seq. Federal law prohibits California from imposing any requirements less stringent than those authorized under RCRA. (42 U.S.C. § 6929.) Certain provisions in the HWCL are stricter than the analogous provisions in RCRA.

20. The HWCL provides that the Department shall adopt, and revise when appropriate, standards and regulations for the management of hazardous waste to protect, inter alia, the public health and environment. (Health & Saf. Code § 25150.) Accordingly, the Department has promulgated regulations setting forth numerous and extensive environmental and health protective requirements for the day-to-day operation of hazardous waste generators, transporters, and owners and operators of hazardous waste facilities. (See Cal. Code. Regs. tit. 22, § 66260.1 et seq.)

21. The HWCL, at Health and Safety Code section 25201, subdivision (a), provides that an owner or operator of a hazardous waste facility may not "accept, treat, store, or dispose of a hazardous waste at the facility, area, or site, unless the owner or operator holds a hazardous waste facilities permit or other grant of authorization from the Department to use and operate the

facility, area, or site…"

22. The HWCL, at Health and Safety Code section 25200, subdivision (a), authorizes the Department to issue operating permits, called hazardous waste facilities permits, to the owners and operators of facilities managing hazardous wastes.

23. The HWCL requires that the owner and operator of a hazardous waste facility comply with the provisions of the facility's hazardous waste permit.

a. Health and Safety Code section 25202, subdivision (a) requires the owner or operator of a hazardous waste facility who holds a hazardous waste facilities permit to "comply with the conditions of [that] permit."

b. California Code of Regulations, title 22, section 66270.30 subdivision (a) requires that the "permittee comply with the conditions of the permit" and specifies that any "noncompliance . . . constitutes a violation of the [HWCL] and is grounds for" enforcement.

ENFORCEMENT AUTHORITY UNDER THE HWCL

24. The HWCL authorizes the Court to impose civil penalties under two distinct and alternative statutory provisions. Section 25189 of the Health and Safety Code creates liability for any negligent or intentional violation of the HWCL. Section 25189.2 is a strict liability provision, which creates liability for any violation of the HWCL. A person may not be held liable for a civil penalty under both section 25189 and section 25189.2 for the same act. (Health & Saf. Code, § 25189.2, subd. (f).)

25. Effective January 1, 2018, the HWCL authorizes the Court to impose a civil penalty of up to seventy thousand dollars ($70,000) per day for each violation of a separate provision of the HWCL. For continuing violations, the HWCL authorizes the Court to impose a penalty of up to seventy thousand dollars ($70,000) for each day that a violation continues. (see, e.g., Health & Saf. Code, §§ 25189, subd. (b) and 25189.2, subd. (b).)

26. In addition, Health and Safety Code section 25188 provides that a person subject to an order under Health and Safety Code section 25187 who does not comply with that order shall be subject to a civil penalty of not more than seventy thousand dollars ($70,000) for each day of noncompliance.

27. Defendants are subject under Health and Safety Code section 25187 to comply with the Imminent and Substantial Endangerment Determination and Enforcement Order that was issued by the Department in 2013 ("2013 ISE Order") after two fires and an explosion occurred at the Facility resulting from the mismanagement of hazardous waste by Defendant GEM as more fully described in Paragraphs 37-42.

28. Health and Safety Code sections 25181 and 25184, authorizes and directs the Court to enjoin any ongoing or potential violation of the HWCL.

29. Section 25181 of the Health and Safety Code provides:

> "when the Department determines that any person has engaged in, is engaged in, or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of the HWCL or any rule, regulation, covenant, standard, requirement or order issued, promulgated or executed thereunder, and when requested by the [D]epartment, . . . the Attorney General may apply to the superior court for an order enjoining such acts or practices, or for an order directing compliance, and upon a showing by the [D]epartment that the person has engaged in or is about to engage in any such acts or practices, a permanent or temporary injunction, restraining order, or other order may be granted."

30. Health and Safety Code section 25184 provides that in civil actions brought pursuant to the HWCL in which an injunction or temporary restraining order is sought:

> It shall not be necessary to allege or prove at any stage of the proceeding that irreparable damage will occur should the temporary restraining order, preliminary injunction, or permanent injunction not be issued; or that the remedy at law is inadequate, and the temporary restraining order, preliminary injunction, or permanent injunction shall issue without such allegations and without such proof.

GENERAL ALLEGATIONS

The Facility:

31. The Facility is situated on a 4.5-acre parcel adjacent to White Rock Road and is identified by Sacramento County Assessor Parcel Number 072-0530-001. The Facility includes, but is not limited to, an administrative building, a lab, truck parking, a loading and unloading area, five hazardous waste management units known as Areas A, B, C, and D, and a drum crusher unit. The drum crusher unit is currently undergoing regulatory closure as required by California Code of Regulations, title 22, division 4.5, chapter 14, article 7 (Closure and Post-Closure).

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32. At the times relevant to this Complaint, one or more of the Defendants owned and/or operated the Facility and continue to own and operate the Facility.

33. Defendants have operated and continue to operate the Facility as an active permitted hazardous waste management facility. The Facility has a permitted capacity of approximately 82,320 gallons of hazardous waste. The Facility's current hazardous waste permit, ("Permit"), which also incorporates by reference the Part A and Part B permit application ("Permit Part A" and "Permit Part B"), was issued by the Department on April 25, 2007 and was subsequently modified. The Permit expired on April 25, 2017.

34. Defendants continue to operate the Facility pending the Department's review of a permit renewal application submitted to the Department in October 2016.

35. Under the Permit, Defendants are authorized by the Department to engage in the following hazardous waste management activities at the Facility: (1) sampling, (2) storage, (3) packaging and re-packaging, (4) bulking and consolidation of containers, and (5) container crushing and equipment flushing, in accordance with the conditions set forth in the Permit.

Defendants' History of HWCL Violations at the Facility Between 2009 – 2017 Including Fires and an Explosion Due to Mixing of Incompatible Hazardous Waste and Intentional Conduct

36. Pursuant to the terms of the 2010 Consent Order, Defendant GEM admitted to HWCL violations, including the storage of incompatibles, and paid five hundred seventy-four thousand dollars ($574,000) in penalties. Defendants have repeatedly stored incompatible hazardous waste at the Facility in violation of the HWCL. The Department identified violations for the storage of incompatible hazardous waste in 2009, 2011, 2013, 2015, 2016, and most recently during the 2018 inspection of the Facility.

37. Since 2011, one (1) explosion and three (3) fires have occurred at the Facility due to the mixing of incompatible hazardous waste and/or intentional conduct by Defendants while managing hazardous waste. The explosion occurred on March 8, 2011, when Defendant GEM mixed incompatible hazardous waste by bulking soluble organics with twenty-two (22) gallons of nitric acid into a drum, resulting in a violent and uncontrolled reaction. The reaction

caused an explosion that ruptured the drum and launched it approximately fifteen (15) feet in the air, spraying hot, concentrated acid throughout most of the Facility's repackaging area. The explosion also released vapors and hazardous waste to the surrounding environment.

38. The first fire at the Facility occurred on August 2, 2011, when Defendant GEM mixed incompatible hazardous waste by consolidating oxidizing pool chemicals, including acids and oxidizers, into a 55-gallon drum, and then closed the drum's lid. Shortly thereafter, the drum began to emit a yellowish-green gas. The drum pressurized sufficiently to blow the lid off the drum, and the drum caught fire. The fire spread to consume a total of four (4) plastic drums of hazardous waste. The local fire department subsequently arrived and extinguished the fire, but their response efforts resulted in two firefighters being sent to the local hospital for observation.

39. The second fire at the Facility occurred in March 2013. Beginning on February 28, 2013, Defendant GEM mixed incompatible waste by consolidating hazardous waste solids and trash into a roll-off bin. On March 3, 2013, the bin that Defendant GEM mixed hazardous waste in began to smolder. A passerby observed flames coming from the Facility and called the fire department who arrived and extinguished the fire. The fire, which burned for five hours and released smoke and potentially toxic constituents into the environment, was caused by an exothermic reaction that occurred from mixing incompatible wastes.

40. In response to the 2011 explosion and 2011 and 2013 fires, the Department issued the 2013 ISE Order to Defendant GEM, ordering Defendant GEM to immediately cease the bulking and consolidation of all hazardous waste operations at the Facility until the Department authorized Defendant GEM to resume operations because of the "... continuing inability of Respondent [Defendant GEM] to take precautions sufficient to prevent fires, explosions, or other violent or non-violent reactions that could potentially release hazardous wastes to the environment ..." (2013 ISE Order at p. 5.) A copy of the 2013 ISE Order is attached as Exhibit D to this Complaint. The 2013 ISE Order applies to Defendant GEM, "and its officers, directors, agents, employees, contractors, consultants, receivers, trustees, successors, and assignees, including but not limited to individuals, partners, and subsidiary and parent corporations." (2013 ISE Order at p.10.).

41. Defendant GEM was authorized to resume bulking and consolidation operations at the Facility on October 21, 2013 after it agreed to revise its existing Standard Operating Procedures ("SOP") and modify the Permit to institute a safety protocol to prevent the reoccurrence of fires and explosions due to incompatibles being mixed together. Permit Part B, section V, Attachment V8-A, "Container Process Form-Permit Specific" ("Permit Process Form") was part of the revised SOP and embodies the safety protocol that was developed in response to the 2013 ISE Order to prevent the reoccurrence of fires and explosions. The Permit Process Form is attached as Exhibit E to this Complaint.

42. The safety protocol required Defendants to conduct screening and/or testing for incompatible wastes prior to bulking or consolidating wastes together, to record the screening and/or testing results on the Permit Process Form, and to have a chemist or facility management personnel review the screening and/or test results to determine whether bulking or consolidation can occur. Review and approval by the chemist or facility management would be evidenced by their respective signature on the Permit Process Form.

43. The third fire at the Facility occurred on August 7, 2017. The fire occurred when two (2) employees intentionally poured liquid naphthalene (flammable) onto paper and lit the paper on fire with a lighter where other employees were also consolidating hazardous waste and where other ignitable hazardous waste was located.

44. The Department also inspected the Facility in 2014, 2015, 2016, and 2017. The Department found that Defendants violated the HWCL during each of these inspections. The Department filed the 2017 Complaint, which included the violations at the Facility identified by the Department between 2011 and 2017. As noted above, the violations alleged in the 2017 Complaint were resolved pursuant to the terms of the 2018 Final Judgment.

Current Action for Violations of the HWCL in 2018 by Defendants

45. The Department's 2018 inspection of the Facility again found multiple instances of serious and/or repeat HWCL violations by Defendants, including,

a. Fifty (50) instances of stored and/or failed to properly segregate incompatible hazardous waste from one another,

b. One hundred forty-two (142) instances of failing to use the safety protocol to prevent incompatibles from being mixed together during bulking activities as required by the Permit and 2013 ISE order,

c. Forty-seven (47) instances of storing hazardous waste beyond the Facility's 10-day storage limit,

d. At least twenty (20) instances of failing to mark when hazardous waste containers became empty,

e. Incorrectly labeling hazardous waste during storage,

f. Failing to remove spills, leaks, and/or liquids from secondary containment systems,

g. Storing hazardous waste in containers that were not in good condition (e.g., some of the containers had structural defects) during storage, and

h. Forty-two (42) instances of failing to use the required air pollution control device (i.e., an organic air scrubber) designed to vent organic vapors, e.g., flammable vapors when bulking organic hazardous waste.

FIRST CAUSE OF ACTION
REPEAT VIOLATION
(Management of Incompatible Wastes in Violation of Health & Saf. Code § 25202, subd. (a), Cal. Code Regs., title 22, §§ 66264.177, subds. (a) and (c) and 66270.30, subd. (a))

46. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

47. California Code of Regulations, title 22, section 66260.10 defines "incompatible waste" as "a hazardous waste which is unsuitable for (a) placement in a particular device or facility because it may cause corrosion or decay of containment materials (e.g., containment inner liners or tank walls); or (b) commingling with another waste or material under uncontrolled conditions because the commingling might produce heat or pressure, fire or explosion, violent reaction, toxic dusts, mists, fumes, or gases or flammable fumes or gases."

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48. California Code of Regulations, title 22, section 66264.177 subdivision (c) provides that, a "container holding a hazardous waste that is incompatible with any waste or other materials transferred or stored nearby in other containers, piles, open tanks, or surface impoundments shall be separated from the other materials or protected from them by means of a dike, berm, wall, or other device."

49. Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) provides that the owner and/or operator of a hazardous waste facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit.

50. Sections VIII(D)(1)(d)(1) and VIII(E)(1) (b) of the Permit Part B requires the separation of containers of incompatible hazardous waste in Area A.

51. Sections VI(E)(8) and VIII(H)(1)(h) of the Permit Part B prohibit containers of incompatible wastes from being placed within the same cell in Area B. In addition, section VIII(H)(1)(h) of the Permit Part B requires that containers of incompatible waste stored in different cells in Area B, be segregated in accordance with California Code of Regulations, title 22, section 66264.177, subdivision (c).

52. Sections VI(G)(1) and (4) of the Permit Part B prohibits the storage of incompatible material within Area C. Section VIII(H)(1)(h) of the Permit Part B states that Area C will follow the requirements [segregation requirements] specified in Section V, Paragraph (G)(3)(a) of the permit.

53. Defendants violated Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, sections 66264.177, subdivisions (a) and (c), and 66270.30, subdivision (a) and the Permit by failing to appropriately separate incompatible hazardous waste by means of a dike, berm, wall, or other device as follows:

a. On or prior to June 25, 2018, Defendants failed in at least nine (9) instances to properly separate containers of incompatible wastes such as oxidizers and flammable liquids, by a dike, berm, wall or other device in Areas B and C. (Health & Saf. § 25202, subd. (a) and Cal. Code Regs., tit. 22, §§ 66270.30, subd. (a) and 66264.177, subd. (c).)

b. On June 25, 2018, the Department requested the Facility's daily inspection logs ("daily logs") from January 2018 through June 2018. After reviewing the daily logs provided by the Defendants, the Department also determined that Defendants failed to separate containers of incompatible hazardous waste at least an additional forty-one (41) times in Areas A, B, and C between January 2018 and June 2018. (Health & Saf. § 25202, subd. (a) and Cal. Code Regs., tit. 22, §§ 66270.30, subd. (a) and 66264.177, subd. (c).)

c. This is the seventh inspection of the Facility in which the Department found that Defendant(s) improperly stored and/or failed to properly segregate incompatible hazardous waste. Defendant(s) previously stored incompatible hazardous waste together in violation of the HWCL and the Permit Part B at the Facility in 2009, 2011, 2013, 2015, 2016, and 2017, which at times resulted in fires and explosions at the Facility.

54. Each violation of Health and Safety Code section 25202 subdivision (a), California Code of Regulations, title 22, sections 66264.177, subdivisions (a) and (c), and 66270.30, subdivision (a) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code section 25189.2, subdivision (b).

55. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

56. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

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SECOND CAUSE OF ACTION
REPEAT VIOLATION

(Failure to Follow Safety Protocol Encapsulated in Permit Process Form for the Management of Ignitable, Reactive, or Incompatible Hazardous Wastes and Improper Bulking in Violation of Health & Saf. Code, §§ 25202, subd. (a), 25188 and Cal. Code Regs., tit. 22, §§ 66270.30, subd. (a), 66264.17, subds. (a) and (b), and 2013 ISE Order)

57. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

58. Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) provides that the owner and/or operator of a hazardous waste management facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit.

59. California Code of Regulations, title 22, section 66264.17, subdivision (a) requires that an owner and/or operator of a facility take precautions to prevent accidental ignition or reaction of ignitable or reactive waste.

60. California Code of Regulations, title 22, section 66264.17, subdivision (b) requires that an owner and/or operator of a facility prevent reactions which generate extreme heat or pressure, fire or explosions, or violent reactions.

61. The Schedule of Compliance, section 4.2.1 of the 2013 ISE Order issued pursuant to Section 25187 required Defendants to revise its Permit and SOP to implement a safety protocol to prevent fires and explosions or other violent or non-violent reactions that could potentially release hazardous waste to the environment by ensuring incompatible wastes are not bulked or consolidated together.

62. The Schedule of Compliance, section 4.3 of the 2013 ISE Order issued pursuant to Section 25187 provides that after the Department approves the safety protocol, Defendants will implement the plans.

63. Permit Part B sections V(C)(10), V(D)(1), V(G)(1), and the Permit Process Form are part of the safety protocol instituted and required to be followed to ensure "safe and appropriate methods of handling of wastes within the facility" and ensure proper oversight for bulking and consolidation of hazardous waste.

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64. The Permit Process Form encapsulates the safety protocol Defendants are required to follow, including documenting the physical state of the hazardous waste, performing a radioactivity screen, conducting commingled hazardous waste compatibility testing before bulking hazardous waste and obtaining the signature of a chemist or facility manager who has reviewed and approved the Permit Process Form to ensure that the safety protocol has been followed, no evidence of an incompatible reaction was observed, and that bulking or consolidation is appropriate. The commingled hazardous waste compatibility test involves pouring small amounts of liquid from each source container to be bulked, into a separate, small container, where the liquids are stirred, and the mixture must sit for a set period time. If any incompatible reactions (e.g., signs of heat or bubbling) are observed, those reactions are noted on the Permit Process Form as potential incompatible reactions, and the waste intended to be bulked will not be bulked.

65. Between January 1, 2018 and June 25, 2018, Defendants violated Health and Safety Code section 25202, subdivision (a), California Code of Regulations, title 22, sections 66270.30, subdivision (a) and 66264.17, subdivisions (a) and (b), and the 2013 ISE Order by failing to perform and/or document compliance with the safety protocol, including the comingled compatibility testing and/or failing to obtain written approval by the chemist or facility management prior to bulking wastes on at least one hundred and forty-two (142) occasions.

66. Only six (6) months earlier, on July 28, 2017, Defendants represented to the Department that it had "reinstalled" the Permit Process Form in response to a similar violation where Defendants had failed to obtain the approval of the facility chemist prior to bulking hazardous waste. In a letter to DTSC on July 28, 2017, Defendants informed the Department they had "reinstalled the permit sample form that includes signatures as a gesture of cooperation. GEM is planning to re-work the associated approval methods and documentation to preclude future misunderstandings." ("7/28/17 Letter" at p. 3). A copy of the 7/28/17 Letter is attached as Exhibit F to the Complaint.

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67. Each violation of Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, sections 66270.30, subdivision (a), 66264.17, subdivision (a) and (b), subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code section 25189.2 subdivision (b).

68. Failure to comply with the terms of the 2013 ISE Order subjects Defendants to costs and penalties for any costs incurred by the Department resulting from Defendants failure to comply.

69. Health and Safety Code section 25188 provides that any person subject to a Schedule of Compliance issued pursuant to Section 25187 who does not comply with that schedule shall be subject to a civil penalty of not more than seventy thousand dollars ($70,000) for each day of noncompliance.

70. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

71. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

THIRD CAUSE OF ACTION

(Failure to Use Air Pollution Control Device in Violation of Health & Saf. Code § 25202, subd. (a), and Cal. Code Regs., tit. 22, § 66270.30, subd. (a))

72. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

73. The owner and/or operator of a hazardous waste facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit. (Health & Saf. Code § 25202, subd. (a) and Cal. Code Regs., tit. 22, § 66270.30, subd. (a).)

74. Section VIII(E)(1)(b) of the Permit Part B requires that Defendants use the appropriate scrubber, an air pollution control device, during bulking operations. This requirement

helps to vent or capture vapors from the hazardous waste management operations before vapors can build up in the room, be released outside of the Facility, or be harmful to employees.

75. Between January 2018 and June 2018, Defendants violated Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) by failing to use the organic scrubber at the Facility as required by the Permit at least 42 times while bulking organic hazardous waste, e.g., flammable waste inside Area C.

76. Each violation of Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code sections 25189, subdivisions (a) and (b) or in the alternative, Health and Safety Code section 25189.2, subdivisions (a) and (b).

77. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

78. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

FOURTH CAUSE OF ACTION
REPEAT VIOLATION

(Improper Storage of Hazardous Waste in Area A in Violation of Health & Saf. Code, § 25202, subd. (a), Cal. Code Regs., tit. 22, § 66270.30, subd (a))

79. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

80. The owner and/or operator of a hazardous waste facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit. (Health & Saf. Code § 25202, subd. (a) and Cal. Code Regs., tit. 22, § 66270.30, subd (a).)

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81. Permit Part IV, Unit Area A and sections VI(D) and VIII(E)(1)(b) of the Permit Part B specifies that Area A is a temporary staging area for receiving, inspecting, repackaging, and preparation of containerized waste for shipping. Hazardous waste containers can only be stored in Area A for no longer than ten (10) days.

82. Between January 2018 and June 2018, Defendants violated the Health and Safety Code section 25202, subdivision (a), California Code of Regulations, title 22, section 66270.30, subdivision (a), and the Permit by storing hazardous waste containers in Area A for longer than ten (10) days on at least forty-seven (47) separate days.

83. This is the fourth inspection of the Facility in which the Department found that Defendant(s) improperly stored hazardous waste for longer than the ten (10)-day limit in Area A. Defendant(s) previously stored hazardous waste containers for longer than the allowed ten (10) days in Area A in violation of the HWCL, Permit, and Permit Part B in 2014, 2016, and 2017.

84. Each violation of Health and Safety Code, section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code section 25189.2, subdivision (b).

85. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

86. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

FIFTH CAUSE OF ACTION
REPEAT VIOLATION

(Failure to Properly Mark Containers in Violation of Health & Saf. Code § 25202, subd. (a), and Cal. Code Regs., tit. 22, §§ 66270.30, subd. (a), 66266.80, subd. (a))

87. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

88. The owner and/or operator of a hazardous waste management facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit. (Health & Saf. Code, § 25202, subd. (a) Cal. Code Regs., tit. 22, § 66270.30, subd. (a).)

89. California Code of Regulations, title 22, section 66266.80, subdivision (a) requires spent lead-acid storage batteries or their components be managed as hazardous waste (unless specifically exempted in California Code of Regulations, title 22, Chapter 16, Article 7).

90. Section VIII(D)(1)(f)(2) of the Permit Part B specifies that containers must be labeled with the Department of Transportation (DOT) hazard class and proper shipping description.

91. On, and prior to, June 25 and 26, 2018, Defendants violated Health and Safety Code section 25202, subdivision (a), California Code of Regulations, title 22, sections 66270.30, subdivision (a), 66266.80, subdivision (a), and the Permit Part B by: (1) improperly affixing a universal waste label to two fifty–five gallon drums containing "Automotive Type" spent lead batteries instead of identifying the batteries as hazardous waste; and (2) mislabeling formaldehyde solution as a DOT Class 6 and Class 8 DOT hazardous material instead of a Class 3 DOT flammable material.

92. This is the third inspection of the Facility in which the Department found that Defendant(s) improperly labeled hazardous waste, including waste Automotive Type spent lead acid batteries. In addition to the 2018 violations, Defendant(s) previously improperly labeled hazardous waste containers in violation of the HWCL and the Permit Part B in 2014 and 2016.

93. Each violation of Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, sections 66270.30 subdivision (a) and 66266.80 subdivision (a) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code section 25189.2, subdivision (b).

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94. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

95. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

SIXTH CAUSE OF ACTION
REPEAT VIOLATION
(Failure to Properly Mark Empty Containers in Violation of Health & Saf. Code § 25202, subd. (a) and Cal. Code Regs., tit. 22, §§ 66270.30, subd. (a) and 66261.7, subd. (f))

96. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

97. The owner and/or operator of a hazardous waste facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit. (Health & Saf. Code § 25202, subd. (a) and California Code of Regulations, title 22, section 66270.30, subd. (a).)

98. California Code of Regulations, title 22, section 66261.7, subdivision (f) provides that a container larger than five (5) gallons in capacity shall be marked with the date it has been emptied.

99. Section VIII(E)(2) of the Permit Part B requires that empty containers at a hazardous waste facility must be marked to identify them as empty.

100. On or prior to June 25, 2018, Defendants violated Health and Safety Code section 25202, subdivision (a), California Code of Regulations, title 22, section 66270.30, subdivision (a), and Permit Part B by failing to mark approximately twenty to forty (20-40) empty containers larger than five (5) gallons in capacity that once held hazardous waste with the dates the containers were emptied.

101. This is the fifth inspection of the Facility in which the Department found that Defendant(s) failed to mark containers to identify them as empty. Defendant(s) previously failed to mark containers to identify them as empty in violation of the HWCL and Permit Part B in

2011, 2015, 2016, and 2017.

102. Each violation of Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, sections 66270.30, subdivision (a) and 66261.7, subdivision (f) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code section 25189.2, subdivision (b).

103. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

104. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

SEVENTH CAUSE OF ACTION
REPEAT VIOLATION
(Failure to Properly Manage Containers in Violation of Health and Safety Code § 25202 subd. (a), California Code of Regulations, title 22, §§ 66264.171,66264.173 subd. (b), and 66270.30 subd. (a))

105. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

106. California Code of Regulations, title 22, sections 66264.171 and 66264.173 subdivision (b) provide that containers holding hazardous waste must be in good condition and cannot be stored in a manner that may cause the containers to leak and if containers holding hazardous waste begin to leak, the owner and/or operator shall transfer the hazardous waste to a container in good condition.

107. The owner and/or operator of a hazardous waste facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit. (Health & Saf. Code § 25202, subd. (a) and California Code of Regulations, title 22, section 66270.30, subd. (a).)

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108. Section VIII(H)(1)(b) of the Permit Part B requires that if a container holding waste is found to be damaged during receiving or any phase of storage or processing, the operator will overpack, transfer, or re-package the container.

109. On and prior to June 25, 2018, Defendants violated California Code of Regulations, title 22, sections 66264.171 and 66264.173, subdivision (b) by storing hazardous waste in Areas B and C in seven (7) separate containers with structural defects. Containers were torn, dented, or damaged.

110. This is the second inspection of the Facility in which the Department found that Defendant(s) used containers that were not in good condition. In addition to the 2018 violations, Defendant(s) previously stored hazardous waste in containers that were not in good condition in violation of California Code of Regulations, title 22, sections 66264.171 in 2016.

111. Each violation of California Code of Regulations, title 22, sections 66264.171 and 66264.173 subdivision (b) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code 25189.2, subdivision (b).

112. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

113. The Department is further entitled to injunctive relief to and prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

EIGHTH CAUSE OF ACTION
(Failure to Properly Close Containers in Violation of Cal. Code Regs., tit. 22, § 66264.173, subd. (a))

114. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

115. California Code of Regulations, title 22, section 66264.173 subdivision (a) provides that containers holding hazardous waste shall always be closed during transfer and storage, except when it is necessary to add or remove waste.

116. On and prior to June 25, 2018, Defendants violated California Code of Regulations, title 22, section 66264.173, subdivision (a) by failing to ensure that at least five (5) containers of hazardous waste in Area C were closed.

117. Each violation of California Code of Regulations, title 22, section 66264.173 subdivision (a) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code 25189.2, subdivision (b).

118. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

119. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

NINTH CAUSE OF ACTION

(Failure to Remove Spilled or Leaked Hazardous Waste in a Timely Manner as Necessary in Violation of Cal. Code Regs., title 22, § 66264.175, subd. (b)(5))

120. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

121. California Code of Regulations, title 22, section 66264.175, subdivision (b)(5) provide that the containment system shall be operated to drain and remove liquids resulting from leaks, spills, or precipitation and that spilled or leaked waste and accumulated precipitation shall be removed from the sump or collection area in as timely a manner is necessary.

122. From at least January 2018 through June 2018, Defendants violated California Code of Regulations, title 22, section 66264.175, subdivision (b)(5) by failing to operate the containment system(s) in Area C to remove spilled or leaked waste or accumulated precipitation in a timely manner.

123. Each violation of California Code of Regulations, title 22 sections 66264.175, subdivision (b)(5) subjects Defendants to a separate penalty for each day during which each

violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code section 25189.2, subdivision (b).

124. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

125. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

TENTH CAUSE OF ACTION

(Failure to Properly Stack and Palletize Containers in Violation of Health & Saf. Code § 25202, subd. (a) and Cal. Code Regs., tit. 22, § 66270.30 subd. (a))

126. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

127. The owner and/or operator of a hazardous waste facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit. (Health & Saf. Code § 25202, subd. (a) and Cal. Code Regs., tit. 22, § 66270.30, subd. (a).)

128. Sections VI(E)(7) and VIII(E)(1)(b) of the Permit Part B require that Defendants store containers on pallets and only allows for double stacking of containers in Area B.

129. On or prior to June 25, 2018, Defendants violated Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) by triple stacking containers in Area B, Cell 5.

130. On or prior to June 25, 2018, Defendants also violated Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) by stacking five-gallon buckets on top of other containers instead of placing them on pallets. In addition, Defendants' daily logs note three (3) of containers stacked improperly or on broken pallets.

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131. Each violation of Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivisions (a) and (b) or in the alternative, Health and Safety Code section 25189.2, subdivisions (a) and (b).

132. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

133. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

ELEVENTH CAUSE OF ACTION
(Storage of Containers in Unauthorized Areas in Violation of Health & Saf. Code § 25202, subd. (a) and Cal. Code Regs., tit. 22, § 66270.30 subd. (a))

134. Paragraphs 1 through 45 are re-alleged as if fully set forth herein.

135. The owner and/or operator of a hazardous waste facility who holds a hazardous waste facilities permit is required to comply with the conditions of the hazardous waste permit. (Health & Saf. Code § 25202, subd. (a) and Cal. Code of Regs., tit. 22, § 66270.30, subd. (a).)

136. Section V(G)(3)(a) of the Permit Part B prohibits the storage of DOT class 6 poisonous liquid hazardous waste in Area B, Cell 5. Area B, Cell 5 is intended for Flammable Solids, including Water Reactives.

137. Section V(G)(3)(a) of the Permit Part B prohibits the storage of DOT Class 3 flammable hazardous waste in Area B, Cell 4. Area B, Cell 4 is intended for corrosives (alkaline) oxidizers and organic peroxides. At the time of the inspection, Area B, Cell 4 contained both corrosives (alkaline) and oxidizers.

138. On and prior to June 25, 2018, Defendants violated Health and Safety Code section 25202, California Code of Regulations, title 22, section 66270.30, subdivision (a), and Permit Part B by storing DOT Class 6 poisonous liquid hazardous waste (barium sulfate and

insulin) with flammable solids and water reactives in Area B, Cell 5 and by storing DOT Class 3 flammable hazardous waste with oxidizers in Area B, Cell 4.

139. Each violation of Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a) subjects Defendants to a separate penalty for each day during which each violation occurred or continued, according to proof at trial, pursuant to Health and Safety Code section 25189, subdivision (b) or in the alternative, Health and Safety Code section 25189.2, subdivision (b).

140. Pursuant to the terms of the 2018 Final Judgment, the Department further seeks enhanced penalties against Defendants in this action. Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13).

141. The Department is further entitled to injunctive relief to prevent future violations of the HWCL pursuant to Health and Safety Code section 25181, subdivision (a).

REQUEST FOR RELIEF

142. The Department requests that the Court grant the relief that follows:

a. Enter judgment that Defendants have violated the HWCL as set forth in the First through Eleventh Causes of Action;

b. Enter judgment that Defendants are liable to the Department for civil penalties for the violations set forth in the First through Eleventh Causes of Action as authorized by Health and Safety Code section 25189 or, in the alternative, by Health and Safety Code section 25189.2, in an amount according to proof;

c. Enter judgment that Defendants are liable to the Department for enhanced civil penalties for the violations set forth in the First through Eleventh Causes of Action. In the 2018 Final Judgment, Defendants stipulated that the 2011-2017 violations alleged in the 2017 Complaint are deemed proven and may be used in a future enforcement action as a basis for enhanced penalties. (2018 Final Judgment ¶ 13);

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d. Enter judgment that Defendants are liable to the Department for costs and penalties under Health and Safety Code section 25188 and pursuant to section 5.15 of the 2013 ISE Order;

e. Enter permanent injunctions and other orders enjoining Defendants from violating the HWCL, the Permit, and the 2013 ISE Order and requiring Defendants to otherwise comply with the HWCL, the Permit, and the 2013 ISE Order;

f. Grant the Department its costs of suit herein; and

g. Grant such other and further relief as the court deems just and proper.

Dated: February 14, 2020

Respectfully Submitted,

XAVIER BECERRA
Attorney General of California
MARGARITA PADILLA
Supervising Deputy Attorney General

ORIGINAL SIGNED BY ROSE FUA

ROSE B. FUA
Deputy Attorney General
Attorneys for Plaintiff People of the State of California, ex rel. Department of Toxic Substances Control

XAVIER BECERRA
Attorney General of California
MARGARITA PADILLA, State Bar No. 99966
Supervising Deputy Attorney General
ROSE B. FUA, State Bar No. 119757
Deputy Attorney General
1515 Clay Street, 20th Floor
P.O. Box 70550
Oakland, CA 94612-0550
Telephone: (510) 879-0190
Fax: (510) 622-2270
E-mail: Rose.Fua@doj.ca.gov
Attorneys for Plaintiff People of the State of California, ex rel. Barbara A. Lee, Director, California Department of Toxic Substances Control

EXEMPT FROM FILING FEES GOVERNMENT CODE § 6103

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

PEOPLE OF THE STATE OF CALIFORNIA, EX REL. BARBARA A. LEE, DIRECTOR, OF THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL Plaintiff, v. **GENERAL ENVIRONMENTAL MANAGEMENT OF RANCHO CORDOVA LLC DBA PSC ENVIRONMENTAL SERVICES OF RANCHO CORDOVA, LLC; STERICYCLE ENVIRONMENTAL SOLUTIONS, INC.; STERICYCLE, INC.; AND DOES 1 THROUGH 10, INCLUSIVE** Defendants	Case No. 34-2017-00221348 **STIPULATION FOR ENTRY OF ORDER AND FINAL JUDGMENT ON CONSENT (Code of Civ. Proc., § 664.6)** Dept.: 35 Judge: Hon. Alan G. Perkins Trial Date: None set Action Filed: October 26, 2017

Plaintiff, the People of the State of California, ex rel. Barbara A. Lee, Director of the California Department of Toxic Substances Control ("DTSC") and Defendants General Environmental Management of Rancho Cordova, LLC, dba PSC Environmental Services of Rancho Cordova, LLC, Stericycle Environmental Solutions, Inc., and Stericycle, Inc.

(collectively "GEM and Stericycle") enter into this Stipulation for Entry of Order and Final Judgment on Consent ("Stipulation") and stipulate as follows:

1. **THE COMPLAINT**

DTSC filed this enforcement action on October 26, 2017, against GEM and Stericycle for Permanent Injunction and Civil Penalties ("Complaint") under the California Hazardous Waste Control Law ("HWCL") (Health & Saf. Code, § 25100 et seq.) and its implementing regulations, California Code of Regulations, title 22, division 4.5, section 66260.1, et seq. ("Title 22") in connection with GEM and Stericycle's HAZARDOUS WASTE TREATMENT and STORAGE FACILITY located at 11855 White Rock Road, Rancho Cordova, California (referred to as the "FACILITY").

As set out more fully in the Complaint, DTSC alleges that, in operating the FACILITY, GEM and/or Stericycle violated the HWCL and Title 22 numerous times from 2011 to 2017 as described in the Complaint.

2. **AGREEMENT TO SETTLE DISPUTE**

DTSC and GEM and Stericycle, collectively "the Parties," enter into this Stipulation pursuant to a compromise and settlement and mutually consent to the entry by this Court of the agreed upon Order and Final Judgment on Consent ("Final Judgment"), which is the form attached to this Stipulation as Exhibit 1. The Parties are each represented by counsel. This Stipulation and the Final Judgment were negotiated in good faith and at arms' length by the Parties to avoid expensive and protracted litigation regarding the alleged violations of the HWCL and Title 22. Except as set forth in Paragraph 13 below, the Parties agree that nothing in this Stipulation and Final Judgment constitutes an adjudication of any fact or issue of law and GEM and Stericycle do not admit any fact, liability, or violation of the law.

3. **DEFINITIONS**

Except where otherwise expressly defined in this Stipulation, all terms shall be interpreted as set forth in, and consistent with, the HWCL and Title 22. The following terms used in this Stipulation and the Final Judgment shall have the meaning(s) set forth below:

3.1 "BULKING," "BULK," and "BULKED" shall have the same definition as provided for in the PERMIT Part B, section V(G)(1), Waste Analysis Plan.

3.2 "CONSOLIDATING," "CONSOLIDATE," and "CONSOLIDATION" shall have the same definition as provided for in the PERMIT Part B, section V(G)(1), Waste Analysis Plan.

3.3 "EFFECTIVE DATE" is the date the Final Judgment in this matter is entered by the Court.

3.4 "FACILITY" as used herein refers to the HAZARDOUS WASTE TREATMENT and STORAGE FACILITY located at 11855 White Rock Road, Rancho Cordova, California. The FACILITY is a "HAZARDOUS WASTE FACILITY" as defined in Health and Safety Code section 25117.1.

3.5 "FACILITY MANAGER" is the person that was hired to perform and performs the job requirements, essential functions, and principal activities of the "FACILITY MANAGER" and/or "LOCATION MANAGER" at the FACILITY as described in the PERMIT Part B, section IX, Training Plan.

3.6 "GEM AND STERICYCLE EMPLOYEES" means both permanent and temporary employees who perform HAZARDOUS WASTE MANAGEMENT activities at the FACILITY including, but not limited to, the FACILITY MANAGER, SUPERVISOR/LEADMAN, and LEAD CHEMIST/CHEMIST.

3.7 "GENERAL MANAGER" is the person that was hired to perform and performs the following activities of the "GENERAL MANAGER" at the FACILITY as described in the PERMIT Part B, section X, Emergency Action and Contingency Plan: (1) places and answers phone calls and communications to and from the fire department, police department, contractor personnel, and corporate management, (2) is responsible for health and safety aspects of emergency management, including determining appropriate personal protective equipment (PPE), monitoring, and decontamination requirements, and (3) is responsible for responding to the press and public inquiries as well as writing and/or delivering press releases regarding any ongoing incident.

3.8 "HANDLE," "HANDLING," and "HANDLED" means "MANAGE" as defined in Paragraph 3.10.

3.9 "HAZARDOUS WASTE" shall have the definition as provided for in Health and Safety Code section 25117 and the same meaning as the term is used in California Code of Regulations, title 22, section 66261.3 and sections 66261.20 through 66261.24.

3.10 "HAZARDOUS WASTE MANAGEMENT," "MANAGE," and "MANAGEMENT" shall have the definition as set forth in Health and Safety Code section 25117.2.

3.11 "INCOMPATIBLE WASTE" as defined in California Code of Regulations, title 22, section 66260.10 means a HAZARDOUS WASTE which is unsuitable for (a) placement in a particular device or facility because it may cause corrosion or decay of containment materials (e.g., container inner liners or tank walls); or (b) comingling with another WASTE or material under uncontrolled conditions because the comingling might produce (1) heat or pressure, (2) fire or explosion, (3) violent reaction, (4) toxic dusts, mists, fumes, or gases, or (5) flammable fumes or gases. Appendix V of Chapter 14, Article 19 of Title 22 provides examples of potentially INCOMPATIBLE WASTES, WASTE components, and materials.

3.12 "LEAD CHEMIST/CHEMIST" is the person that was hired to perform the job requirements, essential functions, and principal activities of the "LEAD CHEMIST" and/or "CHEMIST" at the FACILITY as described in the PERMIT Part B, section IX, Training Plan.

3.13 "PERMIT" as used herein refers to the current HAZARDOUS WASTE FACILITY PERMIT, which incorporates by reference the Part A and Part B permit application, issued by DTSC to the FACILITY on April 25, 2007 and all subsequent modifications that have been made or may be subsequently approved by DTSC.

3.14 "STORAGE," "STORE," "STORED," and "STORING" means the holding of HAZARDOUS WASTE for a temporary period, at the end of which the HAZARDOUS WASTE is TREATED, disposed of or STORED elsewhere as set forth in California Code of Regulations, title 22, section 66260.10.

3.15 "SUPERVISOR/LEADMAN" is the person identified in the PERMIT Part B, section IX, Training Plan.

3.16 "TREATMENT," "TREAT," and "TREATING" means any method, technique, or process which changes or is designed to change the physical, chemical, or biological character or composition of any HAZARDOUS WASTE or any material contained therein, or removes or reduces its harmful properties or characteristics for any purpose including, but not limited to, energy recovery, material recovery or reduction in volume as set forth in California Code of Regulations, title 22, section 66260.10.

3.17 "WASTE" and "WASTES" shall have the definition as set forth in Health and Safety Code section 25124.

4. JURISDICTION AND VENUE

The Parties agree and hereby stipulate that, for purposes of this Stipulation, this Court has subject matter jurisdiction over the matters alleged in the Complaint and personal jurisdiction over GEM and Stericycle, and that venue in this Court is proper under Health and Safety Code sections 25181 and 25183.

5. WAIVER OF HEARING AND TRIAL AND ENTRY OF JUDGMENT

By signing and entering into this Stipulation, GEM and Stericycle waive their right to a hearing and a trial on the matters alleged in the Complaint and waive their right to appeal.

6. APPLICATION OF THIS STIPULATION AND THE FINAL JUDGMENT

This Stipulation and the Final Judgment shall apply to and be binding on: (1) DTSC and any successor agency and (2) GEM and Stericycle, and their officers, directors, managers, GEM AND STERICYCLE EMPLOYEES, agents, contractors, representatives, and any successors and assigns in their official capacity.

7. MATTERS COVERED

7.1 Except as otherwise provided in this Stipulation, this Stipulation and the Final Judgment are a final and binding resolution and settlement of the HWCL and Title 22 violations specifically alleged by DTSC against GEM and Stericycle in the Complaint. The matters described in the previous sentence are "Covered Matters." Any claim, violation, or cause of action that is not a Covered Matter is a "Reserved Claim." DTSC reserves its authority to pursue Reserved Claims as set forth in Paragraph 12 herein.

7.2 Nothing in this Stipulation or the Final Judgment shall limit the rights of DTSC against GEM/Stericycle under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the California Hazardous Substance Account Act (Health & Saf. Code, § 25300 et seq.), or corrective action under Health and Safety Code section 25187, subd. (b) concerning a release of HAZARDOUS WASTE or a HAZARDOUS constituent into the environment, or for violations of the HWCL not included under Covered Matters in Paragraph 7.1.

7.3 DTSC further reserves all rights to enforce the injunctive terms of this Stipulation.

8. **GENERAL INJUNCTIVE PROVISIONS**

GEM and Stericycle shall be, and are, permanently enjoined as follows:

Pursuant to the provisions of Health and Safety Code sections 25181 and 25184, GEM and Stericycle shall comply with the HWCL and Title 22, at, and in connection with, the operations of the FACILITY. In addition, GEM and Stericycle will comply with the PERMIT, this Stipulation, and the Final Judgment. To the extent this Stipulation requires more of GEM and Stericycle than the HWCL and/or the PERMIT, GEM and Stericycle agree to comply with this Stipulation and the Final Judgment. GEM and Stericycle also agree not to assert the PERMIT as a defense against any violation of this Stipulation and the Final Judgment or violation of the HWCL. GEM and Stericycle also agree not to assert the HWCL as a defense against any violation of this Stipulation and the Final Judgment. DTSC may enforce this Stipulation and Final Judgment as stated in Paragraph 12, including any injunctive relief, by any means authorized under law, including, but not limited to suspension or revocation of the PERMIT or seeking contempt of court.

9. **SPECIFIC INJUNCTIVE PROVISIONS**

9.1 HAZARDOUS WASTE Determination. GEM and Stericycle shall make a HAZARDOUS WASTE determination for all WASTE generated at the FACILITY as required by California Code of Regulations, title 22, section 66262.11, subdivision (a).

9.2 Up-to-Date Emergency Coordinator Contact Information. GEM and Stericycle shall keep the list of names, addresses, and phone numbers of all persons qualified to act as the

FACILITY's emergency coordinator up to date as required by California Code of Regulations, title 22, section 66264.52, subdivision (d).

9.3 PERMIT Modification When List of Emergency Coordinator Changes. GEM and Stericycle shall immediately amend the FACILITY's Contingency Plan and submit a PERMIT modification to DTSC whenever the list of emergency coordinators changes as required by California Code of Regulations, title 22, section 66264.54, subdivision (d).

9.4 Minimize Releases. GEM and Stericycle shall maintain and operate the FACILITY to minimize the possibility of a fire, explosion, or unplanned sudden or non-sudden release of HAZARDOUS WASTE or HAZARDOUS WASTE constituents to air, soil, or surface water as required by California Code of Regulations, title 22, section 66264.31, including, but not limited to: separating INCOMPATIBLE WASTE, not releasing HAZARDOUS WASTE at or outside the FACILITY, and removing liquids and spills from secondary containment and spilled HAZARDOUS WASTE at the FACILITY as soon as the liquids and spills are observed by GEM AND STERICYCLE EMPLOYEES.

9.5 TREATING, STORING, or Disposing of Recovered WASTE or Material. GEM and Stericycle shall ensure that the FACILITY's emergency coordinator provides for TREATING, STORING, or disposing of recovered WASTE or any other material that results from a release, fire, or explosion at the FACILITY as required by California Code of Regulations, title 22, section 66264.56, subdivision (g).

9.6 Use and MANAGEMENT of Containers. GEM and Stericycle shall use and MANAGE HAZARDOUS WASTE containers as required by California Code of Regulations, title 22, sections 66264.171 through 66264.179.

a. Prohibition on Using Damaged Containers. GEM and Stericycle shall not STORE HAZARDOUS WASTE in containers that are not in good condition as required by California Code of Regulations, title 22, sections 66264.171.

b. Closing Containers. GEM and Stericycle shall close containers holding HAZARDOUS WASTE during transfer and STORAGE, except when it is necessary to add or remove WASTE as required by California Code of Regulations, title 22, section 66264.173,

subdivision (a). A container holding HAZARDOUS WASTE shall not be opened, HANDLED, transferred or STORED in a manner which may rupture the container or cause it to leak as required by California Code of Regulations, title 22, section 66264.173, subdivision (b).

c. Separation of INCOMPATIBLE WASTE. GEM and Stericycle shall separate a container holding a HAZARDOUS WASTE that is incompatible with any WASTE or other materials transferred or STORED nearby in other containers by means of a dike, berm, wall, or other device as required by California Code of Regulations, title 22, section 66264.177 subdivision (c).

d. Prohibition on Placing INCOMPATIBLE WASTE in Same Container. GEM and Stericycle shall not place INCOMPATIBLE WASTE or INCOMPATIBLE WASTES and other materials in the same container except for the purpose of conducting commingled compatibility testing as described in the PERMIT Part B, section V (Waste Analysis Plan), Attachment V-2 (Standard Operating Procedure, Area C; Standard Operating Procedure, Area D; and GEM Laboratory Standard Operating Procedures).

e. Unwashed Containers. GEM and Stericycle shall not place HAZARDOUS WASTE in an unwashed container that previously held an INCOMPATIBLE WASTE or material as required by California Code of Regulations, title 22, section 66264.177, subdivision (b).

f. Compatibility of HAZARDOUS WASTE with Containers. GEM and Stericycle shall use a container made of or lined with materials which will not react with, and are otherwise compatible with, the HAZARDOUS WASTE to be transferred or STORED, so that the ability of the container to contain the HAZARDOUS WASTE is not impaired, as required by California Code of Regulations, title 22, section 66264.172.

g. Marking Containers. GEM and Stericycle shall mark each container of HAZARDOUS WASTE clearly with the date of acceptance within 24 hours of receiving the WASTE, as required by PERMIT Part B, section VI(B)(6).

h. Marking Empty Containers. GEM and Stericycle shall also label/mark empty containers as "empty" with the date the containers were emptied, as required by California Code of Regulations, title 22, section 66261.7, subdivision (f).

9.7 Precautions. GEM and Stericycle shall take precautions to prevent accidental ignition or reaction of ignitable or reactive WASTE, as required by California Code of Regulations, title 22, section 66264.17, subdivision (a).

9.8 Identifying INCOMPATIBLE WASTE. GEM and Stericycle shall identify INCOMPATIBLE WASTE and shall use California Code of Regulations, title 22, chapter 14, article 19, Appendix V, to help identify INCOMPATIBLE WASTE. Appendix V only provides examples of potentially INCOMPATIBLE WASTE and is not intended to be exhaustive.

9.9 Prohibitions Regarding INCOMPATIBLE WASTE. GEM and Stericycle shall not STORE, MANAGE, TREAT, BULK, or CONSOLIDATE INCOMPATIBLE WASTE in Area C or Area D or within the same STORAGE cell in Area B, as required by PERMIT Part B, sections VI(E)(8), VI(G)(7), VI(I)(2); and VIII(H)(1)(h).

9.10 BULKING and CONSOLIDATION. GEM and Stericycle shall not BULK HAZARDOUS WASTE in Areas A and B. GEM and Stericycle shall comply with the DTSC-approved PERMIT Part B Standard Operating Procedures developed for Areas C and D to ensure INCOMPATIBLE WASTE is not BULKED or CONSOLIDATED from loose packs, lab packs, or other containers into drums or other containers in Area C and/or roll off bins or other containers in Area D, as required by PERMIT Part B, sections V(C)(10), V(D)(1), and V(G)(1).

9.11 Required Approval Before BULKING. GEM and Stericycle shall obtain written authorization from the LEAD CHEMIST/CHEMIST or "qualified personnel" as defined in the PERMIT Part B, section V, Attachment V-5 (Qualifications of Personnel Performing Testing) before BULKING HAZARDOUS WASTE and shall maintain any documents related to the BULKING of HAZARDOUS WASTE as part of the FACILITY's operating record for a minimum of five (5) years, as required by PERMIT Part B, section V(G)(1) and the Imminent and Substantial Endangerment Determination and Enforcement Order issued to GEM by DTSC on April 3, 2013.

9.12 Prohibitions Regarding Reactive WASTE. GEM and Stericycle shall not STORE, MANAGE, TREAT, BULK, or CONSOLIDATE reactive WASTE, as defined in California Code of Regulations, title 22, section 66261.23, at the FACILITY.

9.13 Prohibition Regarding Disposal of HAZARDOUS WASTE. GEM and Stericycle shall not dispose of HAZARDOUS WASTE except at an authorized point as required by Health and Safety Code sections 25201, 25203, and 25189.5, subdivision (a).

9.14 Aisle Space. GEM and Stericycle shall maintain aisle space adequate to allow the unobstructed movement of personnel, fire protection equipment, spill control equipment, and decontamination equipment as required by California Code of Regulations, title 22, section 66264.35. GEM and Stericycle shall ensure that the labels on each container are facing the walkway of the aisle and are easily visible for inspection by DTSC and GEM AND STERICYCLE EMPLOYEES walking down the aisles.

9.15 Notifying DTSC of Maintenance. GEM and Stericycle shall notify DTSC at least 48 business hours before performing maintenance in either Area A or Area B, which requires GEM and Stericycle to construct temporary STORAGE cells using polyethylene plastic sheeting such as visqueen and sandbags around containers containing ignitable, corrosive, or toxic WASTE in the Loading and Unloading Area.

9.16 Maintaining and Repairing Cracks. GEM and Stericycle shall maintain and repair cracks in concrete floors or secondary containment structures at the FACILITY as required by California Code of Regulations, title 22, section 66264.175, subdivision (b)(1).

9.17 PERMIT and PERMIT Part B Requirements. GEM and Stericycle shall comply with the conditions of the PERMIT as required by Health and Safety Code section 25202, subdivision (a) and California Code of Regulations, title 22, section 66270.30, subdivision (a), this Stipulation, and the Final Judgment, including but not limited to:

a. Maintaining the resin coatings applied to surfaces in Areas A, B, and C as required by PERMIT Part B, sections VI(D)(1), VI(E)(1), and VI(G)(1), and installing and maintaining a resin coating applied to the surfaces in Area D as required by this Stipulation.

b. STORING HAZARDOUS WASTE for no more than ten (10) days in Area A of the FACILITY from the day it first arrived at the FACILITY as required by the PERMIT, Part IV and PERMIT Part B, section VI(D). Area A is a temporary STORAGE area for receiving, inspecting, repackaging, and preparation of containerized WASTE for shipping.

c. Moving HAZARDOUS WASTE directly between the transport vehicle in the Loading and Unloading Area and Areas A, B, C, and D ("authorized units") as required by Health and Safety Code section 25200.19(c)(1) and PERMIT Part B, section VI(c). GEM and Stericycle shall not hold HAZARDOUS WASTE for any time off the transport vehicle and outside of the authorized units, except for that incidental period of time that is necessary to safely and effectively move the WASTE from the transport vehicle to the authorized units or from the authorized units to the transport vehicle. The "incidental period of time" shall mean a period of time that shall not exceed 12 hours.

d. Keeping inbound and outbound HAZARDOUS WASTE that is being received or shipped by the FACILITY in a transport vehicle in the Loading and Unloading Area for no more than ten (10) days as required by Health and Safety Code section 25200.19(c)(1), and PERMIT Part B, section VI(C).

e. Not accepting and/or STORING at the FACILITY any HAZARDOUS WASTE destined for other facilities other than outbound WASTE generated by GEM and Stericycle as required by PERMIT Part B, section VI(C).

f. Requiring GEM AND STERICYCLE EMPLOYEES HANDLING HAZARDOUS WASTE to wear personal protective equipment, including, but not limited to, hard hats as required by PERMIT Part B, section VIII(B)(1).

g. Notifying DTSC within 24 hours of discovery of a release, including, but not limited to, fires and explosions involving HAZARDOUS WASTE within the FACILITY as required by PERMIT, section VI.

h. Following the FACILITY's Contingency Plan after a fire occurs at the FACILITY, including, but not limited to evacuating the FACILITY, notifying supervisors, the emergency coordinator, and the GENERAL MANAGER, and placing debris and materials used in the clean-up of the fire, which are presumed to be HAZARDOUS WASTE, in proper containers, labeled and MANAGED, appropriately as required by PERMIT Part B, section X(I)(3)(a) and Attachment X-2.

9.18 Change in Titles. GEM and Stericycle must notify DTSC 48 hours prior to changing the title of the FACILITY representative responsible for compliance with training identified in Paragraph 9.27 or the "GENERAL MANAGER," LEAD CHEMIST/CHEMIST," or "SUPERVISOR/LEADMAN" as those terms are defined in Paragraph 3 of this Stipulation.

9.19 Change in Ownership or Operational Control. GEM and Stericycle shall obtain DTSC's prior written approval and comply with DTSC's PERMIT modification procedures before a change in ownership or operational control of the FACILITY occurs as required by California Code of Regulations, title 22, sections 66270.40, subdivisions (a) and (b)(2) and 66270.42.5, subdivision (c)(1). No later than 90 days prior to the change of ownership or operational control of the FACILITY, GEM and Stericycle shall submit to DTSC a revised PERMIT application and a copy of the written agreement between the current and prospective new permittees that includes a specific date for transfer of PERMIT responsibility, coverage, and liability between the current and prospective new permittees.

9.20 Closure Plan. GEM and Stericycle shall have a "Closure Plan" approved by DTSC that includes an estimate of the maximum inventory of HAZARDOUS WASTES on-site over the active life of the FACILITY and a detailed description of the methods to be used during partial closures and final closure, including, but not limited to, methods for removing, transporting, TREATING, STORING, or disposing of all HAZARDOUS WASTES, and identification of the type(s) of the off-site HAZARDOUS WASTE MANAGEMENT units to be used, if applicable as required by California Code of Regulations, title 22, section 66264.112, subdivision (b)(3).

9.21 Financial Assurance. GEM and Stericycle shall maintain adequate financial assurance for the FACILITY, as required by California Code of Regulations, title 22, sections 66264.140 et seq.

9.22 Daily Inspections of the FACILITY. GEM and Stericycle shall conduct daily inspections of all areas of the FACILITY where HAZARDOUS WASTE is accumulated, TREATED, or STORED, and record the inspection findings and any responses by GEM and Stericycle in written inspection logs. The inspection logs shall be maintained at the FACILITY and made available upon request to DTSC and the Sacramento County Environmental

Management Department. The inspection logs shall be reviewed and signed by the FACILITY MANAGER or designee daily and s/he will be responsible for ensuring that any deficiencies noted during a daily inspection have been corrected as required by the HWCL, the PERMIT, this Stipulation, and/or the Final Judgment. Within two calendar days of the completion of the correction of any deficiencies noted during a daily inspection, the resolution or remedy for those deficiencies shall be noted in the log.

a. The daily inspections shall ensure that HAZARDOUS WASTE at the FACILITY is MANAGED in accordance with the HWCL, including, but not limited to, California Code of Regulations, title 22, sections 66261.7, 66264.17, 66264.31, 66264.35, 66264.73, 66264.171, 66264.172, 66264.173, 66264.174, 66264.175, 66264.176, 66264.177, 66266.81, 66270.30, 66273.31-39, and chapter 14, article 19, Appendix V and Health and Safety Code section 25200.19.

b. Review of WASTE Types. The daily inspection shall include a review of WASTE types STORED at the FACILITY to determine if INCOMPATIBLE WASTE is unlawfully STORED together. If INCOMPATIBLE WASTE is found to be unlawfully STORED together, the written inspection log shall describe how the HAZARDOUS WASTE was segregated or otherwise HANDLED to prevent incompatibility.

c. Review of Spills and/or Releases. If HAZARDOUS WASTE spills and/or releases are discovered at the FACILITY, GEM and Stericycle shall respond appropriately and consistently with the HWCL, and as required by the PERMIT, this Stipulation, and the Final Judgment.

9.23 Daily Inspections of the Loading and Unloading Area. GEM and Stericycle shall conduct daily inspections of the Loading and Unloading Area for cracks and STORAGE of INCOMPATIBLE WASTE.

9.24 Locations of Video Cameras. Within 30 days of the entry of the Final Judgment, GEM and Stericycle shall provide DTSC with a FACILITY map identifying the locations of video cameras in Areas A, B, C, and D and the Loading and Unloading Area (Video Camera FACILITY Map). If GEM and Stericycle make any changes to the location of any video camera

in Areas A, B, C, or D or the Loading and Unloading Area, GEM and Stericycle must submit a revised Video Camera FACILITY Map within seven (7) days after a change has been made.

9.25 Retention of Audio and Video Footage: GEM and Stericycle shall maintain all audio and video footage used by the FACILITY to monitor Areas A, B, C, and D and the Loading and Unloading Area for a minimum of one (1) year and shall make the audio and video footage available to DTSC, upon request.

9.26 Training. GEM and Stericycle shall not allow GEM AND STERICYCLE EMPLOYEES who started their employment at the FACILITY before the EFFECTIVE DATE to STORE, MANAGE, TREAT, BULK, or CONSOLIDATE HAZARDOUS WASTE until he/she completes all the training attached as Exhibit 2 to this Stipulation except for the five trainings and testing identified in Paragraph 9.26(b) of this Stipulation. GEM AND STERICYCLE EMPLOYEES will have 30 days from the date of entry of the Final Judgment to complete the five trainings and testing in Paragraph 9.26(b). GEM and Stericycle shall not allow GEM AND STERICYCLE EMPLOYEES who commence their employment at the FACILITY on or after the EFFECTIVE DATE to STORE, MANAGE, TREAT, BULK, or CONSOLIDATE HAZARDOUS WASTE until he/she completes all the training attached as Exhibit 2 to this Stipulation and the testing identified in Paragraph 9.26(b)(3) except for the training identified in section 9.26(b)(1) – California Compliance School. GEM AND STERICYCLE EMPLOYEES will have up to six months from the date of commencement of their employment to complete the California Compliance School training.

a. Program of Classroom Instruction. GEM and Stericycle shall ensure that all GEM AND STERICYCLE EMPLOYEES successfully complete a program of classroom instruction that teaches them to perform their duties at the FACILITY in connection with the MANAGEMENT of HAZARDOUS WASTE in a way that ensures compliance with the requirements of the PERMIT, the HWCL, California Code of Regulations, title 22, sections 66264.16 and 66273.36, and the additional requirements in this Stipulation and the Final Judgment. This program of classroom instruction shall be supervised by a person trained in HAZARDOUS WASTE MANAGEMENT procedures, including, but not limited to the HWCL,

and shall include instruction that teaches GEM AND STERICYCLE EMPLOYEES HAZARDOUS WASTE MANAGEMENT procedures that are relevant to the positions in which they are employed at the FACILITY.

b. GEM and Stericycle shall within 30 days of entry of the Final Judgment provide the following five trainings and testing identified in this section and provide documentation that the training was conducted in a timely manner within 45 days of entry of the Final Judgment:

1. California Compliance School. GEM and Stericycle shall provide training in Modules 1 through 5 from the California Compliance School for all GEM AND STERICYCLE EMPLOYEES who HANDLE HAZARDOUS WASTE at the FACILITY. Employees who are hired after the California Compliance School training is initially provided must take the California Compliance School training before they STORE, MANAGE, TREAT, BULK or CONSOLIDATE HAZARDOUS WASTE at the FACILITY, or within six months of hire, whichever occurs first.

2. 8 Hours of Incompatibility Training. GEM and Stericycle shall provide at least eight (8) hours of training every six months to GEM AND STERICYCLE EMPLOYEES on identifying, STORING, and separating INCOMPATIBLE WASTE, and explaining the dangers of STORING incompatibles together. At a minimum, this training shall include the following elements:

(i) basic chemistry and identification of INCOMPATIBLE WASTE/chemicals including the type(s) of chemical reactions associated with INCOMPATIBLE WASTE/chemicals.

(ii) Department of Transportation (DOT) requirements including site specific procedures for loading and unloading trucks.

(iii) California Code of Regulations, PERMIT requirements, and site-specific procedures, used for HANDLING and MANAGING INCOMPATIBLE WASTE in Areas A, B, C, D, and the Loading and Unloading Area, including testing procedures to identify potential INCOMPATIBLE WASTE in Area C.

(iv) GEM and Stericycle shall provide training in utilizing the United States Environmental Protection Agency (USEPA) Chemical Compatibility Chart (EPA 600/2-80-076

April 1980, or any subsequent revisions); California Code of Regulation, title 22, chapter 14, article 19, Appendix V; Examples of Potentially INCOMPATIBLE WASTE table; and Code of Federal Regulations, title 49, part 177, subparts A (Carriage by Public Highway) including, but not limited to, section 177.848, i.e., DOT Segregation of Hazardous Materials table. The USEPA Chemical Compatibility Chart; California Code of Regulations, title 22, chapter 14, Appendix V, Examples of Potentially INCOMPATIBLE WASTE table; and DOT Segregation of Hazardous Materials table shall be posted in Areas A, B, C, and D so that GEM AND STERICYCLE EMPLOYEES working in these PERMITTED areas of the FACILITY can refer to them when HANDLING HAZARDOUS WASTE.

(v) the history of violations/incidents at FACILITY involving INCOMPATIBLE WASTE.

(vi) applicable portions of the Emergency Contingency Plan and site-specific safety procedures including personal protective equipment and other safety equipment utilized in the event of an INCOMPATIBLE WASTE incident at the FACILITY.

3. Testing After 8 Hours of Incompatibility Training. GEM and Stericycle shall conduct testing after the 8 Hours of Incompatibility Training is provided to demonstrate that training participants are able to MANAGE INCOMPATIBLE WASTES consistent with the requirements of the HWCL. A GEM and Stericycle Employee who receives a score of 90 percent on a test will have passed the test. A GEM and Stericycle Employee who receives a score between 70 and 90 percent must retake the test until a minimum score of 90 percent is obtained. A GEM Stericycle Employee who receives a score below 70 percent must retake the training and the test. The testing results will be provided to DTSC after each training.

4. 4 Hours Universal WASTE Training. GEM and Stericycle shall provide at least four (4) hours of training every six months on the HANDLING and MANAGEMENT of universal WASTE to GEM AND STERICYCLE EMPLOYEES.

5. Area C and Area D Standard Operating Procedures (SOP) Training. GEM and Stericycle shall provide Area C and Area D SOP Training, specifically compatibility training for BULKING and CONSOLIDATION of lab packs, loose packs, and solid WASTE in roll-off bins.

Thereafter, GEM and Stericycle will provide the Area C and Area D SOP Training every six months after entry of the Final Judgment. That training shall include, but not be limited to, the following according to each SOP:

(i) the scope and application of the procedure.

(ii) significance of the procedure.

(iii) the apparatus used.

(iv) reagents and materials.

(v) sample collection, preservation and HANDLING procedure.

(vi) BULKING and CONSOLIDATION procedures, including checking the pH, radioactivity and physical characteristics of the material as required by Table V-2 of the Waste Analysis Plan.

(vii) Quality Control Procedures the physical attributes of the WASTE and the procedures taken for CONSOLIDATION, and test container usage.

6. HAZARDOUS WASTE Operations and Emergency Response (HAZWOPER) 8-hour Supervisor Training. In addition to the PERMIT required training, which requires GEM and Stericycle to provide at least eight (8) hours of HAZWOPER supervisor training to SUPERVISOR/LEADMAN who have limited HANDLING of HAZARDOUS WASTE, GEM and Stericycle shall provide at least eight (8) hours of HAZWOPER supervisor training annually (every 365 days) for SUPERVISOR/LEADMAN who directly HANDLE HAZARDOUS WASTE, including but not limited to HANDLING that does and does not involve CONSOLIDATION and/or BULKING of HAZARDOUS WASTES.

c. Subsequent Revisions to Training Materials. GEM and Stericycle shall provide DTSC with all PERMIT and Stipulation and Final Judgment related training materials, including any subsequent revisions to training materials, 65 days prior to using them. DTSC may review and comment on the adequacy of the training materials. If DTSC reviews the training materials and determines them to be inadequate, DTSC will identify the deficiencies and request that GEM and Stericycle revise the training materials. GEM and Stericycle will remain responsible for the adequacy of the training and shall not be relieved of the requirements of the Stipulation and Final

Judgment. DTSC's action or inaction with regard to the training materials shall neither impair nor waive DTSC's authority to enforce the PERMIT, HWCL or the Stipulation and the Final Judgment.

9.27 FACILITY Representative Responsible for Compliance with Training. Within five (5) days of entry of the Final Judgment, GEM and Stericycle shall provide the name and position title of the GEM and Stericycle Employee that shall act as the authorized representative of GEM and Stericycle and who shall be responsible for ensuring compliance with the training requirements under the HWCL, the PERMIT, and this Stipulation and the Final Judgment.

9.28 Verification of Training.

a. Initial Verification.

(1) GEM and Stericycle shall, within 30 days of the entry of the Final Judgment, provide documentation to DTSC demonstrating that all GEM AND STERICYCLE EMPLOYEES employed at the FACILITY on or before the EFFECTIVE DATE who STORE, MANAGE, TREAT, BULK, CONSOLIDATE, or otherwise come into contact with HAZARDOUS WASTE in the scope of their duties related to the operations of the FACILITY have completed all the trainings set forth in the attached Exhibit 2 to this Stipulation except for the five trainings and testing identified in section 9.26(b) of this Stipulation. For the 9.26(b) trainings and testing, GEM and Stericycle shall provide documentation that training and testing was completed within 45 days of entry of the Final Judgment.

(2) For all GEM AND STERICYCLE EMPLOYEES hired after the EFFECTIVE DATE, before allowing GEM and STERICYCLE EMPLOYEES to engage in HAZARDOUS WASTE MANAGEMENT, GEM and Stericycle must provide documentation to DTSC that all the trainings set forth in Exhibit 2 to this Stipulation have been completed. GEM and Stericycle shall provide documentation that California Compliance School training was completed no later than 6 months and 15 days after the person was initially hired.

(3) The person identified in Paragraph 9.27 will certify, under penalty of perjury under the laws of the State of California that the documentation provided to DTSC regarding the initial verification is true and correct.

b. Subsequent Verification: Every six months from entry of the Final Judgment, and continuing for five (5) years, GEM and Stericycle shall submit to DTSC a training table that includes the names of all GEM AND STERICYCLE EMPLOYEES that supervise, STORE, MANAGE, TREAT, BULK or CONSOLIDATE HAZARDOUS WASTE, including, but not limited to SUPERVISOR/LEADMAN and those who act as a SUPERVISOR/LEADMAN. The table must identify all the training set forth in Paragraph 9.26 of this Stipulation and in Exhibit 2 to this Stipulation. The table shall include the GEM AND STERICYCLE EMPLOYEES' date of hire and date of termination, if applicable. The table shall also include the GEM AND STERICYCLE EMPLOYEES' initial training and each subsequent annual/refresher training for the previous three years. With each submittal to DTSC, GEM and Stericycle shall provide the following:

(1) supporting documentation, including certificates and/or training sign-up sheets.

(2) the syllabus used for the eight (8) hours of Incompatibility Training;

(3) course outlines that describe (a) RCRA HAZARDOUS WASTE Generator Training, (b) Four (4) Hours of Universal WASTE Training, (c) Emergency Response Procedures and Contingency Plan Training, (d) PERMIT Training, and (2) Area C and Area D SOP Training).

9.29 Certification That All GEM AND STERICYCLE EMPLOYEES Have Received Training. Every six months after entry of the Final Judgment, the person identified in Paragraph 9.27 will certify under penalty of perjury under the law of the State of California to DTSC that all GEM AND STERICYCLE EMPLOYEES who STORE, MANAGE, TREAT, BULK or CONSOLIDATE HAZARDOUS WASTE have received the training required under the HWCL, the PERMIT, and this Stipulation and the Final Judgment, within the time periods required.

9.30 Retention of Training Records. GEM and Stericycle shall retain training records on GEM AND STERICYCLE EMPLOYEES, including all records associated with Paragraph 9.26 of this Stipulation until closure of the FACILITY is certified by DTSC; training records for terminated GEM AND STERICYCLE EMPLOYEES shall be kept for at least three years from the date of termination.

9.31 Environmental Compliance Assurance Contractor. Within forty-five (45) calendar days of the entry of the Final Judgment, GEM and Stericycle shall employ and maintain for a period of five (5) years a third-party contractor knowledgeable in the California environmental laws that are the subject of this Stipulation and the Final Judgment, as an "Environmental Compliance Assurance Contractor." Prior to selecting the Environmental Compliance Assurance Contractor, GEM and Stericycle shall provide the name and curriculum vitae or otherwise present the qualifications of the proposed Compliance Assurance Contractor to DTSC. The Environmental Compliance Assurance Contractor's responsibility shall be to manage GEM and Stericycle's compliance with the injunctive terms in this Stipulation and the Final Judgment. GEM and Stericycle shall remain responsible for the actions of said contractor and shall not otherwise be relieved of any requirements set forth in the PERMIT, this Stipulation, or the Final Judgment. The duties of the Environmental Compliance Assurance Contractor shall include:

a. undertaking good faith efforts to assess GEM and Stericycle's compliance with applicable laws and regulations,

b. advising GEM AND STERICYCLE EMPLOYEES on compliance with all applicable laws and regulations and to correct any noted deficiencies or violations, and

c. collecting and maintaining copies of all written advisements of violation, including a Notice or Summary of Violation ("NOVs" and "SOVs") and inspection reports, issued or performed by any local, state, or federal agency that identifies any violation of any environmental protection law, relating to the FACILITY for a period of five (5) years.

9.32 Annual Reports. Beginning one year after the entry of the Final Judgment, and continuing for five (5) years from the entry of the Final Judgment, GEM and Stericycle's Environmental Compliance Assurance Contractor shall submit to DTSC, an annual status report, describing:

a. the efforts by GEM and Stericycle to comply with the terms of this Stipulation and the Final Judgment,

b. the occurrence of a reportable event or reportable events as defined in Health and Safety Code section 25508.1, NOVs or SOVs issued to GEM and Stericycle for the FACILITY,

c. any actions taken by the FACILITY in response to a reportable event and NOVs/SOVs, and

d. any penalties paid by GEM and Stericycle with respect to such NOVs/SOVs.

Each annual report shall be signed by GEM and Stericycle's Environmental Compliance Assurance Contractor, one corporate officer from GEM, one corporate officer from Stericycle Environmental Solutions, Inc., and one corporate officer from Stericycle, Inc., under penalty of perjury under the laws of the State of California.

9.33. Environmental Audits. Within forty-five (45) calendar days of the entry of the Final Judgment, GEM and Stericycle shall select and retain the services of an independent third-party auditor who is qualified to conduct HAZARDOUS WASTE audits to determine compliance with the HWCL, the PERMIT, this Stipulation, and the Final Judgment and shall be either a Registered Environmental Assessor or Professional Engineer, licensed in California, and knowledgeable and experienced in environmental regulations, including the HWCL ("Auditor"). Prior to selecting the auditor, GEM and Stericycle shall provide the name and curriculum vitae or otherwise present the qualifications of the proposed Auditor to DTSC.

a. The Auditor will use the "Hazardous Waste Generator Inspection Report," attached hereto as Exhibit 3, as guidance for a HAZARDOUS WASTE audit protocol that will be used by the Auditor to determine whether GEM and Stericycle are meeting the requirements of the HWCL, PERMIT, this Stipulation, and the Final Judgment. In addition to any other audit objectives deemed appropriate by GEM and Stericycle, the environmental compliance audits shall evaluate GEM and Stericycle's compliance with the HWCL, PERMIT, and the requirements of this Stipulation and the Final Judgment. The HAZARDOUS WASTE compliance audits shall also evaluate the implementation and effectiveness of GEM and Stericycle's HAZARDOUS WASTE compliance program intended to maintain compliance with the HWCL, PERMIT, and this Stipulation and the Final Judgment.

b. The Auditor shall conduct three (3) HAZARDOUS WASTE compliance audits of the FACILITY, each at 18 month intervals. The first will be conducted 18 months after entry of the

Final Judgment, the second will be 36 months after entry of the Final Judgment, and the third will be 54 months after entry of the Final Judgment.

9.34 Narrative Audit Reports. For each audit, the Auditor shall also prepare and submit a narrative HAZARDOUS WASTE audit report to GEM and Stericycle, with a copy to DTSC, due within 60 calendar days after each of the three audit deadlines stated in Paragraph 9.33(b). The HAZARDOUS WASTE audit reports referenced above shall include, but not be limited to, a complete description and discussion of all audit objectives, scope, and criteria, audit activities, audit findings and audit conclusions, recommendations and shall identify and discuss all audit evidence considered or relied upon to support the audit conclusions. The HAZARDOUS WASTE audit reports shall also contain a brief description of any written advisements of violation, including formal NOVs or SOVs and inspection reports directed to GEM and Stericycle by any local, state, or federal agency that identifies any violation of any environmental protection law relating to the MANAGEMENT of any hazardous material or HAZARDOUS WASTE. Such reports shall also include, but not be limited to, a brief description of the disposition of any such noted violations including whether GEM and Stericycle paid any fines, costs or other payments and what corrective measures taken by GEM and Stericycle to correct any deficiencies raised in the HAZARDOUS WASTE audit reports, if any, were taken by GEM and Stericycle. This requirement is not intended to be and shall not be construed as a "cure period" and does not relieve GEM and Stericycle of their obligation to promptly correct any deficiency or violation as required by the HWCL, the PERMIT, or this Stipulation and Judgment.

9.35 Compliance Audits are Not Binding on DTSC. The Parties agree that the HAZARDOUS WASTE compliance audits and corresponding audit reports are not binding on DTSC. DTSC in no way delegates or waives its enforcement authority. Furthermore, DTSC's action or inaction with respect to the audits shall neither impair nor waive DTSC's authority to enforce the HWCL, the PERMIT, or this Stipulation and the Final Judgment.

10. **CIVIL PENALTIES**

10.1 **SETTLEMENT PAYMENT**

a. GEM and Stericycle shall pay DTSC a total of $1,412,400 in civil penalties within thirty (30) days of the EFFECTIVE DATE.

b. This payment shall be made by cashier's check, payable to the "Department of Toxic Substances Control" and bearin the notation "GEM and Steric cle, Inc. and Case No. 34-2017-00221348," and mailed to:

Cashier
Accounting Office, MS-21A
Department of Toxic Substances Control
P.O. Box 806
Sacramento, California 95812-0806

c. An electronic (e.g., Adobe PDF) copy or paper photocopy of the payment shall be sent, at the same time, to those persons identified in Paragraph 11.

10.2 **LATE PAYMENT**

GEM and Stericycle shall pay a late payment of $10,000 per day for each day the payment is late. In addition, GEM and Stericycle shall pay DTSC post-judgment interest as provided in Code of Civil Procedure section 685.010 (10%) from the date of default. Further, GEM and Stericycle is obligated to pay costs incurred by DTSC in enforcing the money judgment against GEM and Stericycle, in this matter, including, but not limited to reasonable attorney's fees.

11. **NOTICES**

11.1 All notices under this Stipulation and the Final Judgment shall be in writing and shall be sent to:

Denise Tsuji
Branch Chief
Department of Toxic Substances Control
Enforcement and Emergency Response Division
8800 Cal Center Drive
Sacramento, CA 95826-3200
Email: Denise.Tsuji@dtsc.ca.gov

Brooke O'Hanley Selzer
Senior Attorney
Office of Legal Counsel
Department of Toxic Substances Control
700 Heinz Ave.
Berkeley, CA 94710
Email: Brooke.Selzer@dtsc.ca.gov

Rose B. Fua
Deputy Attorney General
1515 Clay Street, Suite 2000
P.O. Box 70550
Oakland, CA 94612-0550
Email: rose.fua@doj.ca.gov

Legal Department
GEM/Stericycle, Inc.
28161 N. Keith Drive
Lake Forest, IL 60045

Matt Marra
SVP, Safety, Health & Compliance
28161 N. Keith Drive
Lake Forest, IL 60045
Email: Matt.Marra@STERICYCLE.com

James D. Treloar
Vice President, TSDF Operations
28161 N. Keith Drive
Lake Forest, IL 60045
Email: James.Treloar@STERICYCLE.com

11.2 Each Party may change its respective representative(s) for purposes of notice by providing the name and address of the new representative, in writing, to those persons identified in Paragraph 11.1. All notices or other communications required or permitted under the Final Judgment that are addressed as provided in this Paragraph are effective upon delivery if delivered personally or by overnight mail, or, if delivered by certified mail, are effective five (5) calendar days following deposit with the United States mail, postage prepaid, if delivered by mail, or are effective the next court day that electronic mail is sent before 5 p.m. (PST) to the electronic mail addresses of the designated recipient for notice concurrent with sending the notice by United States mail.

11.3 All notices, approvals, and decisions of DTSC under the terms of this Stipulation or the Final Judgment shall be communicated to GEM and Stericycle in writing. No oral advice, guidance, suggestions, or comments by employees or officials of DTSC or people or entities acting on behalf of GEM and Stericycle, regarding matters covered in this Stipulation or the Final Judgment, shall be construed to relieve GEM and Stericycle of its obligations under this Stipulation or the Final Judgment.

11.4 Nothing in this Stipulation or the Final Judgment shall be interpreted or applied to relieve GEM and Stericycle of its existing obligations to provide copies of documentation to a local agency or Certified Unified Program Agency (CUPA) as required by statute, regulation, or requirement.

12. RESERVATION OF AUTHORITY

12.1 Other than "Covered Matters" as defined in paragraph 7.1, nothing herein is intended, nor shall it be construed, to preclude DTSC, or any state, county, or local agency, department, board, or entity from exercising its authority under any law, statute, or regulation.

12.2 Nothing in this Stipulation or the Final Judgment in any way waives or limits any authority DTSC has under the HWCL, to 1) enforce the Final Judgment, 2) use the violations in the Complaint to seek enhanced penalties in any subsequent administrative or civil action to show a pattern or course of conduct or a history of non-compliance, and 3) use the violations in the Complaint in a permitting proceeding, decision, and/or process.

12.3 Nothing in the foregoing is intended to or shall be construed as limiting or precluding DTSC from pursuing all of its remedies to enforce this Stipulation and the Final Judgment or from initiating an enforcement action against GEM and/or Stericycle seeking injunctive relief or penalties for the period of time GEM and/or Stericycle violated the terms of this Stipulation or the Final Judgment or from initiating an enforcement action against GEM and/or Stericycle for any violations of the HWCL or Title 22 except as provided by section 7, Matters Covered.

12.4 A decision by DTSC not to enforce any provision of this Stipulation or the Final Judgment shall neither be deemed a waiver of the provision, nor in any way affect the validity of this Stipulation, the Final Judgment, or DTSC's enforcement authority. A decision by DTSC not

to enforce any provision of this Stipulation or the Final Judgment shall not preclude DTSC from exercising its statutory authority to enforce the same or other provisions.

12.5 GEM and Stericycle covenant not to pursue any civil or administrative claims against DTSC or against any governmental unit of the State of California, any counties or municipalities in the State of California, or against their officers, employees, representatives, agents, or attorneys for actions taken against GEM and Stericycle arising out of or related to Covered Matters.

13. VIOLATIONS DEEMED PROVEN

GEM and Stericycle agree that, solely for purposes of subsection (a) and (b) below (hereinafter "Defined Situations"):

(a) a future DTSC enforcement action for new violations (i.e., not within Matters Covered) at the FACILITY; and/or

(b) a permitting proceeding, decision, and/or process regarding GEM and/or Stericycle as an applicant for or holder of a HAZARDOUS WASTE facilities PERMIT and/or HAZARDOUS WASTE transporter registration, including, but not limited to, any decision made pursuant to Health and Safety Code section 25186 and/or process arising from Health and Safety Code section 25200.21,

the violations alleged in the Complaint will be deemed proven without any need for testimony or other evidence. GEM and Stericycle each agree that the violations alleged in the Complaint may be used by DTSC in the Defined Situations, inter alia, as a basis for enhanced penalties or permitting proceeding(s), decision(s) and/or process(es). Further, GEM and Stericycle agree that, in any of the Defined Situations, neither GEM nor Stericycle will dispute the facts underlying the violations alleged in the Complaint or DTSC's use of the violations alleged in the Complaint as a basis for enhanced penalties or for permitting proceeding(s) and/or decision(s) and/or process(es). If DTSC seeks to use the violations alleged in the Complaint, GEM and Stericycle each also agree that, in any of the Defined Situations, they will not assert any defenses based on the passage of time, including, but not limited to, laches, estoppel, and statute of limitations.

14. NO LIABILITY OF DTSC

DTSC shall not be liable for any injury or damage to persons or property resulting from acts or omissions by GEM and/or Stericycle or its agents, servants, employees, representatives, or other persons acting in concert or participating with GEM and Stericycle, in carrying out activities pursuant to this Stipulation or the Final Judgment in this matter, nor shall DTSC be held as a party to or guarantor of any contract entered into by GEM and Stericycle or its agents, servants, employees, representatives, or other persons acting in concert or participating with GEM and Stericycle, in carrying out the requirements of this Stipulation or the Final Judgment in this matter.

15. FUTURE REGULATORY CHANGES

Nothing in this Stipulation or the Final Judgment shall excuse GEM and/or Stericycle from meeting any more stringent requirements that may be imposed by applicable law or by changes in the applicable law.

16. FUTURE PERMIT CHANGES

Nothing in this Stipulation or the Final Judgment entered by the Court in this matter shall preclude DTSC from requiring more stringent requirements in GEM/Stericycle's PERMIT for this FACILITY.

17. INTEGRATION

This Stipulation constitutes the entire agreement between the Parties with respect to the Covered Matters and may not be amended or supplemented except as provided for in this Stipulation or the Final Judgment. No oral representations have been made or relied on other than as expressly set forth herein.

18. INTERPRETATION OF THIS STIPULATION AND THE FINAL JUDGMENT

This Stipulation and the Final Judgment shall be deemed to have been drafted equally by the Parties hereto. The Parties agree that the rule of construction holding that ambiguity is construed against the drafting party shall not apply to the interpretation of this Stipulation and the Final Judgment.

19. CONTINUING JURISDICTION

The Parties agree that this Court has continuing jurisdiction to interpret and enforce the provisions of this Stipulation and the Final Judgment and to address any other matters arising out of or regarding this Stipulation and the Final Judgment.

20. AMENDMENTS TO THIS STIPULATION AND THE FINAL JUDGMENT

This Stipulation and the Final Judgment may be amended or supplemented only pursuant to a written agreement signed by the Parties, followed by written approval by the Court, or by order of the Court following the filing of a duly noticed motion.

21. COSTS AND ATTORNEYS' FEES

Except as otherwise provided in this Stipulation, each Party to this Stipulation and the Final Judgment shall bear its own costs and attorneys' fees.

22. AUTHORITY TO ENTER THIS STIPULATION

Each signatory to this Stipulation certifies that he or she is fully authorized by the Party he or she represents to enter into this Stipulation, to execute it on behalf of the Party represented, and to legally bind that Party.

23. COUNTERPARTS

This Stipulation may be executed in several counterpart originals, each of which taken together shall constitute an integrated document.

24. ENTRY OF THE FINAL JUDGMENT PURSUANT TO STIPULATION

Pursuant to Code of Civil Procedure section 664.6, the Parties further stipulate that, upon approval of this Stipulation by the Court, the Court may enter the Final Judgment in this matter in the form set forth in the attached Exhibit 1. If the Court does not approve this Stipulation and the agreed upon Final Judgment in the form and substance proposed in Exhibit 1 hereto, each Party reserves the right to withdraw both this Stipulation and the proposed Final Judgment, upon written notice to all Parties and the Court.

IT IS SO STIPULATED.

Dated: October 15, 2018

For the California Department of Toxic Substances Control

Original signed by Keith Kihara

KEITH KIHARA
CHIEF
ENFORCEMENT AND EMERGENCY RESPONSE DIVISION
HAZARDOUS WASTE MANAGEMENT PROGRAM

Dated: October 15, 2018

For General Environmental Management of Rancho Cordova, LLC, dba PSC Environmental Services of Rancho Cordova, LLC; Stericycle Environmental Solutions, Inc.; Stericycle, Inc.

Original signed by Charles A. Alutto

CHARLES A. ALUTTO
CHIEF EXECUTIVE OFFICER

APPROVED AS TO FORM:

Dated: October 17, 2018

XAVIER BECERRA
ATTORNEY GENERAL OF CALIFORNIA

Original signed by Margarita Padilla

MARGARITA PADILLA
SUPERVISING DEPUTY ATTORNEY GENERAL
ROSE B. FUA
DEPUTY ATTORNEY GENERAL
Attorneys for Plaintiff, People of the State of California, ex rel. Barbara A. Lee, Director, California Department of Toxic Substances Control

Dated: October 12, 2018

DANIEL P. BRUNTON

DANIEL P. BRUNTON
LATHAM & WATKINS, LLP
Attorney for Defendants General Environmental Management of Rancho Cordova, LLC, dba PSC Environmental Services of Rancho Cordova, LLC; Stericycle Environmental Solutions, Inc.; Stericycle, Inc.

OK2014513982/91018752.docx

IT IS SO STIPULATED.

Dated: October ____, 2018

For the California Department of Toxic Substances Control

KEITH KIHARA
CHIEF
ENFORCEMENT AND EMERGENCY RESPONSE DIVISION
HAZARDOUS WASTE MANAGEMENT PROGRAM

Dated: October 15, 2018

For General Environmental Management of Rancho Cordova, LLC, dba PSC Environmental Services of Rancho Cordova, LLC; Stericycle Environmental Solutions, Inc.; Stericycle, Inc.

Original signed by Charles A. Alutto

CHARLES A. ALUTTO
CHIEF EXECUTIVE OFFICER

APPROVED AS TO FORM:

Dated: October ____, 2018

XAVIER BECERRA
ATTORNEY GENERAL OF CALIFORNIA

MARGARITA PADILLA
SUPERVISING DEPUTY ATTORNEY GENERAL
ROSE B. FUA
DEPUTY ATTORNEY GENERAL
Attorneys for Plaintiff, People of the State of California, ex rel. Barbara A. Lee, Director, California Department of Toxic Substances Control

Dated: October 12, 2018

DANIEL P. BRUNTON

Original signed by Daniel P. Brunton

DANIEL P. BRUNTON
LATHAM & WATKINS, LLP
Attorney for Defendants General Environmental Management of Rancho Cordova, LLC, dba PSC Environmental Services of Rancho Cordova, LLC; Stericycle Environmental Solutions, Inc.; Stericycle, Inc.

OK2014512982/9/1018752.docx

FOR GENERAL INQUIRIES: Contact the Department of Toxic Substances Control by phone at (800) 728-6942 or visit www.dtsc.ca.gov. To report illegal handling, discharge, or disposal of hazardous waste, call the Waste Alert Hotline at (800) 698-6942.

The mission of DTSC is to protect California's people and environment from harmful effects of toxic substances by restoring contaminated properties, enforcing hazardous waste law, reducing hazardous waste generation, and encouraging the manufacture of chemically safer products.

APPENDIX G

SETTLEMENT AGREEMENT

This Agreement of Settlement ("Agreement") is entered into by and between Plaintiff-Relator Jennifer Perez ("Relator"), and defendant Stericycle, Inc. ("Stericycle"), through their authorized representatives. Relator and Stericycle are collectively the "Parties."

RECITALS

WHEREAS:

A. Stericycle, based in Lake Forest, Illinois, is a provider of regulated medical waste management services and pharmaceutical returns services to medical offices, hospitals, other health care providers, and other entities. Stericycle does or has done business with government customers at the federal, state, and local government level ("Government Customers").

B. Relator is an individual resident of the State of Illinois. On April 28, 2008, Relator filed a *qui tam* action in the United States District Court for the Northern District of Illinois captioned *United States of America ex rel. Jennifer D. Perez v. Stericycle, Inc.*, Case No. 1:08-cv-2390 (hereinafter referred to as the "Action").

C. On June 28, 2010, Relator filed an Amended Complaint adding the States of California, Delaware, Florida, Illinois, Indiana, Nevada, New Hampshire, New Jersey, New York, North Carolina, Rhode Island, Tennessee, the Commonwealths of Massachusetts and Virginia, and the District of Columbia (except for New Hampshire and New York, "Government Entities") as plaintiffs and alleging claims for relief under the respective state false claims law on behalf of state and local governmental agencies, as applicable.

D. On July 23, 2013, Relator filed her Second Amended Complaint ("SAC") in which she alleged claims on behalf of the Government Entities. The SAC dropped any claims on behalf of the State of New Hampshire. The SAC alleges Stericycle improperly increased its

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service price to certain government customers, from January 1, 2003 until June 30, 2014, without consent of the Government Customers or contractual authorization, resulting in overpayment for products and services ("Covered Conduct").

E. Stericycle denies all allegations of wrongdoing in connection with the Covered Conduct, and this Agreement shall not be construed as an admission of any wrongdoing or liability by Stericycle.

F. Neither the United States, any State, or the District of Columbia has intervened in the Action.

G. Relator claims an entitlement to a share of the proceeds of this Agreement, the terms of which are incorporated in a separate agreement between Relator and the Government Entities, and to reasonable attorneys' fees, costs, and expenses under the federal False Claims Act and its state analogues.

H. The Attorneys General for the States of California, Florida, New Jersey and Rhode Island do not represent all governmental entities within their states under their respective false claims acts, including local governmental or political subdivision customers within their States, which were also allegedly affected by the Covered Conduct ("Affected Local Governmental Customers"). The Attorneys General of California, Florida, New Jersey and Rhode Island will provide effective notice of the Settlement to each Affected Local Governmental Customer pursuant to Paragraphs 8 and 9 of this Agreement.

NOW THEREFORE, to avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and the unique remedies and penalties exclusively available under the federal False Claims Act and its state analogues, and in consideration of the mutual promises and obligations of this Agreement, Relator and Stericycle agree as follows:

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1. Stericycle agrees to pay $26,750,000.00 ("Settlement Sum") plus $1,750,000.00 ("Attorneys' Fees Settlement Sum"), for a total payment amount of $28,500,000.00 ("Total Payment Sum"). Stericycle will pay the Settlement Sum to a third party as described below. The allocation of the Settlement Sum between the Government Entities has been determined by and among the Government Entities without any involvement by or input whatsoever from Stericycle or Stericycle's counsel. In addition, Stericycle alone agrees to pay the Attorneys' Fees Settlement Sum in full and final satisfaction of any claims by Relator and Relator's Counsel for reasonable expenses, attorneys' fees, and costs. The Total Payment Sum resolves any and all claims that were alleged on behalf of the Government Entities by Relator in the Action and Relator's claim for attorneys' fees, costs, and expenses under 31 U.S.C. § 3730(d) and analogous provisions of state False Claims Acts.

2. No later than fourteen (14) days after the Effective Date of this Agreement, Stericycle shall pay, pursuant to written instructions from Relator's counsel, the Settlement Sum to the third party administrator, Garden City Group, LLP. No later than fourteen (14) days after receiving payment of the Settlement Sum from Stericycle, Garden City Group, LLP shall distribute the Settlement Sum to the Government Entities pursuant to written instructions provided by the Government Entities. No later than fourteen (14) days after the Effective Date of this Agreement, Stericycle shall pay the Attorneys' Fees Settlement Sum to and in the manner directed by Relator's counsel.

3. Stericycle shall comply with all applicable state and/or federal laws, rules, and regulations as now constituted or as may hereafter be amended.

4. Relator affirms that this Agreement is fair, adequate, and reasonable under all the circumstances in accordance with 31 U.S.C. § 3730(c)(2)(B) and similar state statutes, and promises not to challenge the terms of this Agreement.

5. A stipulation of dismissal with prejudice will be filed, along with the Government Entities consent to dismissal, if so required, fourteen (14) calendar days after payment is received by all Government Entities pursuant to paragraph 2.

6. Other than payment of the Attorneys' Fees Settlement Sum, each party to this Agreement shall bear its own attorneys' fees and costs.

7. Subject to the other provisions and limitations set out in this Agreement and effective as of the receipt of the Total Payment Sum, Relator, on behalf of herself, and for her heirs, successors, attorneys, agents, and assigns, hereby agrees to and shall release Stericycle, and each of Stericycle's respective past and present affiliates, parents, subsidiaries, divisions, branches, departments, predecessors, successors, assigns, and the heirs, principals, employees, associates, owners, stockholders, devises, agents, distributors, directors, officers, representatives, insurers, attorneys, and predecessors and successors in interest from any and all claims that she may have against Stericycle in her own right or that she brought in the Action for the Covered Conduct, including but not limited to claims under the federal False Claims Act, 31 U.S.C. §§ 3729-3733 and/or its state analogues.

In connection with the foregoing, Relator acknowledges that she is familiar with and hereby waives and relinquishes any and all rights and benefits she may have under the laws of any state, similar to and including Section 1542 of the California Civil Code, which provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing

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> the release, which if known by him must have materially affected his settlement with the debtor.

8. Within ten (10) business days of the Effective Date, Stericycle will provide the Attorney General's Offices in California, Florida, and New Jersey with sufficient contact information of presently-known government customers in the respective State to allow them to provide effective notice to each Affected Local Governmental Customer ("Contact Information"). Within 45 business days of the date by which the Attorney General's Offices in California, Florida, and New Jersey receive the Contact Information, the Attorney General's Offices in California, Florida, and New Jersey will provide to each Affected Local Governmental Customer its check along with a letter or other notification that contains the following language in boldface text: "**By accepting and depositing the enclosed check within 60 days of its issuance, you are consenting to the provisions of the enclosed Settlement Agreement, including the provisions in paragraph 7 of the Agreement. If you do not deposit the enclosed check within 60 days of its issuance, you will forfeit your pro rata share of the settlement proceeds.**" Rhode Island has received the Contact Information from Relator's counsel and will provide to each Affected Local Governmental Customer its check along with a letter or other notification that contains the language cited above. Contemporaneous copies of the notification will be provided to Stericycle. Any amounts that an Affected Local Governmental Customer does not timely deposit under this paragraph shall be retained by the State where that Affected Local Governmental Customer is located.

9. Each Affected Local Governmental Customer in California, Florida, New Jersey and Rhode Island will have 60 days of the issuance of the check and letter or other notification described in the above paragraph, to review the Notification, seek additional information, if

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needed, from the Attorney General's Offices in those states, and decide whether to consent to the settlement consistent with the terms set forth in paragraph 8 herein. An Affected Local Governmental Customer's failure to deposit the check within 60 days of its issuance will not result in any increase in the pro rata share of the settlement funds to which any other Affected Local Governmental Customer is entitled under the terms of this Agreement.

10. Subject to the other provisions and limitations set out in this Agreement and effective as of the receipt of the Total Payment Sum, Stericycle, for itself as well as for each of Stericycle's respective past and present affiliates, parents, subsidiaries, divisions, branches, departments, predecessors, successors, assigns, and the heirs, principals, employees, associates, owners, stockholders, devises, agents, distributors, directors, officers, representatives, insurers, attorneys, and predecessors and successor in interest, does and hereby agrees to and does release Relator, her heirs, successors, attorneys, agents, and assigns from any claim (including attorneys' fees, costs, and expenses of every kind and however denominated) that Stericycle has asserted, or could have asserted, or may assert in the future against Relator and her heirs, successors, attorneys, agents, and assigns, including without limitation, claims related to the Covered Conduct and the investigation and prosecution thereof.

In connection with the foregoing, Stericycle acknowledges that it is familiar with and hereby waives and relinquishes any and all rights and benefits it may have under the laws of any state, similar to and including Section 1542 of the California Civil Code, which provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

11. Relator and her counsel agree that all documents, data, or other information

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provided or produced to Relator by Stericycle in connection with or related to the Action, will be

(1) returned to counsel for Stericycle; or

(2) destroyed and Relator will certify in writing that all such information was destroyed;

within thirty (30) days of the dismissal of the Action.

12. Documents provided or produced by Stericycle to the States of North Carolina and Tennessee and the Commonwealths of Massachusetts and Virginia, will be treated as and kept confidential to the extent provided by law.

13. Each party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

14. This Agreement is governed by the laws of the State of Illinois. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Northern District of Illinois.

15. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of each of the Parties.

16. The undersigned counsel represent and warrant that they are f ly authorized to execute this Agreement on behalf of the person and entities indicated below.

17. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

18. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

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19. This Agreement is binding on Stericycle's successors, transferees, heirs, and assigns.

20. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

21. The Parties agree that either Party may disclose this Agreement publicly, but all other information related to this Action or this Agreement that has not been publicly filed or is not a matter of public record is confidential and may not be disclosed by either of the Parties for any reason, except as otherwise required by law or court order.

22. This Agreement is effective on the date the last party signs this Agreement ("Effective Date").

IN WITNESS WHEREOF, the Parties have executed this Agreement.

JENNIFER D. PEREZ

DATED: Oct. 16, 2015

JENNIFER D. PEREZ

DATED: October 5, 2015

James T. Ratner
(Admitted pro hac vice)
P.O. Box 1035
Woodstock, NY 12498
Tel.: (845) 688-5222
Email: jamestratner@yahoo.com

DATED: Oct. 6, 2015

MENZ BONNER KOMAR & KOENIGSBERG LLP

By: David A. Koenigsberg

David A. Koenigsberg
(Admitted pro hac vice)
John R. Menz
444 Madison Avenue, 39th Floor
New York, New York 10022
Tel.: (212) 223-2100
Email: dkoenigsberg@mbkklaw.com

DATED: 10/6, 2015

Michael C. Rosenblat
Michael C. Rosenblat, P.C.
707 Skokie Boulevard, Suite 600
Northbrook, Illinois 60062-2841
Tel.: (847) 480-2390
Email: mike@rosenblatlaw.com

Attorneys for Plaintiff-Relator Jennifer Perez

STERICYCLE, INC.

DATED: October 8, 2015 BY: _____

NAME: John Schetz

TITLE: EVP and General Counsel

DATED: October 8, 2015 _____

Raymond J. Etcheverry
(Admitted pro hac vice)
Cory D. Sinclair *(Admitted pro hac vice)*
PARSONS BEHLE & LATIMER
201 South Main Street, Suite 1800
Salt Lake City, UT 84111
Telephone: (801) 532-1234
E-mail: REtcheverry@parsonsbehle.com
csinclair@parsonsbehle.com

and

Paul E. Chronis
Elinor L. Hart
Duane Morris LLP
190 S. LaSalle Street, Suite 3700
Chicago, Illinois 60603
Telephone: (312) 499-6700
Email: PEChronis@duanemorris.com
EHart@duanemorris.com

Counsel for Defendant Stericycle, Inc.

TYCKO & ZAVAREEI LLP

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Stericycle Settles for $28.5 million in Qui Tam Action; Healthcare Whistleblower to Collect $5.5 million

02/18/16 *Written by Fraud Fighters // Blog.*

The Northern District of Illinois approved the $28.5 million final settlement of the action styled *US ex rel. v. Stericycle, Inc.*, 1:08-cv-02390 (N.D. Ill) earlier this month. Stericycle, an international medical waste disposal company, was accused of artificially inflating its prices by 18% for its state and federal government customers, totaling to almost $12 million in overcharges. Plaintiff-relator Jennifer Perez will collect a $5.5

million relator's share of the settlement.

Stericycle, headquartered in Lake Forest, Illinois, services both government and private customers. In the initial complaint, Plaintiff-relator Perez exposed Stericycle's suspected overpricing scheme, whereby it purportedly withheld accurate pricing data from potential customers, and then added on 'fuel and energy' surcharges *after* contracts had been finalized. Fourteen states and the District of Columbia were damaged by Stericycle's alleged price-inflation.

Perez served as a government customer-relations specialist for Stericycle from 2004 to 2008. She became suspicious of Stericycle's billing practices in or around 2006 when she first noticed the periodic 18% increases that were charged to government accounts in advance of services rendered.

Although the government declined to proceed with the Plaintiff-relator's False Claims investigation, Perez and counsel were undeterred in pursuing the action. During the course of the investigation, Perez and counsel reviewed thousands of Stericycle documents spanning over a ten-year period. As a result, Perez's relator's share reflects a larger portion of the total settlement. Typically, a whistleblower is entitled to an award between 15% and 30% of the total

amount recovered as a result of the qui tam lawsuit.

Even though Stericycle's alleged deception cost the government around $12 million, state and federal entities will recover not only these losses, but substantial additional penalties. Under qui tam law, the government is allowed to collect up to three times the alleged damages, plus additional civil damages.

Stericycle's suspected pricing scheme is not unique. Healthcare fraud, including Medicare fraud, is one of the most common types of False Claims Act violations. Other examples of healthcare fraud cases include billing for services or supplies that were not provided, or the submission of improper Medicare and Medicaid claims as a result of aggressive off-label marketing of name brand pharmaceutical products.

If you have information about a potential case involving a company or individual committing government programs fraud, do not hesitate to take action. You might be able to bring your own qui tam lawsuit under the False Claims Act, acting as a whistleblower on behalf of the US government.

Before filing your lawsuit, be sure to consult with a qui tam attorney familiar with the intricacies of the False Claims Act and government fraud cases, as these attorneys are best

equipped to protect your rights and help you secure your share of any potential monetary reward.

If you would like to consult with one of our False Claims Act attorneys, please fill out our Confidential Case Evaluation form, or call (202) 973-0900 to speak with a lawyer at the law office of Tycko & Zavareei LLP.

Begin Your Confidential Case Evaluation

Information we will need to contact you:

Name:

Phone:

Email:

Information about the company you believe is committing fraud on the government:

Company:

What type of products or services does the company provide?

Are you current or former employee of the company?

Information about the fraud:

Describe the fraud in as much detail as you can.

Provide your best estimate of the amount of money the company has received from the government as a result of the fraud.

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The information you obtain at this site is not, nor is it intended to be, legal advice. You should consult an attorney for individual advice regarding your own situation.

TYCKO & ZAVAREEI LLP

1828 L Street, NW - Suite 1000 • Washington, D.C. 20036

Tel: (202) 973-0900 • Fax: (202) 973-0950

The Tower Building • 1970 Broadway – Suite 1070 •
Oakland, CA 94612
Tel: (510) 254-6808

Sitemap | Disclaimer | By Jonathan Tycko

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Types of Whistleblower Cases

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Tax Fraud

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APPENDIX H

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

IN RE: STERICYCLE, INC., STERISAFE CONTRACT LITIGATION	No. 1:13-cv-05795 MDL No. 2455 Judge Milton I. Shadur

SETTLEMENT AGREEMENT

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TABLE OF EXHIBITS

Document **Exhibit No.**

List of Transferred Actions in the MDL 1

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Settlement Notice Administrator's Declaration 3

Short Form Notice 4

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SETTLEMENT AGREEMENT AND RELEASE

This Class Action Settlement Agreement and Release is entered into between and among (1) Lyndon Veterinary Clinic, PLLC, RESEARCHDX, LLC, Cochranton Veterinary Hospital, Amores Dental Care, McMackin & Zimnoch, P.C., Madison Avenue Professional Building, and Greater Hampstead Family Medicine, PC. ("Plaintiffs") on behalf of themselves and as representatives of the Class and (2) Defendant Stericycle, Inc. ("Stericycle") in order to effect a full and final settlement and dismissal with prejudice of all claims against Stericycle alleged in the Actions comprising the multidistrict litigation proceeding known as *In re: Stericycle, Inc., Sterisafe Contract Litigation*, MDL No. 2455, Case No. 1:13-cv-05795 (N.D. Ill.), on the terms set forth below and to the full extent reflected herein. Capitalized terms shall have the meaning ascribed to them in Section II of this Agreement.

I. RECITALS

WHEREAS, on April 3, 2013, Lyndon Veterinary Clinic, PLLC filed a class action complaint in *Lyndon Veterinary Clinic, PLLC v. Stericycle, Inc.*, No. 1:13-cv-02499 (N.D. Ill.), alleging, among other things, that Stericycle engaged in (a) a practice of imposing Automated Price Increases in violation of the contracts between Stericycle and its customers and (b) unfair and deceptive acts or practices by misrepresenting or concealing material facts from its customers regarding its pricing practices in violation of, *inter alia*, the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1 *et seq.*, and the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS § 510/2;

WHEREAS, on August 6, 2013, *Lyndon Veterinary Clinic, PLLC v. Stericycle, Inc.* was consolidated for pretrial proceedings by the Judicial Panel on Multidistrict Litigation with additional class and individual actions alleging similar or identical claims, captioned *In re:*

Stericycle, Inc., Sterisafe Contract Litigation, MDL No. 2455, and pending before the Honorable Milton I. Shadur in the United States District Court for the Northern District of Illinois;

WHEREAS, on October 11, 2013, the Court entered an order appointing Hagens Berman Sobol Shapiro LLP as interim lead counsel;

WHEREAS, on November 11, 2013, Plaintiffs filed the First Amended Consolidated Complaint;

WHEREAS, on March 8, 2016, Plaintiffs filed the Second Amended Consolidated Complaint alleging, among other things, that Stericycle engaged in (a) a practice of imposing Automated Price Increases in violation of the contracts between Stericycle and its customers and (b) unfair and deceptive acts or practices by misrepresenting or concealing material facts from its customers regarding its pricing practices in violation of, *inter alia*, the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1 *et seq.*, and the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS § 510/2 or, in the alternative, the consumer protection statutes of 26 additional states and seeking monetary damages, punitive damages and injunctive and equitable relief;

WHEREAS, on February 16, 2017, the Court entered an order appointing Hagens Berman Sobol Shapiro LLP as Plaintiffs' Class Counsel and certifying a nationwide class in this matter consisting of "All persons and entities that, between March 8, 2003 through the date of trial resided in the United States (except Washington and Alaska), were identified by Stericycle as "Small Quantity" or "SQ" customer, and were charged and paid more than their contractually-agreed price for Stericycle's medical waste disposal goods and services pursuant to Stericycle's Automated Price Increase Policy. Governmental entities whose claims were asserted in *United States ex rel. Perez v. Stericycle Inc.* shall be excluded from the class";

WHEREAS, on March 2, 2017, Stericycle filed a Motion for Reconsideration of the Court's order certifying the class, the consideration of which has been continued by the agreement of the Parties to allow for settlement negotiations and which motion remains pending;

WHEREAS, as a result of extensive arm's length negotiations, including multiple in-person mediation sessions before Judge Wayne Andersen (Ret.) and numerous follow-up negotiations in person, via email and by telephone, Plaintiffs, Plaintiffs' Class Counsel and Stericycle have entered into this Agreement;

WHEREAS, Plaintiffs' Class Counsel have conducted substantial discovery, have investigated the facts and underlying events relating to the subject matter of the claims, have carefully analyzed the applicable legal principles and have concluded, based upon their investigation, and taking into account the risks, uncertainties, burdens and costs of further prosecution of their claims and taking into account the substantial benefits to be received pursuant to this Agreement as set forth below, which, in the view of the Plaintiffs and Plaintiffs' Class Counsel, is designed for the purpose of putting to rest all controversies with Stericycle that were or could have been alleged or brought and that a resolution and compromise on the terms set forth herein is fair, reasonable, adequate and in the best interests of the Plaintiffs and the Class;

WHEREAS, Stericycle denies and continues to deny each and every allegation of liability, wrongdoing and damages and further denies that the Action may be properly maintained as a class action except for settlement purposes. Nonetheless, without admitting or conceding any liability or damages whatsoever and without admitting any wrongdoing and without conceding the appropriateness of class treatment for claims asserted in any future complaint, Stericycle has agreed to settle the Action on the terms and conditions set forth in this

Agreement solely to avoid the substantial expense, inconvenience, burden and disruption of continued litigation;

WHEREAS, Plaintiffs' Class Counsel represent and warrant that they are fully authorized to enter into this Agreement on behalf of Plaintiffs and the Class and that Plaintiffs' Class Counsel have consulted with and confirmed that all Plaintiffs fully support and have no objection to this Agreement; and

WHEREAS, it is agreed that this Agreement shall not be deemed or construed to be an admission, concession or evidence of any violation of any federal, state or local statute, regulation, rule or other law or principle of common law or equity or of any liability or wrongdoing whatsoever by Stericycle or any of the Released Parties or of the truth or validity of any of the claims that Plaintiffs have asserted;

NOW, THEREFORE, without any admission or concession by Plaintiffs or Plaintiffs' Class Counsel of any lack of merit to their allegations and claims and without any admission or concession by Stericycle of any liability or wrongdoing or lack of merit in its defenses on the merits or to the propriety of class treatment of Plaintiffs' claims in a non-settlement context, in consideration of the mutual covenants and terms contained herein and subject to the final approval of the Court, Plaintiffs, Plaintiffs' Class Counsel and Stericycle agree as follows:

II. DEFINITIONS

A. As used in and solely for the purposes of this Agreement and the attached exhibits (which are an integral part of this Agreement and are incorporated in their entirety by reference), the following terms have the following meanings, unless this Agreement specifically provides otherwise:

1. "Action" or "Actions" means all class, mass and individual actions, however denominated, that were or will be transferred and consolidated for pretrial proceedings in the

United States District Court for the Northern District of Illinois in *In re: Stericycle, Inc., Sterisafe Contract Litigation*, MDL No. 2455, Case No. 1:13-cv-05795, before the Honorable Judge Milton I. Shadur, including but limited those listed in Exhibit 1 hereto.

2. "Actual Price" means the total amount paid by each Class Member during the Class Period for Stericycle's regulated medical waste disposal services, as reflected in Stericycle's customer transactional database and/or other documents.

3. "Agreement" means this Settlement Agreement and Release as well as the exhibits attached hereto or incorporated herein, including any subsequent amendments and any exhibits to such amendments.

4. "Attorneys' Fees and Expenses" means such funds as may be awarded by the Court to compensate any and all attorneys representing parties who claim to have assisted in conferring benefits upon the Class, as described in Section IV of this Agreement.

5. "Automated Price Increase" or "Automated Price Increase Policy" mean the practice of increasing prices on Stericycle customers identified as "Small Quantity" or "SQ" customers by fixed percentages or otherwise on a periodic basis.

6. "Challenged Pricing Practice" means the pricing practice alleged in the Action of increasing prices on Stericycle customers identified as "Small Quantity" or "SQ" customers by 12%, 15% or 18% (depending on the time period) on a periodic basis. This definition does not include price increases where the percentage increase is fixed in the contract.

7. "Claim" means the claim of a Class Member or his, her, or its representative.

8. "Class" means, for settlement purposes only:

> All persons and entities that, between March 8, 2003 through the date of Preliminary Approval resided in the United States (except Washington and Alaska), were identified by Stericycle as a "Small Quantity" or "SQ" customer, and were charged and paid more than their Contractually Agreed Price for

> Stericycle's medical waste disposal goods and services. Excluded from the class are governmental entities whose claims were asserted and resolved in *United States ex rel. Perez v. Stericycle Inc.* and any entities that have previously settled similar claims with Stericycle and released those claims.

Members of the Class have been identified from Stericycle's customer transaction database, along with the Gross Compensation Basis for each member of the Class calculated using Stericycle's customer transaction database.

9. "Class Action Settlement Administrator" means the third-party agent or administrator agreed to by the Parties and appointed by the Court to implement the notice and other settlement requirements of this Agreement including but not limited to issuing checks in the appropriate amounts to each Class Member for that Class Member's share of the Settlement Fund, subject to the Court's approval. The Parties agree that GCG, 1985 Marcus Ave., Lake Success, NY 11042 shall serve as Class Action Settlement Administrator, subject to approval by the Court.

10. "Class Member" means a member of the Class who has not Opted Out of the Class.

11. "Class Notice" means the notice program described in Section V.

12. "Class Period" means March 8, 2003 through the date of Preliminary Approval.

13. "Contractually Agreed Price" means the initial price charged to the member of the Class pursuant to agreement between it and Stericycle, as reflected in Stericycle's customer transaction database. In the event of a price change not identified by Stericycle's customer transaction database as being the result of the Challenged Pricing Practice, that changed price becomes the Contractually Agreed Price for purposes of calculating Gross Compensation Basis for any later price changes as described in the definition of the term Gross Compensation Basis.

14. "Contractually Allowed Price" means, solely for the purposes of this Agreement, the initial price charged to Class Members, as reflected in Stericycle's customer transaction database, plus annual price increases of 8%.

15. "Court" means the United States District Court for the Northern District of Illinois.

16. "Escrow Agent" means the entity proposed by the Parties and designated by the Court to address and hold for distribution the funds identified in this Agreement pursuant to the terms of an Escrow Agreement.

17. "Escrow Account" means the custodial or investment account administered by the Class Action Settlement Administrator in which the funds to be deposited will be held, invested, administered, and disbursed pursuant to this Agreement and an Escrow Agreement.

18. "Escrow Agreement" means the agreement by and among Plaintiffs' Class Counsel, Stericycle's Counsel and the Class Action Settlement Administrator with respect to the escrow of the funds to be deposited into the Escrow Account pursuant to this Agreement.

19. "Fairness Hearing" means the hearing for the purposes of the Court determining whether to approve this Agreement as fair, reasonable, and adequate.

20. "Final Effective Date" means the date on which the Final Order and/or Final Judgment approving this Agreement becomes final. For purposes of this Agreement the Final Effective Date will be:

a. The date on which the time to appeal therefrom has expired, if no appeal has been taken from the Final Order and/or Final Judgment; <u>or</u>

b. The date on which all appeals therefrom, including petitions for rehearing or re-argument, petitions for rehearing *en banc* and petitions for *certiorari* or any other

form of review, have been finally disposed of in a manner that affirms the Final Order or Final Judgment, if any appeal has been taken from the Final Order and/or Final Judgment; or

c. Any other date agreed to in writing by Plaintiffs' Class Counsel and Stericycle's Counsel.

21. "Final Judgment" means the Court's final judgment as described in Section IX.B of this Agreement.

22. "Final Order" means the Court's order approving the Settlement and this Agreement, as described in Section IX.B of this Agreement.

23. "Gross Compensation Basis" means the amount by which Plaintiffs alleged each Class Member was charged over the Contractually Agreed Price. "Gross Compensation Basis" is calculated as the difference between (a) the Actual Price each Class Member paid during the Class Period, including price increases resulting from the Challenged Pricing Practice and (b) the Contractually Allowed Price. If a Class Member received statement credits during the Class Period, both the original transaction and any corresponding credit shall be excluded from the Gross Compensation Basis. If a Class Member received credits that cannot be matched with any specific transaction, the Gross Compensation Basis shall be reduced by the amount of such credits. The calculation of the "Gross Compensation Basis" shall take into account the total amount by which Plaintiffs allege each Class Member was charged over the Contractually Agreed Price during the Class Period. In the event of a price change that was not identified in Stericycle's customer transaction database as being the result of Stericycle's Challenged Pricing Practice, the resulting price becomes the new Contractually Agreed Price, and additional Gross Compensation Basis will only accrue based on the new Contractually Agreed Price.

24. "Long Form Notice" means the Long Form Notice substantially in the form attached hereto as Exhibit 2.

25. "Notice And Administrative Costs" means the reasonable and authorized costs and expenses of effecting notice in accordance with this Agreement and the Preliminary Approval Order and all reasonable and authorized costs and expenses incurred by the Class Action Settlement Administrator in administering the Agreement, including but not limited to costs and expenses associated with assisting Class Members, processing claims, escrowing funds, issuing and mailing awards, paying taxes and tax expenses and other reasonable and authorized fees and expenses of the Class Action Settlement Administrator.

26. "Notice Date" means the first day on which the Class Action Settlement Administrator or its designee disseminates the Short Form Notice.

27. "Opt-Out" means member of the Class who properly and timely submits a request for exclusion from the Class as set forth in Section VI.

28. "Opt-Out List" means the list compiled by the Class Action Settlement Administrator pursuant to Section VI, identifying those members of the Class who properly and timely submits a request for exclusion from the Class.

29. "Opt-Out and Objection Date" means the date, to be set by the Court, by which a request for exclusion from the Class must be filed with the Class Action Settlement Administrator in order for a member of the Class to be excluded from the Class and the date by which Class Members must file objections, if any, to the Settlement.

30. "Parties" means Plaintiffs and Stericycle, collectively, as each of those terms is defined in this Agreement.

31. "Plaintiffs" mean Lyndon Veterinary Clinic, PLLC, RESEARCHDX, LLC, Cochranton Veterinary Hospital, Amores Dental Care, McMackin & Zimnoch, P.C., Madison Avenue Professional Building, and Greater Hampstead Family Medicine, PC.

32. "Plaintiffs' Class Counsel" means counsel for Plaintiffs in the Actions, Hagens Berman Sobol Shapiro LLP.

33. "Preliminary Approval Order" means the order to be entered by the Court preliminarily approving the Settlement as outlined in Section IX of this Agreement.

34. "Release" means the release and waiver set forth in Section VIII of this Agreement and in the Final Order and Final Judgment.

35. "Released Parties" or "Released Party" means Stericycle and each of its past, present and future parents, predecessors, successors, spin-offs, assigns, holding companies, joint-ventures and joint-venturers, partnerships and partners, members, divisions, stockholders, bondholders, subsidiaries, related companies, affiliates, officers, directors, employees, associates, dealers, representatives, suppliers, vendors, advertisers, service providers, distributors and sub-distributors, agents, insurers, attorneys, administrators and advisors. The Parties expressly acknowledge that each of the foregoing is included as a Released Party even though not identified by name herein.

36. "Service Awards" means such funds as may be awarded by the Court to Plaintiffs to compensate them for their participation in the Action, as described in Section IV of this Agreement.

37. "Service Location(s)" means the place(s), location(s), or address(es) where a member of the Class received regulated medical waste disposal services from Stericycle during the Class Period.

38. "Settlement" means the settlement set forth in this Agreement.

39. "Settlement Monitor" means the third-party agreed to by the Parties and appointed by the Court to monitor the Settlement in accordance with Section III. The Parties agree that Hon. Wayne Andersen (ret.) shall serve as the Settlement Monitor, subject to approval by the Court.

40. "Short Form Notice" means the Short Form Notice substantially in the form as attached hereto as Exhibit 4.

41. "SACC" means the Second Amended Consolidated Complaint filed in *In re: Stericycle, Inc., Sterisafe Contract Litigation*, MDL No. 2455.

42. "Stericycle" means Stericycle, Inc.

43. "Stericycle's Counsel" means Mark S. Mester and Kathleen P. Lally of Latham & Watkins LLP.

A. Other capitalized terms used in this Agreement but not defined in this Section shall have the meanings ascribed to them elsewhere in this Agreement.

B. All terms defined in this Agreement have the definition asserted herein solely for the purposes of this Agreement.

C. The terms "he or she" and "his or her" include "it" or "its" where applicable.

D. The plural of any defined term includes the singular, and the singular of any defined term includes the plural, as the case may be.

III. SETTLEMENT RELIEF

In consideration for the dismissal of the Actions with prejudice, as contemplated in this Agreement, and for the full and complete Release, Final Order and Final Judgment provided below, Stericycle agrees to provide the following:

A. **Settlement Consideration.** Pursuant to the terms and conditions set forth herein, Stericycle agrees to pay the sum of two hundred ninety-five million U.S. dollars ($295,000,000.00) (the "Settlement Amount"). Stericycle's payment of the Settlement Amount shall be in full satisfaction of all Settlement costs including, without limitation, all payments to Class Members, Notice and Administrative Costs, Attorneys' Fees and Expenses, Service Awards and Taxes. In no event shall Stericycle be obligated to contribute in excess of the Settlement Amount for any aspect of this Settlement, except for the payment of the Settlement Monitor's costs and fees as described in Section III.E.4.

B. **Establishment of Qualified Settlement Fund.** The Parties shall move the Court to establish and create a Qualified Settlement Fund, pursuant to Internal Revenue Code § 468B and the Regulations issued thereto. Stericycle's payment of the Settlement Amount, which includes any amounts pre-paid for Notice and Administrative Costs pursuant to Section V.A, shall be made by wire transfer into an Escrow Account, as warranted, established and controlled consistent with and pursuant to an Escrow Agreement at a mutually-agreed upon bank. The Escrow Agent shall invest this payment in short-term United States Agency or Treasury Securities (or a mutual fund invested solely in such instruments), or in an account fully insured by United States Government, and shall collect and reinvest any and all interest accrued thereon, if applicable, unless interest rates are such that they would effectively preclude investment in interest-bearing instruments as defined herein. All (i) taxes on the income of the Escrow Account and (ii) expenses and costs incurred with taxes paid from the Escrow Account (including, without limitation, expenses of tax attorneys and accountants) (collectively, "Taxes") shall be timely paid out of the Settlement Amount and Escrow Account without prior order of the Court. The Parties agree that the Escrow Agent shall be responsible for filing tax returns for the

Qualified Settlement Fund and paying from the Escrow Account any Taxes owed with respect to the Qualified Settlement Fund. The Parties hereto agree that the Escrow Account shall be treated as a Qualified Settlement Fund from the earliest date possible, and agree to any relation-back election required to treat the Escrow Account as a Qualified Settlement Fund from the earliest date possible.

C. **Cash Payment for Alleged Overcharges.** The Class Action Settlement Administrator will distribute the Settlement Amount from the Escrow Account in accordance with the terms of this Agreement.

1. Within thirty (30) days of the Final Effective Date, Stericycle will deposit into the Escrow Account the sum of $295,000,000, less any amounts previously paid for Notice and Administrative Costs pursuant to Section V.A. A Class Member shall be entitled to a share of the Settlement Fund if the Class Member has a Gross Compensation Basis of greater than $0. In no event shall a Class Member receive more than one payment from the fund under this Section, except that a Class Member with multiple Service Locations, whether billed separately or together, may recover for each Service Location provided that the Class Member has an aggregate Gross Compensation Basis across all Service Locations greater than $0.

2. A Class Member's share of the Settlement Fund shall be determined as follows: the Gross Compensation Basis for all Class Members will be added to become the "Total Gross Compensation Basis." The Total Gross Compensation Basis will then be compared to the "Net Settlement Fund" (i.e., the Settlement Fund less Notice and Administrative Costs, Attorneys' Fees and Expenses and Plaintiffs' Service Awards) in order to determine what percentage of the Total Gross Compensation Basis is covered by the Net Settlement Fund. Each Class Member's Gross Compensation Basis will then be adjusted according to that percentage.

By way of example only, if it is determined that the Net Settlement Fund will cover 60% of the Total Gross Compensation Basis, each Class Member will receive 60% of their Gross Compensation Basis.

D. **Timing of Cash Payments.** The Class Action Settlement Administrator shall use its best efforts to begin to pay Class Members' shares of the Settlement proceeds by issuing a check to each Class Member within one hundred eighty (180) days after the Final Effective Date. The Class Action Settlement Administrator shall use its best efforts to have completed the payment to Class Members not later than two hundred seventy (270) days after the Final Effective Date.

1. **Check Cashing Deadlines & Reissuance**. The checks mailed by the Class Action Settlement Administrator to Class Members shall be valid for one hundred fifteen (115) days, after which time the checks shall be void. Reissued checks will be valid for ninety (90) days from the reissue date.

2. **Reminder Notices**. Approximately ninety (90) days after the issuance date of a check, a reminder notice will be sent by the Class Action Settlement Administrator to Class Members who have not cashed their checks. The reminder notice shall inform the Class Member of the following: (i) that a check was previously mailed to the Class Member; (ii) that the deadline for cashing the check is one hundred fifteen (115) days from the issuance date of the check; (iii) if the Class Member no longer possesses the check, the Class Member can request a reissuance of the check if it timely notifies the Class Action Settlement Administrator; and (iv) if the check is not cashed before the deadline the funds will be redistributed in accordance with this Settlement Agreement.

3. **Redistribution of Unclaimed Settlement Proceeds**. After all issued and reissued checks have expired, the amounts of all uncashed checks will be returned to the Net Settlement Fund, and any remaining proceeds from the Net Settlement Fund ("Remaining Net Settlement Fund") will be distributed as follows:

a. The Remaining Net Settlement Fund will first be used to pay any remaining Notice and Administrative Costs.

b. Next, second distribution will be made to Class Members who cashed their initial checks, provided that the cost of administering such a distribution is less than 50% of the Remaining Net Settlement Fund. Each eligible Class Member's share of any second distribution will be calculated in the same manner as the initial distribution was calculated (as set forth in Section III.C), except that only the Gross Compensation Basis for Class Members who cashed their initial checks (less the amount each such Class Member was paid in the initial distribution) shall be used in calculating the Total Gross Compensation Basis for the second distribution.

c. If the cost of administering such a second distribution is greater than 50% of the Remaining Net Settlement Fund or if after a second distribution the Net Settlement Fund has not been exhausted, the remainder of the Net Settlement Fund shall be distributed as *cy pres* to such recipients that are agreed upon by the Parties and reported to the Court. Any recipient of such funds shall be required to provide the Parties and the Court with annual reports, and a final report, on the project(s) or service(s) funded by the *cy pres* award.

E. **Prospective Relief.** Stericycle agrees to the following perspective relief:

1. **Termination of Challenged Pricing Practice.** Within sixty (60) days of Preliminary Approval, Stericycle will discontinue the Challenged Pricing Practice for all Class Member contracts still subject to such increases.

2. **Capped Price Increases Following Preliminary Approval.**

a. To the extent a Class Member has a contract that is still subject to the Challenged Pricing Practice on the date of Preliminary Approval, Stericycle agrees not to impose an annual price increase of more than 6% of the price in effect for such Class Members on the date of Preliminary Approval. Stericycle will also be permitted to implement price increases to cover non-controllable costs, including but not limited to taxes, fuel and regulatory fees that can be documented and verified, but prior to imposing such costs on Class Members, Stericycle will verify the sufficiency of such a cost increase with Hon. Wayne Andersen (ret.), who will act as a monitor from the date of Preliminary Approval, through the Final Effective Date and for a period of time of three (3) years from the Final Effective Date, subject to Section III.E.4. below. Class Members subject to this subsection of the Agreement will otherwise continue to be charged in accordance with their contracts until such time as those contracts are either renegotiated or expire in accordance with their terms.

b. Class Members who, at any time, previously renegotiated their contracts with Stericycle such that they are no longer subject to the Challenged Pricing Practice on the date of Preliminary Approval and instead are being charged annual price increases that are set forth in their contracts will continue to be charged in accordance with those contracts until such time as those contracts are either renegotiated or expire in accordance with their terms.

c. Except as modified in this Paragraph, all existing contracts otherwise remain valid and enforceable on their terms.

3. **Future Price Increases After The Final Effective Date.** For a period of three (3) years after the Final Effective Date, Stericycle agrees that all new contracts for SQ customers, including any contracts for Class Members that are entered into upon the expiration of the Class Member's current contract, will comport with the following requirements:

a. The contract price will include the cost of service as well as all fees and surcharges, except taxes and regulatory fees over which Stericycle has no control;

b. The contracts will allow Stericycle to impose an annual price increase not to exceed 8%;

c. The contracts will allow Stericycle to implement price increases to cover non-controllable costs, including but not limited to taxes, fuel and regulatory fees that can be documented and verified, but prior to imposing such costs on Class Members, Stericycle will verify the sufficiency of such a cost increase with Hon. Wayne Andersen (ret.), who will act as Settlement Monitor from the date of Preliminary Approval, through the Final Effective Date and for a period of time of three (3) years from the Final Effective Date, subject to Section III.E.4. below;

d. On the first page of the agreement, the contracts will identify (i) the price of the contract and (ii) the annual maximum price increase percentage; and

e. Nothing in this Agreement will prevent Stericycle and any given Class Member from negotiating terms different from those set forth above, provided that Stericycle initially offers the terms set forth above. This provision does not require Stericycle to affirmatively renegotiate its contracts with any Class Member, which contracts otherwise remain

in force and effect, but to the extent that a Class Member requests renegotiation of his, her or its contracts upon the expiration of that contract, Stericycle will adhere to the terms set forth above.

4. **Settlement Monitor and Additional Price Increase Criteria.** Hon. Wayne Andersen (ret.) will act as Settlement Monitor from the date of Preliminary Approval, through the Final Effective Date and for a period of time three (3) years from the Effective Date. The responsibilities of the Settlement Monitor, and the procedures governing the Settlement Monitor's activities shall be as follows:

a. The Settlement Monitor shall periodically (but at least once per year) solicit and review such information from Stericycle as he reasonably deems necessary and appropriate to ensure that Stericycle has (i) terminated the Challenged Pricing Practice within the period provided for in this agreement, and/or has not re-started the Challenged Pricing Practice; (ii) appropriately capped price increases at 6% annually for Class Members with ongoing contracts subject to the Challenge Pricing Practice at the time of Preliminary Approval; (iii) appropriately capped price increases at 8% annually for SQ customers entering into new or renewed Contracts with Stericycle and otherwise complied with the requirements of such contracts set forth in this Agreement.

b. In addition to the foregoing, the Settlement Monitor shall promptly review any proposals by Stericycle to implement price increases to cover non-controllable costs, including but not limited to taxes, fuel and regulatory fees that can be documented and verified. In considering such requests, the Settlement Monitor shall approve any such price increases only if he finds that:

i. Stericycle has sufficiently documented and verified increases of non-controllable costs such as taxes, fuel and regulatory fees.

ii. Such non-controllable costs are properly attributed to Stericycle's provision of regulated medical waste disposal services to SQ customers.

iii. The requested price increase is due to a non-controllable cost increase that is unusual, significant or unexpected, such that it would not have been considered in a typical annual cost increase.

iv. The requested price increase is not excessive in amount or duration, and/or is subject to periodic review such that the requested price increase may be reduced or eliminated in the event the non-controllable costs that justified the price increase are reduced.

c. The Settlement Monitor shall be governed by the following additional rules:

i. The Settlement Monitor shall include Plaintiffs' Class Counsel in all communications with Stericycle relating to the monitoring functions described herein, and Plaintiffs' Class Counsel shall receive copies of all data and other submissions made by Stericycle to the Settlement Monitor, which shall be treated as Confidential under the terms of the Agreed Confidentiality Order entered in this case.

ii. The Settlement Monitor may, at his discretion, request additional information from Stericycle or seek the advice of independent consultants to determine Stericycle's compliance.

iii. The Settlement Monitor may find Stericycle in compliance with the terms of this Agreement, or may find that Stericycle is not in compliance and order such remedial action as he may deem necessary.

iv. The Settlement Monitor may either grant or deny Stericycle permission to implement the price increases discussed in Section III.E.4.b.

v. Stericycle's failure to comply with any decision, order, or instruction by the Settlement Monitor shall be deemed a material breach of this Agreement.

d. Stericycle shall pay the reasonable costs for the Settlement Monitor's services, including the cost of any independent consultants retained by the Settlement Monitor in the performance of his duties above and beyond the amount paid into the Settlement Fund.

5. **Alternative Dispute Resolution.** Any disputes arising out of or relating to the issues raised in the Actions between the time of Final Approval and the Final Effective Date that are not otherwise resolved by the Agreement will be resolved by binding arbitration in accordance with the Federal Arbitration Act and as described fully in Exhibit 5 hereto. Any arbitration pursuant to this provision will be solely between the Class Member and Stericycle, class arbitration will not be permitted and no arbitration will be combined with another without the prior written consent of all parties to all affected arbitrations or proceedings. Notwithstanding the foregoing, Plaintiffs' Class Counsel shall not be barred from seeking to enforce this Agreement on behalf of the Class, and any such enforcement action shall not be subject to arbitration under this paragraph.

IV. ATTORNEYS' FEES AND EXPENSES AND PLAINTIFFS' SERVICE AWARDS

A. Plaintiffs will apply for reasonable Service Awards to be paid from the Settlement Fund for the time and efforts spent by Plaintiffs in this matter. Plaintiffs will request Service Awards equal to the greater of $5,000 or $100 per hour for time spent on the case for each Plaintiff, each of whom was deposed in this matter and/or provided written and documentary

discovery and other information as a result of their participation in the case as Plaintiffs. Any such awards shall be subject to Court approval and will be paid from the Settlement Amount. Stericycle will not object to or contest any awards made pursuant to the terms of this Paragraph. Stericycle's obligation, however, to pay any such awards shall be limited to the amounts set forth in this Paragraph, and Stericycle shall be under no obligation to pay any amounts in excess of those amounts.

B. Plaintiffs' Class Counsel will apply to the Court for an award of Attorneys' Fees and Expenses from the Settlement Fund. Plaintiffs' Class Counsel's application shall not exceed a total of forty million U.S. dollars ($40,000,000.00) in attorneys' fees and up to two million U.S. dollars ($2,800,000.00) in out-of-pocket expenses for time and expenses already incurred in prosecuting this case and estimated time and expenses through the final implementation of this Settlement Agreement. Any award of Class Counsel Attorneys' Fees and Expenses from the Settlement Fund shall be subject to Court approval and will be paid from the Settlement Amount. Stericycle's obligation, however, to pay any attorneys' fees and expenses shall be limited to the amounts set forth in this Paragraph, and Stericycle shall be under no obligation to pay any amounts in excess of those amounts.

V. NOTICE TO THE CLASS

A. Settlement Notice and Claims Administration.

1. Notice and Administrative Costs, as agreed to by the Parties, will be paid from the Settlement Fund. Stericycle agrees to pay $175,000.00 of the Settlement Fund into an escrow account administered in accordance with the provisions of Section III.B of this Agreement within thirty (30) days after Preliminary Approval for the sole purpose of paying Notice and Administrative Costs. Stericycle shall make additional payments sufficient to cover

any additional Notice and Administrative Costs as may be necessary before the Final Effective Date.

2. If this Agreement does not for any reason achieve a Final Effective Date or is otherwise rescinded, withdrawn, or abrogated before a Final Effective Date, then all amounts that have been paid by Stericycle out of the Settlement Fund into Escrow pursuant to Section III.B above that are not necessary to pay Notice and Administrative Costs already incurred shall be returned to Stericycle.

3. The Class Action Settlement Administrator shall use its best efforts to send such Notices to the Class as are described in this Agreement, and as may be ordered by the Court.

B. **Components and Cost of Class Notice.**

Class Notice will be accomplished through a combination of the Short Form Notices, notice through the Settlement Website, Long Form Notice, and other applicable notice, each of which is described below, as specified in the Preliminary Approval Order and this Agreement and in order to comply with all applicable laws, including but not limited to, Fed. R. Civ. P. 23, the Due Process Clause of the United States Constitution, and any other applicable statute, law or rule.

C. **Short Form Notices.**

Beginning not later than tbirty (30) days after Preliminary Approval, the Class Action Settlement Administrator shall send the Short Form Notices in postcard format, substantially in the form attached hereto as Exhibit 4, by U.S. Mail, proper postage prepaid, to members of the Class identified using Stericycle's customer transaction database. In addition, the Class Action Settlement Administrator shall: (1) re-mail any notices returned by the United States Postal

Service with a forwarding address no later than the deadline found in the Preliminary Approval Order and (2) by itself or using one or more address research firms, as soon as practicable following receipt of any returned notices that do not include a forwarding address, research such returned mail for better addresses and promptly mail copies of the applicable notice to any better addresses so found. The Class Action Settlement Administrator shall complete the mailing of Short Form Notices to class members no later than fifty-one (51) days after Preliminary Approval.

D. **Settlement Website.**

The Class Action Settlement Administrator shall establish a Settlement Website that will inform Class Members of the terms of this Agreement, their rights, dates and deadlines and related information. The Settlement Website shall include, in .pdf format, materials agreed upon by the Parties and/or required by the Court.

E. **Long Form Notice.** The Long Form Notice shall be in a form substantially similar to the document attached to this Agreement as Exhibit 2. The Long Form Notice shall be available on the Settlement Website. The Class Action Settlement Administrator shall send, via first-class mail, the Long Form Notice to those persons who request it in writing or through the toll-free telephone number.

F. **Toll-Free Telephone Number.** The Class Action Settlement Administrator shall establish a toll-free telephone number that will provide Settlement-related information to members of the Class.

G. **Class Action Fairness Act Notice.** The Class Action Settlement Administrator shall send to each appropriate State and Federal official, the materials specified in 28 U.S.C.

§ 1715 and otherwise comply with its terms. The identities of such officials and the content of the materials shall be mutually agreed to by the Parties.

H. **Duties of the Class Action Settlement Administrator.**

1. The Class Action Settlement Administrator shall be responsible for, without limitation: (a) printing, mailing or arranging for the mailing of the Short Form Notices; (b) handling returned mail not delivered to members of the Class; (c) attempting to obtain updated address information for any Short Form Notices returned without a forwarding address; (d) making any additional mailings required under the terms of this Agreement; (e) responding to requests for Long Form Notice; (f) receiving and maintaining on behalf of the Court any correspondence from members of the Class regarding requests for exclusion and/or objections to the Settlement; (g) forwarding written inquiries to Plaintiffs' Class Counsel or their designee for a response, if warranted; (h) establishing a post-office box for the receipt of any correspondence; (i) responding to requests from Plaintiffs' Class Counsel and/or Stericycle's Counsel; (j) establishing a website and toll-free voice response unit with message capabilities to which Class Members may refer for information about the Actions and the Settlement; (k) fulfilling any escheatment obligations that may arise; (l) consulting on Class Notice; and (m) otherwise implementing and/or assisting with the dissemination of the notice of the Settlement.

2. If the Class Action Settlement Administrator fails to perform adequately on behalf of Stericycle or the Class, the Parties may agree to remove the Class Action Settlement Administrator. Under such circumstances, no Party shall unreasonably withhold consent to removing the Class Action Settlement Administrator, but this event shall occur only after Stericycle's Counsel and Plaintiffs' Class Counsel have attempted to resolve any disputes

regarding the retention or dismissal of the Class Action Settlement Administrator in good faith, and, if they are unable to do so, after the matter has been referred to the Court for resolution.

3. Subject to the approval of the Parties, the Class Action Settlement Administrator may retain persons and/or entities necessary to assist in the completion of its responsibilities.

4. Not later than thirty (30) days before the date of the Fairness Hearing, the Class Action Settlement Administrator shall file with the Court a document detailing the scope, method, and results of the notice program along with a list of those persons who have opted out or excluded themselves from the Settlement.

5. The Class Action Settlement Administrator and the Parties shall promptly after receipt provide copies of any requests for exclusion, objections and/or related correspondence to each other.

VI. REQUESTS FOR EXCLUSION

A. Any member of the Class who wishes to be excluded from the Class must mail a written request for exclusion to the Class Action Settlement Administrator at the address provided in the Long Form Notice, postmarked no later than the date ordered by the Court, specifying that he or she wishes to be excluded from the Settlement and otherwise complying with the terms stated in the Long Form Notice and Preliminary Approval Order. The Class Action Settlement Administrator shall forward copies of any written requests for exclusion to Plaintiffs' Class Counsel and Stericycle's Counsel. A list reflecting all requests for exclusion shall be filed with the Court by the Class Action Settlement Administrator later than thirty (30) days before the date of the Fairness Hearing. If a potential Class Member files a request for exclusion, he or she may not file an objection under Section VII. A member of the Class may opt-out on an individual basis only. So-called "mass" or "class" opt-outs, whether filed by third

parties on behalf of a "mass" or "class" of class members or multiple class members where no personal statement has been signed by each and every individual class member, shall not be allowed.

B. Any member of the Class who does not file a timely written request for exclusion as provided in Section VI.A shall be bound by all subsequent proceedings, orders and judgments, including, but not limited to, the Release, Final Order and Final Judgment in the Actions, even if he, she or it has litigation pending or subsequently initiates litigation against Stericycle relating to the claims and transactions released in the Actions. Stericycle's Counsel shall provide to the Class Action Settlement Administrator, within twenty (20) days of the entry of the Preliminary Approval Order, a list of all counsel for anyone who has then-pending litigation against Stericycle relating to claims involving the pricing practices at issue and/or otherwise covered by the Release.

C. Any member of the Class who institutes a lawsuit against Stericycle arising out of or relating to the issues raised in the Actions and/or resolved by this Settlement between the time of Preliminary Approval and Final Approval will be considered an Opt-Out. If that member of the Class agrees to resolve his, her or its dispute through the Alternative Dispute Resolution procedure discussed in Section III.E.5, then he, she or it will no longer be considered an Opt-Out and will be able to participate in the Settlement.

VII. OBJECTIONS TO SETTLEMENT

A. Any Class Member who has not filed a timely written request for exclusion and who wishes to object to the fairness, reasonableness, or adequacy of this Agreement or the proposed Settlement, the award of Attorneys' Fees and Expenses or the individual awards to the Plaintiffs must deliver to Plaintiffs' Class Counsel and to Stericycle's Counsel and file with the Court on a date ordered by the Court a written statement of his or her objections. Any such

objection shall include the specific reason(s), if any, for the objection, including any legal support the Class Member wishes to bring to the Court's attention, any evidence or other information the Class Member wishes to introduce in support of the objections, a statement of whether the Class Member intends to appear and argue at the Fairness Hearing, and the Class Member(s) and all Service Locations to which the objection applies. Class Members may do so either on their own or through an attorney retained at their own expense.

B. Any Class Member who files and serves a written objection, as described in the preceding Section VII, may appear at the Fairness Hearing, either in person or through personal counsel hired at the Class Member's expense, to object to the fairness, reasonableness, or adequacy of this Agreement or the proposed Settlement, or to the award of Attorneys' Fees and Expenses or the Service Awards to Plaintiffs. Class Members or their attorneys who intend to make an appearance at the Fairness Hearing must deliver a notice of intention to appear to one of Plaintiffs' Class Counsel identified in the Class Notice and to Stericycle's Counsel, and file said notice with the Court, on a date ordered by the Court.

C. Any Class Member who fails to comply with the provisions of Sections VI or VII above shall waive and forfeit any and all rights he or she may have to appear separately and/or to object, and shall be bound by all the terms of this Agreement and by all proceedings, orders and judgments, including, but not limited to, the Release, the Final Order and the Final Judgment in the Actions. The exclusive means for any challenge to this Settlement shall be through the provisions of this Section. Without limiting the foregoing, any challenge to the Settlement, Final Approval Order or Final Judgment shall be pursuant to appeal under the Federal Rules of Appellate Procedure and not through a collateral attack.

D. Any Class Member who objects to the Settlement shall be entitled to all of the benefits of the Settlement if this Agreement and the terms contained herein are approved, as long as the objecting Class Member complies with all requirements of this Agreement applicable to Class Members.

VIII. RELEASE AND WAIVER

A. The Parties agree to the following release and waiver, which shall take effect upon entry of the Final Order and Final Judgment.

B. In consideration of the Settlement, Plaintiffs and each Class Member, on behalf of themselves and any other legal or natural persons who may claim by, through or under them, agree to fully, finally and forever release, relinquish, acquit, discharge and hold harmless the Released Parties from any and all claims, demands, suits, petitions, liabilities, causes of action, rights, and damages of any kind and/or type regarding the subject matter of the Actions, including, but not limited to, compensatory, exemplary, punitive, expert and/or attorneys' fees or by multipliers, whether past, present, or future, mature, or not yet mature, known or unknown, suspected or unsuspected, contingent or non-contingent, derivative or direct, asserted or un-asserted, whether based on federal, state or local law, statute, ordinance, regulation, code, contract, common law, or any other source, or any claim of any kind related arising from, related to, connected with, and/or in any way involving the Actions, Stericycle's practice or alleged practice of imposing Automated Price Increases relating to the collection and disposal of waste during the Class Period, Stericycle's imposition of surcharges and/or fees during the Class Period, in any manner that are, or could have been, defined, alleged or described in the SACC, the Actions or any amendments of the Actions.

C. Notwithstanding the foregoing, Plaintiffs and Class Members are not releasing claims relating to Stericycle's performance of the obligations imposed upon it by virtue of this Agreement, or its compliance with the terms of this Agreement.

D. The Final Order and Final Judgment will reflect these terms.

E. Plaintiffs and Class Members expressly agree that this Release, the Final Order, and/or the Final Judgment is, will be, and may be raised as a complete defense to, and will preclude any action or proceeding encompassed by, this Release.

F. Plaintiffs and Class Members shall not now or hereafter institute, maintain, prosecute, assert, and/or cooperate in the institution, commencement, filing, or prosecution of any suit, action, and/or proceeding, against the Released Parties, either directly or indirectly, on their own behalf, on behalf of a class or on behalf of any other person or entity with respect to the claims, causes of action and/or any other matters released through this Settlement.

G. In connection with this Agreement, Plaintiffs and Class Members acknowledge that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that they now know or believe to be true concerning the subject matter of the Actions and/or the Release herein. Nevertheless, it is the intention of Plaintiffs' Class Counsel and Class Members in executing this Agreement fully, finally and forever to settle, release, discharge, and hold harmless all such matters, and all claims relating thereto which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action or proceeding) with respect to the Actions, except as otherwise stated in this Agreement.

H. Plaintiffs expressly understand and acknowledge, and all Plaintiffs and Class Members will be deemed by the Final Order and Final Judgment to acknowledge and waive Section 1542 of the Civil Code of the State of California, which provides that:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Plaintiffs and Class Members expressly waive and relinquish any and all rights and benefits that they may have under, or that may be conferred upon them by, the provisions of Section 1542 of the California Civil Code, or any other law of any state or territory that is similar, comparable or equivalent to Section 1542, to the fullest extent they may lawfully waive such rights.

I. Plaintiffs represent and warrant that they are the sole and exclusive owners of all claims that they are releasing under this Agreement. Plaintiffs further acknowledge that they have not assigned, pledged, or in any manner whatsoever, sold, transferred, assigned or encumbered any right, title, interest or claim arising out of or in any way whatsoever pertaining to the Actions, including without limitation, any claim for benefits, proceeds or value under the Actions and that Plaintiffs are not aware of anyone other than themselves claiming any interest, in whole or in part, in the Actions or in any benefits, proceeds or values under the Actions. Class Members receiving payments from the Settlement Fund shall, by cashing the payment check, represent and warrant therein that they are the sole and exclusive owner of all claims that they are releasing under the Settlement and that they have not assigned, pledged, or in any manner whatsoever, sold, transferred, assigned or encumbered any right, title, interest or claim arising out of or in any way whatsoever pertaining to the Actions, including without limitation, any claim for benefits, proceeds or value under the Actions, and that such Class Member(s) are not aware of anyone other than themselves claiming any interest, in whole or in part, in the Actions or in any benefits, proceeds or values under the Actions.

J. Without in any way limiting its scope, and, except to the extent otherwise specified in the Agreement, this Release covers by example and without limitation, any and all

claims for attorneys' fees, attorneys' liens, costs, expert fees, or consultant fees, interest, or litigation fees, costs or any other fees, costs, and/or disbursements incurred by any attorneys, Plaintiffs' Class Counsel, Plaintiffs or Class Members who claim to have assisted in conferring the benefits under this Settlement upon the Class.

K. In consideration for the Settlement, Stericycle and its past or present officers, directors, employees, agents, attorneys, predecessors, successors, affiliates, subsidiaries, divisions, and assigns shall be deemed to have, and by operation of the Final Approval Order shall have, released Plaintiffs' Class Counsel and each current and former Plaintiffs from any and all causes of action that were or could have been asserted pertaining solely to the conduct in filing and prosecuting the litigation or in settling the Action.

L. Plaintiffs, Plaintiffs' Class Counsel and any other attorneys who receive attorneys' fees and costs from this Settlement acknowledge that they have conducted sufficient independent investigation and discovery to enter into this Settlement Agreement and, by executing this Settlement Agreement, state that they have not relied upon any statements or representations made by the Released Parties or any person or entity representing the Released Parties, other than as set forth in this Settlement Agreement.

M. The Parties specifically understand that there may be further pleadings, discovery requests and responses, testimony, or other matters or materials owed by the Parties pursuant to existing pleading requirements, discovery requests, or pretrial rules, procedures, or orders, and that, by entering into this Agreement, the Parties expressly waive any right to receive, hear, or inspect such pleadings, testimony, discovery, or other matters or materials.

N. Nothing in this Release shall preclude any action to enforce the terms of the Agreement, including participation in any of the processes detailed herein.

O. Plaintiffs and Plaintiffs' Class Counsel hereby agree and acknowledge that the provisions of this Release together constitute an essential and material term of the Agreement and shall be included in any Final Order and Final Judgment entered by the Court.

IX. PRELIMINARY APPROVAL ORDER, FINAL ORDER, FINAL JUDGMENT AND RELATED ORDERS

A. The Parties shall seek from the Court, within fourteen (14) days after the execution of this Agreement, a Preliminary Approval Order. The Preliminary Approval Order shall, among other things:

1. Preliminarily approve the Settlement;

2. Require the dissemination of the Notice and the taking of all necessary and appropriate steps to accomplish this task;

3. Determine that the Class Notice complies with all legal requirements, including, but not limited to, Fed. R. Civ. P. 23 and the Due Process Clause of the United States Constitution;

4. Schedule a date and time for a Fairness Hearing to determine whether the Settlement should be finally approved by the Court;

5. Require that members of the Class who wish to exclude themselves to submit an appropriate and timely written request for exclusion as directed in this Agreement and Long Form Notice and that a failure to do so shall bind those Class Members who remain in the Class;

6. Require Class Members who wish to appear to object to this Agreement to submit an appropriate and timely written statement as directed in the Agreement and Long Form Notice;

7. Require attorneys representing Class Members, at the Class Members' expense, to file a notice of appearance as directed in this Agreement and Long Form Notice;

8. Issue a preliminary injunction and stay all other Actions in the MDL pending final approval by the Court;

9. Issue a preliminary injunction enjoining potential Class Members, pending the Court's determination of whether the Settlement should be given final approval, from challenging in any action or proceeding any matter covered by this Settlement, except for proceedings in this Court to determine whether the Settlement will be given final approval;

10. Appoint the Class Action Settlement Administrator;

11. Authorize Stericycle to take all necessary and appropriate steps to establish the means necessary to implement the Agreement; and

12. Issue other related orders to effectuate the preliminary approval of the Agreement.

B. After the Fairness Hearing, the Parties shall seek to obtain from the Court a Final Order and Final Judgment. The Final Order and Final Judgment shall, among other things:

1. Find that the Court has personal jurisdiction over all Plaintiffs and Class Members, that the Court has subject matter jurisdiction over the claims asserted in the SACC and the Actions, and that venue is proper;

2. Finally approve the Agreement and Settlement, pursuant to Fed. R. Civ. P. 23;

3. Finally certify the Class for settlement purposes only;

4. Find that the notice and the notice dissemination methodology complied with all laws, including, but not limited to, Fed. R. Civ. P. 23 and the Due Process Clause of the United States Constitution;

5. Dismiss the Actions, including the Actions listed on Exhibit 1, with prejudice and without costs (except as provided for herein as to costs);

6. Incorporate the Release set forth in the Agreement and make the Release effective as of the date of the Final Order and Final Judgment;

7. Issue a permanent injunction enjoining Class Members from challenging in any action or proceeding any matter covered by this Settlement;

8. Authorize the Parties to implement the terms of the Agreement;

9. Retain jurisdiction relating to the administration, consummation, enforcement, and interpretation of the Agreement, the Final Order and Final Judgment, and for any other necessary purpose; and

10. Issue related Orders to effectuate the final approval of the Agreement and its implementation.

X. MODIFICATION OR TERMINATION OF THIS AGREEMENT

A. Within fifteen (15) days after the occurrence of any of the following events and upon written notice to counsel for all Parties, a Party shall have the right to withdraw from the Settlement and terminate this Agreement:

1. If the Court fails to approve the Agreement as written or if on appeal the Court's approval is reversed or modified;

2. If the Court materially alters any of the terms of the Agreement, except that a reduction in an award of Attorneys' Fees and Expenses or Plaintiffs' Service Awards shall not be deemed to be a material alteration; or

3. If the Preliminary Approval Order or the Final Order and Judgment is not entered by the Court or is reversed or modified on appeal, or otherwise fails for any reason. In the event of a withdrawal pursuant to this Paragraph, any certification of a Class for purposes of settlement will be vacated, without prejudice to any Party's position on the issue of class certification and the amenability of the claims asserted in the Litigation to class treatment, and the Parties shall be restored to their litigation position existing immediately before the execution of this Agreement.

B. If members of the Class properly and timely submit requests for exclusion from the Class as set forth in Section VI, thereby becoming Opt-Outs, and are in a number more than the confidential number submitted to the Court by the Parties under seal at the time of filing the Motion For Preliminary Approval, then at its sole election, Stericycle may withdraw from the Settlement and terminate this Agreement. In that event, all of Stericycle's obligations under this Agreement shall cease to be of any force and effect, and the Parties shall be restored to their litigation position existing immediately before the execution of this Agreement. In order to elect to withdraw from the Settlement and terminate this Agreement on the basis set forth in this Paragraph, Stericycle must notify Class Counsel in writing of its election to do so within ten business days after the Opt-Out List has been served on the Parties. In the event that Stericycle exercises such right, Class Counsel shall have twenty (20) business days or such longer period as agreed to by the Parties to address the concerns of the Opt-Outs. If through such efforts the total number of members of the Opt-Out List subsequently becomes and remains fewer than the number of Class Members submitted to the Court under seal at the time of filing the Motion For Preliminary Approval, Stericycle shall withdraw its election to withdraw from the Settlement and terminate the Agreement. In no event, however, shall Stericycle have any further obligation

under this Agreement to any Opt-Out unless such Class Member withdraws his/her request for exclusion. For purposes of this Paragraph, Opt-Outs shall not include (1) persons who are specifically excluded from the Class; (2) Class Members who elect to withdraw their request for exclusion and (3) Opt-Outs who agree to sign an undertaking that they will not pursue an individual claim, class claim or any other claim that would otherwise be a Released Claim as defined in this Agreement.

C. In the event of withdrawal by Stericycle in accordance with the terms set forth in Section X.A. and X.B. above, the Agreement shall be null and void, shall have no further force and effect with respect to any Party in the Action and shall not be offered in evidence or used in any litigation for any purpose, including the existence, certification or maintenance of any proposed or existing class or the amenability of these or similar claims to class treatment. In the event of such withdrawal, this Agreement and all negotiations, proceedings, documents prepared and statements made in connection herewith shall be without prejudice to Stericycle, the Plaintiffs and the Class Members and shall not be deemed or construed to be an admission or confession in any way by any Party of any fact, matter or proposition of law and shall not be used in any manner for any purpose, and the Parties to the Action shall stand in the same position as if this Agreement had not been negotiated, made or filed with the Court.

XI. GENERAL MATTERS AND RESERVATIONS

A. Stericycle has denied and continues to deny each and all of the claims and contentions alleged in the Actions and has denied and continues to deny that it has committed any violation of law or engaged in any wrongful act that was alleged or that could have been alleged in the Actions. Stericycle believes that it has valid and complete defenses to the claims asserted against it in the Actions and denies that it committed any violations of law, engaged in any unlawful act or conduct or that there is any basis for liability for any of the claims that have

been, are or might have been alleged in the Actions. Without in any way limiting the scope of this denial, Stericycle denies that its pricing practices were, are or have been in violation of its contracts with any customers or with the laws of any state. Nonetheless, Stericycle has concluded that it is desirable that the Actions be fully and finally settled in the matter and upon the terms and conditions set forth in this Agreement.

B. The obligation of the Parties to conclude the proposed Settlement is and shall be contingent upon each of the following:

1. Entry by the Court of the Final Order and Final Judgment approving the Settlement, from which the time to appeal has expired or which has remained unmodified after any appeal(s); and

2. Any other conditions stated in this Agreement.

C. The Parties and their counsel agree to keep the existence and contents of this Agreement confidential until the date on which the Motion for Preliminary Approval is filed; provided, however, that this Section shall not prevent (1) Stericycle from disclosing such information, prior to the date on which the Motion for Preliminary Approval is filed, to state and federal agencies, independent accountants, actuaries, advisors, financial analysts, insurers or attorneys; (2) Stericycle from disclosing such information based on the substance of this Agreement; and/or (3) the Parties and their counsel from disclosing such information to persons or entities (such as experts, courts, co-counsel, and/or administrators) to whom the Parties agree disclosure must be made in order to effectuate the terms and conditions of this Agreement.

D. Plaintiffs and Plaintiffs' Class Counsel agree that the confidential information made available to them solely through the settlement process was made available, as agreed to, on the condition that neither Plaintiffs nor their counsel may disclose it to third parties (other

than experts or consultants retained by Plaintiffs in connection with the Actions); that it not be the subject of public comment; that it not be used by Plaintiffs or Plaintiffs' Class Counsel in any way in this litigation or otherwise should the Settlement not be achieved, and that it is to be returned if a Settlement is not concluded; provided, however, that nothing contained herein shall prohibit Plaintiffs from seeking such information through formal discovery if not previously requested through formal discovery or from referring to the existence of such information in connection with the Settlement of the Actions.

E. Information provided by Stericycle or Stericycle's Counsel to Plaintiffs, Plaintiffs' Class Counsel, any individual Class Member, counsel for any individual Class Member and/or administrators, pursuant to the negotiation and implementation of this Agreement, includes trade secrets and highly confidential and proprietary business information and shall be deemed "Highly Confidential" pursuant to the protective orders that have been or will be entered in the Actions, and shall be subject to all of the provisions thereof. Any materials inadvertently produced shall, upon Stericycle's request, be promptly returned to Stericycle's Counsel, and there shall be no implied or express waiver of any privileges, rights and defenses.

F. Within ninety (90) days after the Final Effective Date (unless the time is extended by agreement of the Parties), Plaintiffs' Class Counsel and any expert or other consultant employed by them in such capacity or any other individual with access to documents provided by Stericycle and/or its Counsel, to Plaintiffs' Class Counsel shall either: (1) return to Stericycle's Counsel all such documents and materials (and all copies of such documents in whatever form made or maintained) produced during the settlement process by Stericycle and/or its Counsel, and any and all handwritten notes summarizing, describing or referring to such documents; or (2) certify to Stericycle's Counsel that all such documents and materials (and all

copies of such documents in whatever form made or maintained) and any and all handwritten notes summarizing, describing or referring to such documents have been destroyed, provided, however, that this Section shall not apply to any documents made part of the record in connection with a Claim, nor to any documents made part of a Court filing, nor to Plaintiffs' Class Counsel's work product.

G. Six (6) months after the distribution of the settlement funds to Class Members, the Class Action Settlement Administrator shall return or destroy all documents and materials to Stericycle and/or its Counsel and/or Plaintiffs' Class Counsel that produced the documents and materials, except that it shall not destroy any and all information and/or documentation submitted by Class Members. Nothing in this Agreement shall affect any confidentiality order or protective order in the Action.

H. Stericycle's execution of this Agreement shall not be construed to release – and Stericycle expressly does not intend to release – any claim Stericycle may have or make against any insurer for any cost or expense incurred in connection with this Settlement, including, without limitation, for attorneys' fees and costs.

I. Plaintiffs' Class Counsel represent that: (1) they are authorized by the Plaintiffs to enter into this Agreement with respect to the claims in these Actions; and (2) they are seeking to protect the interests of the Class.

J. Plaintiffs' Class Counsel further represent that the Plaintiffs: (1) have agreed to serve as representatives of the Class proposed to be certified herein; (2) are willing, able, and ready to perform all of the duties and obligations of representatives of the Class, including, but not limited to, being involved in discovery and fact finding; (3) have read the pleadings in the Actions, including the SACC, or have had the contents of such pleadings described to them;

(4) are familiar with the results of the fact-finding undertaken by Plaintiffs' Class Counsel; (5) have been kept apprised of settlement negotiations among the Parties, and have either read this Agreement, including the exhibits annexed hereto, or have received a detailed description of it from Plaintiffs' Class Counsel and they have agreed to its terms; (6) have consulted with Plaintiffs' Class Counsel about the Actions and this Agreement and the obligations imposed on representatives of the Class; (7) have authorized Plaintiffs' Class Counsel to execute this Agreement on their behalf; and (8) shall remain and serve as representatives of the Class until the terms of this Agreement are effectuated, this Agreement is terminated in accordance with its terms, or the Court at any time determines that said Plaintiffs cannot represent the Class.

K. The Parties acknowledge and agree that no opinion concerning the tax consequences of the proposed Settlement to Class Members is given or will be given by the Parties nor are any representations or warranties in this regard made by virtue of this Agreement. Each Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Class Member.

L. Stericycle represents and warrants that the individual(s) executing this Agreement is authorized to enter into this Agreement on behalf of Stericycle.

M. This Agreement, complete with its exhibits, sets forth the sole and entire agreement among the Parties with respect to its subject matter, and it may not be altered, amended, or modified except by written instrument executed by Plaintiffs' Class Counsel and Stericycle's Counsel. The Parties expressly acknowledge that no other agreements, arrangements or understandings not expressed in this Agreement exist among or between them and that in deciding to enter into this Agreement, they rely solely upon their judgment and

knowledge. This Agreement supersedes any prior agreements, understandings, or undertakings (written or oral) by and between the Parties regarding the subject matter of this Agreement.

N. This Agreement and any amendments thereto shall be governed by and interpreted according to the law of the State of Illinois notwithstanding its conflict of law provisions.

O. Any disagreement and/or action to enforce this Agreement shall be commenced and maintained only in the United States District Court for the Northern District of Illinois.

P. Plaintiffs, Plaintiffs' Class Counsel and all other counsel of record for Plaintiffs and Stericycle's Counsel hereby agree not to issue any press releases regarding this Settlement or publicize it in any way and further agree not to engage in any communications with the media or the press, on the internet, or in any public forum, orally or in writing, that relate to this Settlement or the Litigation other than statements that are fully consistent with the Class Notice.

Q. Whenever this Agreement requires or contemplates that one of the Parties shall or may give notice to the other, notice shall be provided by e-mail and/or next-day (excluding Saturdays, Sundays and Federal Holidays) express delivery service as follows:

1. If to Stericycle, then to:

Mark S. Mester, Esq.
Kathleen P. Lally, Esq.
Latham & Watkins LLP
330 North Wabash Avenue, Suite 2800
Chicago, Illinois 60611
Telephone: 312-876-7700
Facsimile: 312-993-9767

Stericycle, Inc.
Attn. General Counsel
28161 N Keith Drive
Lake Forest, Illinois 60045
Telephone: 847-367-5910

If to Plaintiffs, then to:

Steve W. Berman, Esq.
Garth D. Wojtanowicz, Esq.
Hagens Berman Sobol Shapiro LLP
1918 Eighth Avenue, Suite 3300
Seattle, Washington 98101
Telephone: 206-623-7292
Facsimile: 206-623-0594

R. All time periods set forth herein shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by this Agreement or by order of the Court, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday or a Federal Holiday, or, when the act to be done is the filing of a paper in court, a day on which weather or other conditions have made the office of the clerk of the court inaccessible, in which event the period shall run until the end of the next day that is not one of the aforementioned days. As used in this Section, "Federal Holiday" includes New Year's Day, Birthday of Martin Luther King, Jr., Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Patriot's Day, Thanksgiving Day, Christmas Day, and any other day appointed as a holiday by the President, the Congress of the United States or the Clerk of the United States District Court for the Northern District of Illinois.

S. The Parties reserve the right, subject to the Court's approval, to agree to any reasonable extensions of time that might be necessary to carry out any of the provisions of this Agreement.

T. The Class, Plaintiffs, Plaintiffs' Class Counsel, Stericycle and/or Stericycle's Counsel shall not be deemed to be the drafter of this Agreement or of any particular provision, nor shall they argue that any particular provision should be construed against its drafter. All

Parties agree that this Agreement was drafted by counsel for the Parties during extensive arm's length negotiations. No parol or other evidence may be offered to explain, construe, contradict, or clarify its terms, the intent of the Parties or their counsel, or the circumstances under which this Agreement was made or executed.

U. The Parties expressly acknowledge and agree that this Agreement and its exhibits, along with all related drafts, motions, pleadings, conversations, negotiations, and correspondence, constitute an offer of compromise and a compromise within the meaning of Federal Rule of Evidence 408 and any equivalent rule of evidence in any state. In no event shall this Agreement, any of its provisions or any negotiations, statements or court proceedings relating to its provisions in any way be construed as, offered as, received as, used as, or deemed to be evidence of any kind in the Actions, any other action, or in any judicial, administrative, regulatory or other proceeding, except in a proceeding to enforce this Agreement or the rights of the Parties or their counsel. Without limiting the foregoing, neither this Agreement nor any related negotiations, statements, or court proceedings shall be construed as, offered as, received as, used as or deemed to be evidence or an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including, but not limited to, the Released Parties, Plaintiffs, or the Class or as a waiver by the Released Parties, Plaintiffs or the Class of any applicable privileges, claims or defenses.

V. Plaintiffs expressly affirm that the allegations contained in the SACC were made in good faith, but consider it desirable for the Actions to be settled and dismissed because of the substantial benefits that the proposed settlement will provide to Class Members.

W. The Parties, their successors and assigns, and their counsel undertake to implement the terms of this Agreement in good faith, and to use good faith in resolving any disputes that may arise in the implementation of the terms of this Agreement.

X. The waiver by one Party of any breach of this Agreement by another Party shall not be deemed a waiver of any prior or subsequent breach of this Agreement.

Y. If one Party to this Agreement considers another Party to be in breach of its obligations under this Agreement, that Party must provide the breaching Party with written notice of the alleged breach and provide a reasonable opportunity to cure the breach before taking any action to enforce any rights under this Agreement.

Z. The Parties, their successors and assigns, and their counsel agree to cooperate fully with one another in seeking Court approval of this Agreement and to use their best efforts to effect the prompt consummation of this Agreement and the proposed Settlement.

AA. This Agreement may be signed with a facsimile signature and in counterparts, each of which shall constitute a duplicate original.

BB. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision if Stericycle, on behalf of Defendants, and Plaintiffs' Class Counsel, on behalf of Plaintiffs and Class Members, mutually agree in writing to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Agreement. Any such agreement shall be reviewed and approved by the Court before it becomes effective.

Agreed to on the date indicated below.

APPROVED AND AGREED TO BY:

BY:_____ DATE: 10/13/17
STEVE W. BERMAN
HAGENS BERMAN SOBOL SHAPIRO LLP
PLAINTIFFS' CLASS COUNSEL

BY:_____ DATE:_____
MARK S. MESTER
LATHAM & WATKINS LLP
STERICYCLE COUNSEL

BY:_____ DATE:_____
STERICYCLE, INC.
DEFENDANT

BY:_____ DATE:_____
LYNDON VETERINARY CLINIC, PLLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
RESEARCHDX, LLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
GREATER HAMPSTEAD FAMILY MEDICINE, PC.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
JOSEPH G. SAUDER
MCCUNE WRIGHT AREVALO LLP
COUNSEL TO COCHRANTAN VETERINARY HOSPITAL, AMORES DENTAL CARE, MCMACKIN & ZIMNOCH, P.C., AND MADISON AVENUE PROFESSIONAL BUILDING

BY:_____ DATE:_____
COCHRANTON VETERINARY HOSPITAL
PLAINTIFF AND CLASS REPRESENTATIVE

APPROVED AND AGREED TO BY:

BY:_____ DATE:_____
STEVE W. BERMAN
HAGENS BERMAN SOBOL SHAPIRO LLP
PLAINTIFFS' CLASS COUNSEL

BY: DATE: October 17, 2017
MARK S. MESTER
LATHAM & WATKINS LLP
STERICYCLE COUNSEL

BY:_____ DATE:_____
STERICYCLE, INC.
DEFENDANT

BY:_____ DATE:_____
LYNDON VETERINARY CLINIC, PLLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
RESEARCHDX, LLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
GREATER HAMPSTEAD FAMILY MEDICINE, PC.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
JOSEPH G. SAUDER
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COUNSEL TO COCHRANTAN VETERINARY HOSPITAL, AMORES DENTAL CARE, MCMACKIN & ZIMNOCH, P.C., AND MADISON AVENUE PROFESSIONAL BUILDING

BY:_____ DATE:_____
COCHRANTON VETERINARY HOSPITAL
PLAINTIFF AND CLASS REPRESENTATIVE

APPROVED AND AGREED TO BY:

BY:_____ DATE:_____
STEVE W. BERMAN
HAGENS BERMAN SOBOL SHAPIRO LLP
PLAINTIFFS' CLASS COUNSEL

BY:_____ DATE:_____
MARK S. MESTER
LATHAM & WATKINS LLP
STERICYCLE COUNSEL

BY:_____ DATE: October 17, 2017
STERICYCLE, INC.
DEFENDANT

BY:_____ DATE:_____
LYNDON VETERINARY CLINIC, PLLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
RESEARCHDX, LLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
GREATER HAMPSTEAD FAMILY MEDICINE, PC.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
JOSEPH G. SAUDER
MCCUNE WRIGHT AREVALO LLP
COUNSEL TO COCHRANTAN VETERINARY HOSPITAL, AMORES DENTAL CARE, MCMACKIN & ZIMNOCH, P.C., AND MADISON AVENUE PROFESSIONAL BUILDING

BY:_____ DATE:_____
COCHRANTON VETERINARY HOSPITAL
PLAINTIFF AND CLASS REPRESENTATIVE

APPROVED AND AGREED TO BY:

BY:_____ DATE:_____
STEVE W. BERMAN
HAGENS BERMAN SOBOL SHAPIRO LLP
PLAINTIFFS' CLASS COUNSEL

BY:_____ DATE:_____
MARK S. MESTER
LATHAM & WATKINS LLP
STERICYCLE COUNSEL

BY:_____ DATE:_____
STERICYCLE, INC.
DEFENDANT

BY:_____ DVM DATE: 10/13/17
LYNDON VETERINARY CLINIC, PLLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
RESEARCHDX, LLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
GREATER HAMPSTEAD FAMILY MEDICINE, PC.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
JOSEPH G. SAUDER
MCCUNE WRIGHT AREVALO LLP
COUNSEL TO COCHRANTAN VETERINARY HOSPITAL, AMORES DENTAL CARE, MCMACKIN & ZIMNOCH, P.C., AND MADISON AVENUE PROFESSIONAL BUILDING

BY:_____ DATE:_____
COCHRANTON VETERINARY HOSPITAL
PLAINTIFF AND CLASS REPRESENTATIVE

APPROVED AND AGREED TO BY:

BY:_____ DATE:_____
STEVE W. BERMAN
HAGENS BERMAN SOBOL SHAPIRO LLP
PLAINTIFFS' CLASS COUNSEL

BY:_____ DATE:_____
MARK S. MESTER
LATHAM & WATKINS LLP
STERICYCLE COUNSEL

BY:_____ DATE:_____
STERICYCLE, INC.
DEFENDANT

BY:_____ DATE:_____
LYNDON VETERINARY CLINIC, PLLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE: 10/13/2017
RESEARCHDX, LLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
GREATER HAMPSTEAD FAMILY MEDICINE, PC.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
JOSEPH G. SAUDER
MCCUNE WRIGHT AREVALO LLP
COUNSEL TO COCHRANTAN VETERINARY HOSPITAL, AMORES DENTAL CARE, MCMACKIN & ZIMNOCH, P.C., AND MADISON AVENUE PROFESSIONAL BUILDING

BY:_____ DATE:_____
COCHRANTON VETERINARY HOSPITAL
PLAINTIFF AND CLASS REPRESENTATIVE

APPROVED AND AGREED TO BY:

BY:_____ DATE:_____
STEVE W. BERMAN
HAGENS BERMAN SOBOL SHAPIRO LLP
PLAINTIFFS' CLASS COUNSEL

BY:_____ DATE:_____
MARK S. MESTER
LATHAM & WATKINS LLP
STERICYCLE COUNSEL

BY:_____ DATE:_____
STERICYCLE, INC.
DEFENDANT

BY:_____ DATE:_____
LYNDON VETERINARY CLINIC, PLLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
RESEARCHDX, LLC
PLAINTIFF AND CLASS REPRESENTATIVE

BY: Thomas Cammilleri, D.O DATE: 10-17-17
GREATER HAMPSTEAD FAMILY MEDICINE, PC.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
JOSEPH G. SAUDER
MCCUNE WRIGHT AREVALO LLP
COUNSEL TO COCHRANTAN VETERINARY HOSPITAL, AMORES DENTAL CARE, MCMACKIN & ZIMNOCH, P.C., AND MADISON AVENUE PROFESSIONAL BUILDING

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COCHRANTON VETERINARY HOSPITAL
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BY:_____ DATE:_____
GREATER HAMPSTEAD FAMILY MEDICINE, PC.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE: 10/14/17
JOSEPH G. SAUDER
MCCUNE WRIGHT AREVALO LLP
COUNSEL TO COCHRANTAN VETERINARY HOSPITAL, AMORES DENTAL CARE, MCMACKIN & ZIMNOCH, P.C., AND MADISON AVENUE PROFESSIONAL BUILDING

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LATHAM & WATKINS LLP
STERICYCLE COUNSEL

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COUNSEL TO COCHRANTAN VETERINARY HOSPITAL, AMORES DENTAL CARE, MCMACKIN & ZIMNOCH, P.C., AND MADISON AVENUE PROFESSIONAL BUILDING

BY: DocuSigned by: [signature] 88500EEF508C4ED... DATE: 10/14/2017
COCHRANTON VETERINARY HOSPITAL
PLAINTIFF AND CLASS REPRESENTATIVE

BY: DocuSigned by: F9DD7A521D414E5... DATE: 10/14/2017
AMORES DENTAL CARE
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
MCMACKIN & ZIMNOCH, P.C.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
MADISON AVENUE PROFESSIONAL BUILDING
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
AMORES DENTAL CARE
PLAINTIFF AND CLASS REPRESENTATIVE

DocuSigned by:
DAVID SVATOS
27B84F973F5F4C0...
BY:_____ DATE: 10/13/2017
MCMACKIN & ZIMNOCH, P.C.
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
MADISON AVENUE PROFESSIONAL BUILDING
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
AMORES DENTAL CARE
PLAINTIFF AND CLASS REPRESENTATIVE

BY:_____ DATE:_____
MCMACKIN & ZIMNOCH, P.C.
PLAINTIFF AND CLASS REPRESENTATIVE

BY: DocuSigned by: Robyn Tiomico A2598CEDBB35410 _____ DATE: 10/16/2017
MADISON AVENUE PROFESSIONAL BUILDING
PLAINTIFF AND CLASS REPRESENTATIVE

ADA American Dental Association®
America's leading advocate for oral health

ADANews

$295 million settlement reached in Stericycle class action

October 27, 2017

By Kelly Soderlund

A $295 million settlement has been reached on behalf of a nationwide class of Stericycle customers, following a class-action lawsuit accusing the company of engaging in a price-increasing scheme that automatically inflated customers' bills up to 18 percent biannually, according to a news release from Hagens Berman, the Chicago-based law firm that represented the class.

The U.S. District Court for the Northern District of Illinois on Oct. 26 granted preliminary approval for the settlement. The fairness hearing for final approval is scheduled for Feb. 21, 2018.

The class included more than 246,000 dentists, veterinarians and other small business owners across the country. After the settlement receives final approval, Hagens Berman will make information available for dentists and others who have contracted with Stericycle on how to check their eligibility for the settlement and any other next steps. The ADA News will also provide information and coverage.

In July 2016, the ADA News detailed reports from dentists nationwide who felt aggravated and deceived at how the Lake Forest, Illinois-based medical waste disposal company was doing business. These dentists reported escalating fees that were not explicitly stated in their original contracts and contracts that automatically renewed with only a small window to cancel before it re-upped for several more years.

Under the settlement agreement, Stericycle will discontinue the pricing practices at the core of the lawsuit within 60 days of preliminary approval by the court. Stericycle's compliance with the settlement terms will be monitored for three years by a retired federal district judge.

The settlement agreement affects Stericycle customers that had flat-fee Steri-Safe or variable transactional medical waste disposal contracts with Stericycle and were subjected to the disputed price increases, which the lawsuit states were as much as 18 percent, twice per year.

These small businesses affected by the price increases were identified by Stericycle as "small quantity" customers. When these SQ customers called to complain about the price increases, according to the lawsuit, they were given false reasons for the price increases by Stericycle's customer service representatives. According to the suit, those accounts made up 97 percent of Stericycle's customers worldwide.

In 2013, an investigation of Stericycle's billing software found Steri-Safe customers' price increases were programmed to occur regularly as often as every six months, which plaintiffs alleged was contrary to the contract terms that Stericycle had agreed to, according to court documents.

The contracts state that increases can occur only when "operational changes" are implemented "to comply with documented changes in the law" or to "address cost escalation." According to the complaint, Stericycle's billing software automatically boosted customers' rates, regardless of any actual increases in Stericycle's costs, according to court documents.

To learn more about the class-action lawsuit against Stericycle, visit hbsslaw.com/cases/stericycle.

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APPENDIX I

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re Stericycle, Inc. Securities Litigation	Civ. A. No. 1:16-cv-07145 Hon. Andrea R. Wood CLASS ACTION **ECF CASE**

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement, dated as of February 14, 2019 (the "Stipulation") is entered into between (a) the Public Employees' Retirement System of Mississippi ("Mississippi") and the Arkansas Teacher Retirement System ("Arkansas Teacher") (collectively, "Lead Plaintiffs"), on behalf of themselves and the Settlement Class (defined below); (b) defendant Stericycle, Inc. ("Stericycle" or the "Company"); (c) defendants Charles A. Alutto, Dan Ginnetti, Brent Arnold, Frank ten Brink, and Richard Kogler (collectively, the "Officer Defendants"); (d) defendants Mark C. Miller, Jack W. Schuler, Lynn Dorsey Bleil, Thomas D. Brown, Thomas F. Chen, Rodney F. Dammeyer, William K. Hall, John Patience, and Mike S. Zafirovski (collectively, the "Director Defendants" and, together with Stericycle and the Officer Defendants, the "Stericycle Defendants"); and (e) defendants Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman Sachs & Co. LLC (f/k/a Goldman, Sachs & Co.), J.P. Morgan Securities LLC, HSBC Securities (USA) Inc., MUFG Securities Americas Inc. (f/k/a Mitsubishi UFJ Securities (USA), Inc.), Santander Investment Securities Inc., SMBC Nikko Securities America, Inc., and U.S. Bancorp Investments, Inc. (collectively, the "Underwriter Defendants" and, together with the Stericycle Defendants, the "Defendants"), and embodies the terms and conditions of the settlement of the above-captioned action (the "Action"). Subject to the approval

of the Court and the terms and conditions expressly provided herein, this Stipulation is intended to fully, finally, and forever compromise, settle, release, resolve, and dismiss with prejudice the Action and all Released Plaintiffs' Claims (defined below) against Defendants.

WHEREAS:

A. On July 11, 2016, a class action complaint was filed in the United States District Court for the Northern District of Illinois, Eastern Division (the "Court"), styled *St. Lucie County Fire District Firefighters' Pension Trust Fund, et al., v. Stericycle, Inc., et al.*, Case No. 1:16-cv-07145 (ECF No. 1). An amended class action complaint was filed in the Court on August 4, 2016 (ECF No. 5), and a corrected amended class action complaint was filed in the Court on October 21, 2016 (ECF No. 41).

B. By Order dated October 31, 2016 (ECF No. 43), the Court: (i) ordered that the case be captioned as *In re Stericycle, Inc. Securities Litigation*, Master File No. 1:16-cv-7145 (the "Action") and that any subsequently filed, removed, or transferred actions that are related to the claims asserted in the Action be consolidated for all purposes; (ii) appointed Mississippi and Arkansas Teacher as Lead Plaintiffs for the Action; and (iii) approved Lead Plaintiffs' selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the class.

C. On February 1, 2017, Lead Plaintiffs filed a Class Action Complaint for Violations of the Federal Securities Laws (the "CAC") (ECF No. 50) asserting: (i) claims under § 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, against Defendant Stericycle and the Officer Defendants; (ii) claims under § 20(a) of the Exchange Act against the Officer Defendants; (iii) claims under § 11 of the Securities Act of 1933 (the "Securities Act") against Defendant Stericycle, the Director Defendants, the Underwriter Defendants, and Defendants Charles A. Alutto and Dan Ginnetti; (iv) claims under § 12(a)(2) of the Securities Act

against the Underwriter Defendants; and (v) claims under § 15 of the Securities Act against the Director Defendants and Defendants Charles A. Alutto, Dan Ginnetti, and Brent Arnold. The claims under §§ 11 and 12(a)(2) of the Securities Act related to Stericycle's September 2015 offering of depositary shares. Among other things, the CAC alleged that throughout the alleged class period (February 7, 2013 through September 18, 2016, inclusive), Stericycle made a series of materially false and misleading statements and omissions regarding its alleged practice of automatically and improperly raising the rates charged to Stericycle's small quantity ("SQ") customers without any advance notice to such customers. The CAC also alleged that Stericycle made materially false and misleading statements about the reasons for the Company's growth, while knowingly or recklessly disregarding that such growth was attributable to the allegedly improper automatic rate increases. The CAC alleged that certain of the alleged materially false statements were also set forth in the offering materials for Stericycle's September 2015 offering of depositary shares. The CAC further alleged that the prices of publicly-traded Stericycle common stock and publicly-traded Stericycle depositary shares were artificially inflated as a result of Defendants' allegedly false and misleading statements, and declined when the truth was revealed.

D. On April 3, 2017, Defendants filed a motion to dismiss the CAC and a supporting memorandum of law (ECF Nos. 54-55). On May 19, 2017, Lead Plaintiffs filed their opposition to Defendants' motion to dismiss (ECF Nos. 58-60) and, on June 19, 2017, Defendants filed their reply memorandum of law in further support of their motion to dismiss (ECF No. 65).

E. On August 7, 2017, Lead Plaintiffs filed a Motion for Judicial Notice of Recent Development ("Motion for Judicial Notice") (ECF No. 67) in further support of their opposition to Defendants' motion to dismiss the CAC, arguing that the Court should take judicial notice of

the Company's Form 8-K filed on August 2, 2017. The Form 8-K announced Stericycle's preliminary settlement of a class action litigation that Stericycle's customers had filed against the Company (the "Customer Case") and made certain disclosures that Lead Plaintiffs claimed corroborated their allegations in the Action. On August 11, 2017, the Stericycle Defendants filed their response to the Motion for Judicial Notice (ECF No. 69), which was joined by the Underwriter Defendants on August 15, 2017 (ECF No. 71), and, on August 17, 2017, Lead Plaintiffs served their reply memorandum of law in further support of the Motion for Judicial Notice (ECF No. 72).

F. On March 6, 2018, Lead Plaintiffs filed a Notice of Recent Development and Intent to Amend the Complaint ("Notice of Recent Development") (ECF No. 80), in order to further inform the Court that: (i) on February 21, 2018, Stericycle made several announcements about the Company's financial condition that were directly relevant to Lead Plaintiffs' allegations in this litigation (including a $25 million expense to combat customer "churn" due to customer price increases), which caused the price of Stericycle stock to fall by 19%; and (ii) Lead Plaintiffs' intention to amend the CAC in order to incorporate this development into the complaint.

G. On March 20, 2018, Lead Plaintiffs filed an Unopposed Motion to Amend the Class Action Complaint ("Motion to Amend the Complaint") (ECF No. 81), which attached a copy of their proposed Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Amended CAC" or "Complaint"). By Order dated March 30, 2018 (ECF No. 83), the Court: (i) granted Lead Plaintiffs' Motion to Amend the Complaint (ECF No. 81) and directed the Clerk of the Court to separately docket the Amended CAC submitted with the motion (ECF No. 81-1); and (ii) denied as moot Defendants' motion to dismiss the CAC (ECF No. 54) and Lead Plaintiffs' Motion for Judicial Notice (ECF No. 67).

H. On March 30, 2018, the Clerk entered the Amended CAC on the Court docket (ECF No. 84). The Amended CAC identifies the same allegedly false and misleading statements as in the CAC, but incorporates Lead Plaintiffs' additional allegations that Defendants misrepresented the Company's integration of its acquisitions into its operations and allegations arising out of the Company's February 21, 2018 disclosures, and asserts an expanded class period: February 7, 2013 through February 21, 2018, inclusive (the "Class Period").

I. On May 25, 2018, Defendants filed a renewed motion to dismiss the Amended CAC and a supporting memorandum of law (ECF Nos. 91-92). On June 22, 2018, Lead Plaintiffs filed their opposition to Defendants' motion to dismiss (ECF No. 94) and, on July 13, 2018, Defendants filed their reply in further support of their motion to dismiss (ECF No. 95).

J. In an attempt to resolve the Action, on April 16, 2018, Lead Counsel and counsel for Stericycle participated in a full-day mediation session before Gregory P. Lindstrom, Esq. of Phillips ADR as mediator (the "Mediator") in Chicago, Illinois. In advance of that session, Lead Plaintiffs and Stericycle exchanged detailed mediation statements, which addressed the issues of liability and damages.

K. Following the mediation, the Parties engaged in additional negotiations under the supervision and guidance of the Mediator. The Parties then reached an agreement in principle to settle the Action that was pursuant to a Mediator's recommendation and memorialized in a term sheet executed on December 6, 2018 (the "Term Sheet"). The Term Sheet sets forth, among other things, the Parties' agreement to settle and release all claims against Defendants in return for a cash payment by Stericycle of $45,000,000 for the benefit of the Settlement Class, subject to certain terms and conditions and the execution of a customary "long form" stipulation and agreement of settlement and related papers. The agreement to settle was further conditioned on

Lead Plaintiffs confirming the fairness, reasonableness, and adequacy of the proposed Settlement based on due diligence discovery to be provided by the Company.

L. Pursuant to the Term Sheet, due diligence discovery commenced on or about December 10, 2018. In connection with due diligence discovery, the Company produced 25 confidential deposition transcripts of Stericycle executives (and exhibits) from the related Customer Case, and additional internal Stericycle documents, which were reviewed by Lead Counsel.

M. This Stipulation (together with the exhibits hereto) reflects the final and binding agreement between the Parties and supersedes the Term Sheet.

N. Based upon their investigation, prosecution, and mediation of the case, and further confirmation through due diligence discovery, Lead Plaintiffs and Lead Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable, and adequate to Lead Plaintiffs and the other members of the Settlement Class, and in their best interests. Based on Lead Plaintiffs' direct oversight of the prosecution of this matter and with the advice of their counsel, Lead Plaintiffs have agreed to settle and release the Released Plaintiffs' Claims pursuant to the terms and provisions of this Stipulation, after considering, among other things: (a) the substantial financial benefit that Lead Plaintiffs and the other members of the Settlement Class will receive under the proposed Settlement; and (b) the significant risks and costs of continued litigation, trial, and any appeals.

O. This Stipulation constitutes a compromise of all matters that are in dispute between the Parties. Defendants are entering into this Stipulation solely to eliminate the uncertainty, burden, and expense of further protracted litigation. Each of the Defendants denies any wrongdoing, and this Stipulation shall in no event be construed or deemed to be evidence of or an

admission or concession on the part of any of the Defendants with respect to any claim or allegation of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants have, or could have, asserted. Defendants expressly deny that Lead Plaintiffs have asserted any valid claims as to any of them, and expressly deny any and all allegations of fault, liability, wrongdoing, or damages whatsoever. Similarly, this Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of Lead Plaintiffs of any infirmity in any of the claims asserted in the Action, or an admission or concession that any of the Defendants' defenses to liability had any merit.

NOW THEREFORE, it is hereby STIPULATED AND AGREED, by and among Lead Plaintiffs (individually and on behalf of all other members of the Settlement Class) and Defendants, by and through their respective undersigned attorneys and subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the Parties from the Settlement, all Released Plaintiffs' Claims as against the Defendants' Releasees and all Released Defendants' Claims as against the Plaintiffs' Releasees shall be settled and released, upon and subject to the terms and conditions set forth below.

DEFINITIONS

1. As used in this Stipulation and any exhibits attached hereto and made a part hereof, the following capitalized terms shall have the following meanings:

(a) "Action" means the consolidated securities class action in the matter styled *In re Stericycle, Inc. Securities Litigation*, Civil Action No. 1:16-cv-07145, and includes all actions consolidated therein.

(b) "Alternate Judgment" means a form of final judgment that may be entered by the Court herein but in a form other than the form of Judgment provided for in this Stipulation.

(c) "Authorized Claimant" means a Settlement Class Member who submits a Claim to the Claims Administrator that is approved by the Court for payment from the Net Settlement Fund.

(d) "Claim" means a paper claim submitted on a Proof of Claim Form or an electronic claim that is submitted to the Claims Administrator.

(e) "Claim Form" or "Proof of Claim Form" means the form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, that a Claimant must complete and submit should that Claimant seek to share in a distribution of the Net Settlement Fund.

(f) "Claimant" means a person or entity who or which submits a Claim to the Claims Administrator seeking to be eligible to share in the proceeds of the Net Settlement Fund.

(g) "Claims Administrator" means the firm retained by Lead Counsel, subject to approval of the Court, to provide all notices approved by the Court to potential Settlement Class Members and to administer the Settlement.

(h) "Class Distribution Order" means an order entered by the Court authorizing and directing that the Net Settlement Fund be distributed, in whole or in part, to Authorized Claimants.

(i) "Class Period" means the period from February 7, 2013 through February 21, 2018, inclusive.

(j) "Complaint" or "Amended CAC" means the Amended Class Action Complaint for Violations of the Federal Securities Laws filed in the Action on March 30, 2018.

(k) "Court" means the United States District Court for the Northern District of Illinois, Eastern Division.

(l) "Defendants" means the Stericycle Defendants and the Underwriter Defendants.

(m) "Defendants' Counsel" means Latham & Watkins LLP, counsel for the Stericycle Defendants, and Winston & Strawn LLP, counsel for the Underwriter Defendants.

(n) "Defendants' Releasees" means Defendants and their current and former parents, affiliates, subsidiaries, officers, directors, agents, successors, predecessors, assigns, assignees, partnerships, partners, trustees, trusts, employees, Immediate Family Members, insurers, reinsurers, and attorneys.

(o) "Director Defendants" means Mark C. Miller, Jack W. Schuler, Lynn Dorsey Bleil, Thomas D. Brown, Thomas F. Chen, Rodney F. Dammeyer, William K. Hall, John Patience, and Mike S. Zafirovski.

(p) "Effective Date" with respect to the Settlement means the first date by which all of the events and conditions specified in ¶ 32 of this Stipulation have been met and have occurred or have been waived.

(q) "Escrow Account" means an account maintained at Valley National Bank wherein the Settlement Amount shall be deposited and held in escrow under the control of Lead Counsel.

(r) "Escrow Agent" means Valley National Bank.

(s) "Escrow Agreement" means the agreement between Lead Counsel and the Escrow Agent setting forth the terms under which the Escrow Agent shall maintain the Escrow Account.

(t) "Final," with respect to the Judgment or, if applicable, the Alternate Judgment, or any other court order, means: (i) if no appeal is filed, the expiration date of the time

provided for filing or noticing any appeal under the Federal Rules of Appellate Procedure, *i.e.*, thirty (30) days after entry of the judgment or order; or (ii) if there is an appeal from the judgment or order, (a) the date of final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise, or (b) the date the judgment or order is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review, or the denial of a writ of certiorari or other form of review, and, if certiorari or other form of review is granted, the date of final affirmance following review pursuant to that grant. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to (i) attorneys' fees, costs, or expenses, or (ii) the plan of allocation of Settlement proceeds (as submitted or subsequently modified), shall not in any way delay or preclude a judgment from becoming Final.

(u) "Immediate Family" means children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this paragraph, "spouse" shall mean a husband, a wife, or a partner in a state-recognized domestic relationship or civil union.

(v) "Individual Defendants" means the Officer Defendants and the Director Defendants.

(w) "Investment Vehicle" shall mean any investment company or pooled investment fund, including but not limited to, mutual fund families, exchange traded funds, fund of funds, and hedge funds, in which any Underwriter Defendant has or may have a direct or indirect interest, or as to which any of its affiliates may act as an investment advisor, but in which any Underwriter Defendant alone or together with any of its affiliates is not a majority owner or does not hold a majority beneficial interest; *provided, however*, that any Claim Form submitted by an

Investment Vehicle shall be limited to purchases or acquisitions made on behalf of or for the benefit of persons or entities other than persons or entities that are excluded from the Settlement Class by definition, and the definition of Investment Vehicle shall not bring into the Settlement Class any of the Underwriter Defendants themselves.

(x) "Judgment" means the final judgment, substantially in the form attached hereto as Exhibit B, to be entered by the Court approving the Settlement.

(y) "Lead Counsel" means the law firm of Bernstein Litowitz Berger & Grossmann LLP.

(z) "Lead Plaintiffs" means the Public Employees' Retirement System of Mississippi and the Arkansas Teacher Retirement System.

(aa) "Litigation Expenses" means costs and expenses incurred in connection with commencing, prosecuting, and settling the Action (which may include the costs and expenses of Lead Plaintiffs directly related to their representation of the Settlement Class), for which Lead Counsel intends to apply to the Court for reimbursement from the Settlement Fund.

(bb) "Net Settlement Fund" means the Settlement Fund less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; (iv) any attorneys' fees awarded by the Court; and (v) any other costs or fees approved by the Court.

(cc) "Notice" means the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit I to Exhibit A, which is to be mailed to Settlement Class Members.

(dd) "Notice and Administration Costs" means the costs, fees, and expenses that are incurred by the Claims Administrator and/or Lead Counsel in connection with: (i) providing notices to the Settlement Class; and (ii) administering the Settlement, including but not limited to the Claims process, as well as the costs, fees, and expenses incurred in connection with the Escrow Account.

(ee) "Officer" means any officer as that term is defined in Securities and Exchange Act Rule 16a-1(f).

(ff) "Officer Defendants" means Charles A. Alutto, Dan Ginnetti, Brent Arnold, Frank ten Brink, and Richard Kogler.

(gg) "Parties" means Defendants and Lead Plaintiffs, on behalf of themselves and the Settlement Class.

(hh) "Plaintiffs' Counsel" means Lead Counsel; Gadow Tyler, PLLC; and all other legal counsel who, at the direction and under the supervision of Lead Counsel, performed services on behalf of the Settlement Class in the Action.

(ii) "Plaintiffs' Releasees" means Lead Plaintiffs, all other plaintiffs in the Action, and all other Settlement Class Members, and their respective current and former parents, affiliates, subsidiaries, officers, directors, agents, successors, predecessors, assigns, assignees, partnerships, partners, trustees, trusts, employees, Immediate Family Members, insurers, reinsurers, and attorneys.

(jj) "Plan of Allocation" means the proposed plan of allocation of the Net Settlement Fund set forth in the Notice.

(kk) "Preliminary Approval Order" means the order, substantially in the form attached hereto as Exhibit A, to be entered by the Court preliminarily approving the Settlement and directing that notice of the Settlement be provided to the Settlement Class.

(ll) "PSLRA" means the Private Securities Litigation Reform Act of 1995, 15 U.S.C. §§ 77z-1, 78u-4, as amended.

(mm) "Released Claims" means all Released Defendants' Claims and all Released Plaintiffs' Claims.

(nn) "Released Defendants' Claims" means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against Defendants. Released Defendants' Claims do not include: (i) any claims relating to the enforcement of the Settlement; or (ii) any claims against any person or entity who submits a request for exclusion from the Settlement Class that is accepted by the Court ("Excluded Defendants' Claims").

(oo) "Released Plaintiffs' Claims" means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law, that Lead Plaintiffs or any other member of the Settlement Class (i) asserted in the Complaint, or (ii) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations, or omissions involved, set forth, or referred to in the Complaint and that relate to the purchase, acquisition, holding, sale, or disposition of publicly-traded Stericycle common stock or publicly-traded Stericycle depositary shares during the Class Period. This release <u>does not cover, include, or release</u>: (i) any claims asserted in any ERISA or derivative action, including without limitation the

claims asserted in *Weinstein v. Alutto et al.*, No. 2017-CG-03062 (Cir. Ct. Cook Cty., Ill., filed March 1, 2017), *Shah v. Alutto et al.*, No. 2016-CH-11636 (Cir. Ct. Cook Cty., Ill., filed September 1, 2016), *Janklow v. Alutto et al.*, No. 18 cv 00457 (D. Del., filed March 26, 2018), *Siu v. Alutto et al.*, No. 1:16-cv-07145 (Del. Chancery Ct., filed April 12, 2018), *Brennan v. Alutto et al.*, No. 1:18-cv-00567-RGA (D. Del., filed April 16, 2018), or *Turney v. Miller et al.*, Case No. 1:18-cv-05186 (N.D. Ill., filed July 30, 2018); (ii) any claims relating to the enforcement of the Settlement; or (iii) any claims of any person or entity who submits a request for exclusion that is accepted by the Court ("Excluded Plaintiffs' Claims").

(pp) "Releasee(s)" means each and any of the Defendants' Releasees and each and any of the Plaintiffs' Releasees.

(qq) "Releases" means the releases set forth in ¶¶ 5-6 of this Stipulation.

(rr) "Settlement" means the settlement between Lead Plaintiffs and Defendants on the terms and conditions set forth in this Stipulation.

(ss) "Settlement Amount" means $45,000,000 in cash.

(tt) "Settlement Class" means all persons or entities who purchased or otherwise acquired publicly-traded Stericycle common stock or publicly-traded Stericycle depositary shares in the open market during the period from February 7, 2013 through February 21, 2018, inclusive (the "Class Period"), including Stericycle depositary shares purchased in or traceable to the public offering of Stericycle depositary shares conducted on or around September 15, 2015, and were damaged thereby. Excluded from the Settlement Class are: (i) Defendants; (ii) members of the Immediate Family of any Individual Defendant; (iii) any person who was an Officer or director of Stericycle during the Class Period and any members of their Immediate Family; (iv) any parent, subsidiary, or affiliate of Stericycle; (v) any firm, trust, corporation, or other entity in which any

Defendant or any other excluded person or entity has, or had during the Class Period, a controlling interest, *provided, however*, that any Investment Vehicle shall not be excluded from the Settlement Class; and (vi) the legal representatives, agents, heirs, successors-in-interest, or assigns of any such excluded persons or entities. Also excluded from the Settlement Class are any persons and entities who exclude themselves by submitting a request for exclusion that is accepted by the Court.

(uu) "Settlement Class Member" means each person and entity who or which is a member of the Settlement Class.

(vv) "Settlement Fund" means the Settlement Amount plus any and all interest earned thereon.

(ww) "Settlement Hearing" means the hearing set by the Court under Rule 23(e)(2) of the Federal Rules of Civil Procedure to consider final approval of the Settlement.

(xx) "Stericycle" or the "Company" means Stericycle, Inc.

(yy) "Stericycle Defendants" means Stericycle, the Officer Defendants, and the Director Defendants.

(zz) "Summary Notice" means the Summary Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit 3 to Exhibit A, to be published as set forth in the Preliminary Approval Order.

(aaa) "Taxes" means: (i) all federal, state and/or local taxes of any kind (including any interest or penalties thereon) on any income earned by the Settlement Fund; and (ii) the expenses and costs incurred by Lead Counsel in connection with determining the amount of, and paying, any taxes owed by the Settlement Fund (including, without limitation, expenses of tax attorneys and accountants).

(bbb) "Unknown Claims" means any Released Plaintiffs' Claims which Lead Plaintiffs or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

> A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Lead Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

(ccc) "Underwriter Defendants" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman Sachs & Co. LLC (f/k/a Goldman, Sachs & Co.), J.P. Morgan Securities LLC, HSBC Securities (USA) Inc., MUFG Securities Americas Inc. (f/k/a Mitsubishi UFJ Securities (USA), Inc.), Santander Investment Securities Inc., SMBC Nikko Securities America, Inc., and U.S. Bancorp Investments, Inc.

CLASS CERTIFICATION

2. Solely for purposes of the Settlement and for no other purpose, Defendants stipulate and agree to: (a) certification of the Action as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Settlement Class; (b) certification of Lead Plaintiffs as Class Representatives for the Settlement Class; and (c) appointment of Lead Counsel as Class Counsel for the Settlement Class pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

PRELIMINARY APPROVAL OF SETTLEMENT

3. No later than ten (10) business days after the date of execution of this Stipulation, Lead Plaintiffs will move for preliminary approval of the Settlement, authorization to provide notice of the Settlement to the Settlement Class, and the scheduling of a hearing for consideration of final approval of the Settlement, which motion shall be unopposed by Defendants. Concurrently with the motion for preliminary approval, Lead Plaintiffs shall apply to the Court for, and Defendants shall agree to, entry of the Preliminary Approval Order, substantially in the form attached hereto as Exhibit A.

RELEASE OF CLAIMS

4. The obligations incurred pursuant to this Stipulation are in consideration of: (a) the full and final disposition of the Action as against Defendants; and (b) the Releases provided for herein.

5. Pursuant to the Judgment, or the Alternate Judgment, if applicable, without further action by anyone, upon the Effective Date of the Settlement, Lead Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed

to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs' Claim (including, without limitation, Unknown Claims) against Defendants and the other Defendants' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims (including, without limitation, Unknown Claims) against any of the Defendants' Releasees. This Release shall not apply to the Excluded Plaintiffs' Claims.

6. Pursuant to the Judgment, or the Alternate Judgment, if applicable, without further action by anyone, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Defendants' Claim (including, without limitation, Unknown Claims) against Lead Plaintiffs and the other Plaintiffs' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims (including, without limitation, Unknown Claims) against any of the Plaintiffs' Releasees. This Release shall not apply to the Excluded Defendants' Claims.

7. Notwithstanding ¶¶ 5-6 above, nothing in the Judgment, or the Alternate Judgment, if applicable, shall bar any action by any of the Parties to enforce or effectuate the terms of this Stipulation or the Judgment, or Alternate Judgment, if applicable.

THE SETTLEMENT CONSIDERATION

8. In consideration of the settlement of the Released Plaintiffs' Claims against Defendants and the other Defendants' Releasees, Stericycle shall pay or cause to be paid the

Settlement Amount into the Escrow Account no later than ten (10) business days after the date of entry by the Court of an order preliminarily approving this Settlement.

USE OF SETTLEMENT FUND

9. The Settlement Fund shall be used to pay: (a) any Taxes; (b) any Notice and Administration Costs; (c) any Litigation Expenses awarded by the Court; (d) any attorneys' fees awarded by the Court; and (e) any other costs and fees approved by the Court. The balance remaining in the Settlement Fund, that is, the Net Settlement Fund, shall be distributed to Authorized Claimants as provided in ¶¶ 18-30 below.

10. Except as provided herein or pursuant to orders of the Court, the Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned pursuant to the terms of this Stipulation and/or further order of the Court. The Escrow Agent shall invest any funds in the Escrow Account exclusively in United States Treasury Bills (or a mutual fund invested solely in such instruments) and shall collect and reinvest all interest accrued thereon, except that any residual cash balances up to the amount that is insured by the FDIC may be deposited in any account that is fully insured by the FDIC. In the event that the yield on United States Treasury Bills is negative, in lieu of purchasing such Treasury Bills, all or any portion of the funds held by the Escrow Agent may be deposited in any account that is fully insured by the FDIC or backed by the full faith and credit of the United States. Additionally, if short-term placement of the funds is necessary, all or any portion of the funds held by the Escrow Agent may be deposited in any account that is fully insured by the FDIC or backed by the full faith and credit of the United States.

11. The Parties agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that Lead Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be solely responsible for filing or causing to be filed all informational and other tax returns as may be necessary or appropriate (including, without limitation, the returns described in Treasury Regulation § 1.468B-2(k)) for the Settlement Fund. Lead Counsel shall also be responsible for causing payment to be made from the Settlement Fund of any Taxes owed with respect to the Settlement Fund. The Defendants' Releasees shall not have any liability or responsibility for any such Taxes. Upon written request, Defendants will provide to Lead Counsel the statement described in Treasury Regulation § 1.468B-3(e). Lead Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry out this paragraph, including, as necessary, making a "relation back election," as described in Treasury Regulation § 1.468B-1(j), to cause the Qualified Settlement Fund to come into existence at the earliest allowable date, and shall take or cause to be taken all actions as may be necessary or appropriate in connection therewith.

12. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid, or caused to be paid, by Lead Counsel and without further order of the Court. Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent with the previous paragraph and in all events shall reflect that all Taxes on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein. Defendants' Releasees shall have no responsibility or liability for the acts or omissions of Lead Counsel or its agents with respect to the payment of Taxes, as described herein.

13. The Settlement is not a claims-made settlement. Upon the occurrence of the Effective Date, no Defendant, Defendants' Releasee, or any other person or entity who or which paid any portion of the Settlement Amount shall have any right to the return of the Settlement Fund or any portion thereof for any reason whatsoever, including without limitation, the number of Claims submitted, the collective amount of Recognized Claims of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

14. Notwithstanding the fact that the Effective Date of the Settlement has not yet occurred, Lead Counsel may pay from the Settlement Fund, without further approval from Defendants or further order of the Court, all Notice and Administration Costs actually incurred and paid or payable. Such costs and expenses shall include, without limitation, the actual costs of printing and mailing the Notice, publishing the Summary Notice, reimbursements to nominee owners for forwarding the Notice to their beneficial owners, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice, administering the Settlement (including processing the submitted Claims), and the fees, if any, of the Escrow Agent. In the event that the Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration Costs paid or incurred, including any related fees, shall not be returned or repaid to Defendants, any of the other Defendants' Releasees, or any other person or entity who or which paid any portion of the Settlement Amount.

ATTORNEYS' FEES AND LITIGATION EXPENSES

15. Lead Counsel will apply to the Court for a collective award of attorneys' fees to Plaintiffs' Counsel to be paid solely from (and out of) the Settlement Fund. Lead Counsel also will apply to the Court for reimbursement of Litigation Expenses, which may include a request for

reimbursement of Lead Plaintiffs' costs and expenses directly related to their representation of the Settlement Class, to be paid solely from (and out of) the Settlement Fund. Lead Counsel's application for an award of attorneys' fees and/or Litigation Expenses is not the subject of any agreement between Defendants and Lead Plaintiffs other than what is set forth in this Stipulation.

16. Any attorneys' fees and Litigation Expenses that are awarded by the Court shall be paid to Lead Counsel immediately upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to Plaintiffs' Counsel's obligation to make appropriate refunds or repayments to the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if the Settlement is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or Litigation Expenses is reduced or reversed and such order reducing or reversing the award has become Final. Plaintiffs' Counsel shall make the appropriate refund or repayment in full no later than five (5) business days after: (a) receiving from Defendants' Counsel notice of the termination of the Settlement; or (b) any order reducing or reversing the award of attorneys' fees and/or Litigation Expenses has become Final. An award of attorneys' fees and/or Litigation Expenses is not a necessary term of this Stipulation and is not a condition of the Settlement embodied herein. Neither Lead Plaintiffs nor Lead Counsel may cancel or terminate the Settlement based on this Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation Expenses.

17. Lead Counsel shall allocate the attorneys' fees awarded amongst Plaintiffs' Counsel in a manner which it, in good faith, believes reflects the contributions of such counsel to the institution, prosecution, and settlement of the Action. Defendants' Releasees shall have no

responsibility for or liability whatsoever with respect to the allocation or award of attorneys' fees or Litigation Expenses. The attorneys' fees and Litigation Expenses that are awarded to Plaintiffs' Counsel shall be payable solely from the Escrow Account.

NOTICE AND SETTLEMENT ADMINISTRATION

18. As part of the Preliminary Approval Order, Lead Counsel shall seek appointment of a Claims Administrator. The Claims Administrator shall administer the Settlement, including but not limited to the process of receiving, reviewing, and approving or denying Claims, under Lead Counsel's supervision and subject to the jurisdiction of the Court. Other than Stericycle's obligation to provide the Company's security lists as provided in ¶ 19 below, none of the Defendants, nor any other Defendants' Releasees, shall have any involvement in or any responsibility, authority, or liability whatsoever for the selection of the Claims Administrator, the Plan of Allocation, the administration of the Settlement, the Claims process, or disbursement of the Net Settlement Fund, and shall have no liability whatsoever to any person or entity, including, but not limited to, Lead Plaintiffs, any other Settlement Class Members, or Lead Counsel in connection with the foregoing. Defendants' Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms.

19. In accordance with the terms of the Preliminary Approval Order to be entered by the Court, Lead Counsel shall cause the Claims Administrator to mail the Notice and Proof of Claim Form to those members of the Settlement Class as may be identified through reasonable effort. Lead Counsel shall also cause the Claims Administrator to have the Summary Notice published in accordance with the terms of the Preliminary Approval Order to be entered by the Court. For the purposes of identifying and providing notice to the Settlement Class, within five (5) business days of the date of entry of the Preliminary Approval Order, Stericycle shall provide

or cause to be provided to Lead Counsel or the Claims Administrator in electronic format (at no cost to the Settlement Fund, Lead Counsel, or the Claims Administrator) a list (consisting of names, mailing addresses, and email addresses) of the purchasers of Stericycle common stock and Stericycle depositary shares during the Class Period.

20. No later than ten (10) calendar days following the filing of this Stipulation with the Court, Stericycle shall serve the notice required under the Class Action Fairness Act, 28 U.S.C. § 1715 *et seq.* ("CAFA"). Stericycle is solely responsible for the costs of the CAFA notice and administering the CAFA notice. At least seven (7) calendar days before the Settlement Hearing, Stericycle shall cause to be served on Lead Counsel and filed with the Court proof, by affidavit or declaration, regarding compliance with CAFA § 1715(b).

21. The Claims Administrator shall receive Claims and determine first, whether the Claim is a valid Claim, in whole or part, and second, each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim compared to the total Recognized Claims of all Authorized Claimants (as set forth in the Plan of Allocation set forth in the Notice attached hereto as Exhibit 1 to Exhibit A, or in such other plan of allocation as the Court approves).

22. The Plan of Allocation proposed in the Notice is not a necessary term of the Settlement or of this Stipulation and it is not a condition of the Settlement or of this Stipulation that any particular plan of allocation be approved by the Court. Lead Plaintiffs and Lead Counsel may not cancel or terminate the Settlement (or this Stipulation) based on this Court's or any appellate court's ruling with respect to the Plan of Allocation or any other plan of allocation in this Action. Defendants and the other Defendants' Releasees shall not object in any way to the Plan of Allocation or any other plan of allocation in this Action. No Defendant, nor any other

Defendants' Releasees, shall have any involvement with or liability, obligation, or responsibility whatsoever for the application of the Court-approved plan of allocation.

23. Any Settlement Class Member who does not submit a valid Claim will not be entitled to receive any distribution from the Net Settlement Fund, but will otherwise be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or, the Alternate Judgment, if applicable, to be entered in the Action and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against the Defendants' Releasees with respect to the Released Plaintiffs' Claims in the event that the Effective Date occurs with respect to the Settlement.

24. Lead Counsel shall be responsible for supervising the administration of the Settlement and the disbursement of the Net Settlement Fund subject to Court approval. No Defendant, or any other Defendants' Releasees, shall be permitted to review, contest, or object to any Claim, or any decision of the Claims Administrator or Lead Counsel with respect to accepting or rejecting any Claim for payment. Lead Counsel shall have the right, but not the obligation, to waive what it deems to be formal or technical defects in any Claims submitted in the interests of achieving substantial justice.

25. For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Claimant shall be required to submit a Claim in paper form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, or in electronic form, in accordance with the instructions for the submission of such Claims, and supported by such documents as are designated therein, including proof of the Claimant's loss, or such other

documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;

(b) All Claims must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice. Any Settlement Class Member who fails to submit a Claim by such date shall be forever barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless by Order of the Court such Settlement Class Member's Claim is accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternate Judgment, if applicable, and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against any Defendants' Releasees with respect to any Released Plaintiffs' Claim. Provided that it is mailed by the claim-submission deadline, a Claim Form shall be deemed to be submitted when postmarked, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted on the date when actually received by the Claims Administrator;

(c) Each Claim shall be submitted to and reviewed by the Claims Administrator who shall determine in accordance with this Stipulation and the plan of allocation the extent, if any, to which each Claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below as necessary;

(d) Claims that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Claims Administrator shall communicate with the Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Claim submitted. The Claims Administrator shall notify, in a timely fashion and in writing, all

Claimants whose Claim the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the Claimant whose Claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements of subparagraph (e) below; and

(e) If any Claimant whose Claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the notice required in subparagraph (d) above or a lesser time period if the Claim was untimely, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court.

26. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided, however, that such investigation and discovery shall be limited to that Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of this Action or of the Settlement in connection with the processing of Claims.

27. Lead Counsel will apply to the Court, on notice to Defendants' Counsel, for a Class Distribution Order: (a) approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted; (b) approving payment of any administration fees and expenses associated with the administration of the Settlement from the Escrow Account; and (c) if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants from the Escrow Account.

28. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Claimants. All Settlement Class Members whose Claims are not approved by the Court for payment shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternate Judgment, if applicable, to be entered in this Action and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action against any and all Defendants' Releasees with respect to any and all of the Released Plaintiffs' Claims.

29. No person or entity shall have any claim against Lead Plaintiffs, Lead Counsel, the Claims Administrator, or any other agent designated by Lead Counsel, or Defendants' Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or any order of the Court. Lead Plaintiffs and Defendants, and their respective counsel, and Lead Plaintiffs' damages expert and all other Releasees shall have no liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

30. All proceedings with respect to the administration, processing. and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court. All Settlement Class Members, other Claimants, and parties to this Settlement expressly

waive trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.

TERMS OF THE JUDGMENT

31. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Counsel and Defendants' Counsel shall request that the Court enter a Judgment, substantially in the form attached hereto as Exhibit B.

CONDITIONS OF SETTLEMENT AND EFFECT OF DISAPPROVAL, CANCELLATION, OR TERMINATION

32. The Effective Date of the Settlement shall be deemed to occur on the occurrence or waiver of all of the following events:

(a) the Court has entered the Preliminary Approval Order, substantially in the form set forth in Exhibit A attached hereto, as required by ¶ 3 above;

(b) the Settlement Amount has been deposited into the Escrow Account in accordance with the provisions of ¶ 8 above;

(c) Defendants have not exercised their option to terminate the Settlement pursuant to the provisions of this Stipulation;

(d) Lead Plaintiffs have not exercised their option to terminate the Settlement pursuant to the provisions of this Stipulation; and

(e) the Court has approved the Settlement as described herein, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure, and entered the Judgment and the Judgment has become Final, or the Court has entered an Alternate Judgment and none of the Parties seek to terminate the Settlement and the Alternate Judgment has become Final.

33. Upon the occurrence of all of the events referenced in ¶ 32 above, any and all remaining interest or right of Defendants or any of their insurers in or to the Settlement Fund, if any, shall be absolutely and forever extinguished and the Releases herein shall be effective.

34. If (i) Defendants exercise their right to terminate the Settlement as provided in this Stipulation; (ii) Lead Plaintiffs exercise their right to terminate the Settlement as provided in this Stipulation; (iii) the Court disapproves the Settlement; or (iv) the Effective Date as to the Settlement otherwise fails to occur, then:

(a) The Settlement and the relevant portions of this Stipulation shall be canceled and terminated.

(b) Lead Plaintiffs and Defendants shall revert to their respective positions in the Action as of immediately prior to the execution of the Term Sheet on December 6, 2018.

(c) The terms and provisions of this Stipulation, with the exception of this ¶ 34 and ¶¶ 14, 16, 38 and 58 of this Stipulation, shall have no further force and effect with respect to the Parties and shall not be used in the Action or in any other proceeding for any purpose, and any Judgment, or Alternate Judgment, if applicable, or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*.

(d) Within five (5) business days after joint written notification of termination is sent by Defendants' Counsel and Lead Counsel to the Escrow Agent, the Settlement Fund (including accrued interest thereon, and change in value as a result of the investment of the Settlement Fund, and any funds received by Lead Counsel consistent with ¶ 16 above), less any Notice and Administration Costs actually incurred, paid, or payable and less any Taxes paid, due, or owing shall be refunded by the Escrow Agent to Defendants (or such other persons or entities as Defendants may direct). In the event that the funds received by Lead Counsel consistent with

¶ 16 above have not been refunded to the Settlement Fund within the five (5) business days specified in this paragraph, those funds shall be refunded by the Escrow Agent to Defendants (or such other persons or entities as Defendants may direct) immediately upon their deposit into the Escrow Account consistent with ¶ 16 above.

35. It is further stipulated and agreed that Stericycle and Lead Plaintiffs shall each have the right to terminate the Settlement and this Stipulation, by providing written notice of their election to do so ("Termination Notice") to the other Parties to this Stipulation within thirty (30) days of: (a) the Court's final refusal to enter the Preliminary Approval Order in any material respect; (b) the Court's final refusal to approve the Settlement or any material part thereof; (c) the Court's final refusal to enter the Judgment in any material respect as to the Settlement; (d) the date upon which the Judgment is modified or reversed in any material respect by the United States Court of Appeals for the Seventh Circuit or the United States Supreme Court; or (e) the date upon which an Alternate Judgment is modified or reversed in any material respect by the United States Court of Appeals for the Seventh Circuit or the United States Supreme Court, and the provisions of ¶ 34 above shall apply. However, any decision or proceeding, whether in this Court or any appellate court, with respect to an application for attorneys' fees or reimbursement of Litigation Expenses or with respect to any plan of allocation shall not be considered material to the Settlement, shall not affect the finality of any Judgment or Alternate Judgment, if applicable, and shall not be grounds for termination of the Settlement.

36. In addition to the grounds set forth in ¶ 35 above, Lead Plaintiffs shall also have the right to terminate the Settlement in the event that the Settlement Amount has not been paid as provided for in ¶ 8 above, by providing written notice of the election to terminate to Defendants' Counsel.

37. Simultaneously herewith, Lead Plaintiffs and Stericycle, through their respective counsel, are executing a confidential Supplemental Agreement Regarding Settlement ("Supplemental Agreement"). The Supplemental Agreement sets forth certain conditions under which the Settlement may be terminated by Stericycle if Settlement Class Members who, during the Class Period, collectively purchased an aggregate number of shares of publicly-traded Stericycle common stock and publicly-traded Stericycle depositary shares eligible to recover from the Settlement that exceeds a specified number of shares of Stericycle common stock and Stericycle depositary shares, combined, purchased during the Class Period (the "Opt-Out Threshold") timely and validly request exclusion from the Settlement Class. Unless otherwise directed by the Court or a dispute arises between Lead Plaintiffs and Stericycle concerning its interpretation or application, the Supplemental Agreement will not be filed with the Court and its terms shall not be disclosed in any other manner (other than the statements herein and in the Notice, to the extent necessary, or as otherwise provided in the Supplemental Agreement). The Opt-Out Threshold may be disclosed to the Court as may be required by the Court, or as otherwise required to resolve a dispute between Lead Plaintiffs and Stericycle concerning its interpretation or application, but such disclosure shall be carried out to the fullest extent possible in accordance with the practices of the Court so as to maintain the Opt-Out Threshold as confidential. In the event of a termination of this Settlement pursuant to the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect, except as provided in ¶ 34 above.

NO ADMISSION OF WRONGDOING

38. Neither the Term Sheet, this Stipulation (whether or not consummated), including the exhibits hereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the Term Sheet

and this Stipulation, nor any proceedings taken pursuant to or in connection with the Term Sheet, this Stipulation, and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) shall be offered against any of the Defendants' Releasees as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Defendants' Releasees with respect to the truth of any fact alleged by Lead Plaintiffs or the validity of any claim that was or could have been asserted or the deficiency of any defense that has been or could have been asserted in this Action or in any other litigation, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Defendants' Releasees or in any way referred to for any other reason as against any of the Defendants' Releasees, in any arbitration proceeding or other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation;

(b) shall be offered against any of the Plaintiffs' Releasees, as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants' Releasees had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault, or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs' Releasees, in any arbitration proceeding or other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; or

(c) shall be construed against any of the Releasees as an admission, concession, or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial;

provided, however, that if this Stipulation is approved by the Court, the Parties and the Releasees and their respective counsel may refer to it to effectuate the protections from liability granted hereunder or otherwise to enforce the terms of the Settlement.

MISCELLANEOUS PROVISIONS

39. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein. Notwithstanding the foregoing, in the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit attached hereto, the terms of the Stipulation shall prevail.

40. Defendants warrant that, as to the payments made or to be made on behalf of them, at the time of entering into this Stipulation and at the time of such payment they, or to the best of their knowledge any persons or entities contributing to the payment of the Settlement Amount, were not insolvent, nor will the payment required to be made by or on behalf of them render them insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof. This representation is made by each of the Defendants and not by their counsel.

41. In the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of Defendants to be a preference, voidable transfer, fraudulent transfer, or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited into the Settlement Fund by others, then, at the election of Lead Plaintiffs, Lead Plaintiffs and Defendants

shall jointly move the Court to vacate and set aside the Releases given and the Judgment or Alternate Judgment, if applicable, entered in favor of Defendants and the other Releasees pursuant to this Stipulation, in which event the releases and Judgment, or Alternate Judgment, if applicable, shall be null and void, and the Parties shall be restored to their respective positions in the litigation as provided in ¶ 34 above and any cash amounts in the Settlement Fund (less any Taxes paid, due, or owing with respect to the Settlement Fund and less any Notice and Administration Costs actually incurred, paid, or payable) shall be returned as provided in ¶ 34.

42. The Parties intend this Stipulation and the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by Lead Plaintiffs and any other Settlement Class Members against the Defendants' Releasees with respect to the Released Plaintiffs' Claims. No Party shall assert any claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the institution, prosecution, defense, or settlement of this Action. The Parties agree that the amounts paid and the other terms of the Settlement were negotiated at arm's length and in good faith by the Parties, including through a mediation process supervised and conducted by Gregory P. Lindstrom, Esq. of Phillips ADR, and reflect the Settlement that was reached voluntarily after extensive negotiations and consultation with experienced legal counsel, who were fully competent to assess the strengths and weaknesses of their respective clients' claims or defenses.

43. While retaining their right to deny that the claims asserted in the Action were meritorious, Defendants and their counsel, in any statement made to any media representative (whether or not for attribution) will not assert that the Action was commenced or prosecuted in bad faith, nor will they deny that the Action was commenced and prosecuted in good faith and is being settled voluntarily after consultation with competent legal counsel. In all events, Lead

Plaintiffs and their counsel and Defendants and their counsel shall not make any accusations of wrongful or actionable conduct by any Party concerning the prosecution, defense, and resolution of the Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged.

44. The terms of the Settlement, as reflected in this Stipulation, may not be modified or amended, nor may any of its provisions be waived except by a writing signed on behalf of both Lead Plaintiffs and Defendants (or their successors-in-interest).

45. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

46. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and Litigation Expenses to Plaintiffs' Counsel and enforcing the terms of this Stipulation, including the Plan of Allocation (or such other plan of allocation as may be approved by the Court) and the distribution of the Net Settlement Fund to Settlement Class Members.

47. The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

48. This Stipulation, including its exhibits, and the Supplemental Agreement constitute the entire agreement among Lead Plaintiffs and Defendants concerning the Settlement. Except as provided in ¶ 37 above, all Parties acknowledge that no other agreements, representations, warranties, or inducements have been made by any Party concerning this Stipulation, its exhibits, or the Supplemental Agreement, other than those contained and memorialized in such documents.

49. This Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via email. All executed counterparts and each of them shall be deemed to be one and the same instrument.

50. This Stipulation shall be binding upon and inure to the benefit of the successors and assigns of the Parties, including any and all Releasees and any corporation, partnership, or other entity into or with which any Party may merge, consolidate, or reorganize.

51. The construction, interpretation, operation, effect, and validity of this Stipulation, the Supplemental Agreement, and all documents necessary to effectuate it shall be governed by the internal laws of the State of Illinois without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

52. Any action arising under or to enforce this Stipulation or any portion thereof, shall be commenced and maintained only in the Court.

53. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations between the Parties and all Parties have contributed substantially and materially to the preparation of this Stipulation.

54. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

55. Lead Counsel and Defendants' Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order and the Settlement, as embodied in this Stipulation, and to use best efforts to promptly agree upon and execute all such other

documentation as may be reasonably required to obtain final approval by the Court of the Settlement.

56. If any Party is required to give notice to another Party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery or email transmission, with confirmation of receipt. Notice shall be provided as follows:

If to Lead Plaintiffs or Lead Counsel:

Bernstein Litowitz Berger & Grossmann LLP
Attn: John C. Browne, Esq.
1251 Avenue of the Americas
New York, NY 10020
Telephone: (212) 554-1400
Email: johnb@blbglaw.com

If to Defendants:

Stericycle, Inc.
Attn: Kurt Rogers, General Counsel
28161 N. Keith Drive
Lake Forest, IL 60045
Telephone: (847) 607-2016
Email: kurt.rogers@stericycle.com

Latham & Watkins LLP
Attn: Michael Faris, Esq.
330 North Wabash Avenue, Suite 2800
Chicago, IL 60611
Telephone: (312) 876-6579
Email: michael.faris@lw.com

Winston & Strawn LLP
Attn: Robert Y. Sperling, Esq.
35 W. Wacker Drive
Chicago, IL 60601-9703
Telephone: (312) 558-7941
Email: rsperling@winston.com

57. Except as otherwise provided herein, each Party shall bear its own costs.

58. Whether or not the Stipulation is approved by the Court and whether or not the Stipulation is consummated, or the Effective Date occurs, the Parties and their counsel shall use

their best efforts to keep all negotiations, discussions, acts performed, agreements, drafts, documents signed, and proceedings in connection with the Stipulation confidential.

59. All agreements made and orders entered during the course of this Action relating to the confidentiality of information shall survive this Settlement.

60. No opinion or advice concerning the tax consequences of the proposed Settlement to individual Settlement Class Members is being given or will be given by the Parties or their counsel; nor is any representation or warranty in this regard made by virtue of this Stipulation. Each Settlement Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Settlement Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Settlement Class Member.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed, by their duly authorized attorneys, as of February 14, 2019.

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

By: _____
John C. Browne
Adam H. Wierzbowski
1251 Avenue of the Americas
New York, NY 10020
Telephone: (212) 554-1400
Facsimile: (212) 554-1444

Lead Counsel for Lead Plaintiffs and the Settlement Class

Jason M. Kirschberg
GADOW TYLER, PLLC
511 E Pearl St.
Jackson, MS 39201
Telephone: (601) 355-0654
Facsimile: (601) 510-9667

Counsel for Plaintiff

LATHAM & WATKINS LLP

By: _____
Michael Faris

330 North Wabash Avenue, Suite 2800
Chicago, IL 60611
Telephone: (312) 876-6579

Counsel for Defendant Stericycle and Individual Defendants

WINSTON & STRAWN LLP

By: _____
Robert Y. Sperling
Joseph L. Motto

35 W. Wacker Drive
Chicago, IL 60601-9703
Telephone: (312) 558-7941
Facsimile: (312) 558-5700

Counsel for Underwriter Defendants

#1257838

WESTLAW

Stericycle investors seek nod for $45 million settlement in fraud suit

Stericycle investors seek nod for $45 million settlement in fraud suit
2019 SECDBRF 0120 By Nicole Banas WESTLAW Securities Enforcement & Litigation Daily Briefing *(Approx. 3 pages)*

Securities fraud lawsuit alleging the medical waste disposal company and top executives concealed illicit billing practices that drove away customers and cost the company more than $300 million.

In re Stericycle Inc. Securities Litigation, No. 16-cv-7145, *memo supporting preliminary settlement approval filed*, 2019 WL 923386 (N.D. Ill. Feb. 25, 2019).

The proposed agreement, which is subject to approval by U.S. District Judge Andrea R. Wood of the Northern District of Illinois, would resolve claims that Lake Forest-based Stericycle failed to disclose "automatic price increases" that nearly doubled its revenue from 2013 to 2015.

CEO Charles Alutto and Chief Financial Officer Dan Ginnetti are named defendants, along with other current and former executives, nine individual directors and eight underwriters of the company's September 2015 public offering.

Co-lead plaintiffs Public Employees' Retirement System of Mississippi and Arkansas Teacher Retirement System say in a Feb. 25 memo supporting preliminary settlement approval that the deal is "a highly favorable result" for the class after two and a half years of litigation.

MissPERS and ATRS are urging Judge Wood to give initial approval for the deal and allow them to notify potential class members who lost money on Stericycle shares purchased in the 2015 offering or on the open market during a five-year period ending Feb. 21, 2018.

Alleged billing scam

The suit, filed in July 2016 and amended several times, said the defendants concealed Stericycle's practice of increasing rates as much as 18 percent every six months for small-quantity customers that generate low volumes of waste.

The company reported "astronomical" revenue growth, from about $1.5 billion in 2013 to nearly $3 billion in 2015, which the defendants falsely attributed to strong customer relationships and other factors, the revised complaint filed in March 2018 said.

The billing scheme started to emerge in February 2016 when Stericycle settled a False Claims Act case involving government customers for $28.5 million and revealed in August 2017 that it had agreed to pay $295 million to settle a customer class-action lawsuit over billing practices, the suit said.

Stericyle's share price, which was as high as $149 on Oct. 22, 2015, closed Feb. 22, 2018, at $60.63, after the company said it expected pricing pressure on small-quantity customers to negatively impact 2018 financial results, the suit said.

The defendants moved to dismiss the revised suit in May 2018, arguing that it was filed outside of the applicable two-year statute of limitations for claims under the Securities Exchange Act of 1934.

The motion was still pending in December when the parties reached an agreement in principle to settle the suit, the memo supporting preliminary settlement approval says.

'Credible' defenses

Topics

Securities
Fraud
Settlement
Litigation

Related Filings

Memo supporting preliminary settlement approval: 2019 WL 923386
Amended complaint: 2018 WL 2284128

Judicial Profiles

Andrea R. Wood, U.S. District Judge, N.D. Ill.

Attorney Profiles

Avi Josefson; Bernstein Litowitz Berger & Grossmann, John C. Browne, Adam H. Wierzbowski and Julia K. Tebor; Bernstein Litowitz Berger & Grossmann for Plaintiffs

Sean M. Berkowitz and Michael J. Faris; Latham & Watkins, Robert Y. Sperling and Joseph L. Motto; Winston & Strawn, James P. Smith III; Winston & Strawn for Defendants

Company Reports

Stericycle Inc.

MissPERS and ATRS maintain that the proposed settlement is "fair, reasonable and adequate," given the substantial risks of continued litigation.

The dismissal motion raises "credible arguments" about the statute of limitations and the plaintiffs' failure to allege facts supporting a strong inference of fraudulent or reckless deception, the memo says.

The $45 million recovery also provides a "significant benefit" to the class, considering Stericycle's declining financial condition, the memo says.

The company reported only $52 million in cash on hand at the end of 2018, according to the memo.

MissPERS and ATRS say the proposed class meets certification requirements under Federal Rule of Civil Procedure 23(b)(3), because common factual and legal issues predominate over individual issues specific to certain class members.

Lead counsel Bernstein Litowitz Berger & Grossmann plans to request attorney fees totaling 25 percent of the settlement amount, or $11.2 million, plus reimbursement of litigation expenses not to exceed $350,000, the memo says.

By Nicole Banas

Related Articles

Related Articles from Westlaw Securities Enforcement & Litigation Daily Briefing
Article: Waste disposal firm, investors spar over timeliness of fraud suit 2018 SECDBRF 0363
Date: June 26, 2018
Stericycle Inc. shareholders say in Chicago federal court papers that they timely sued the medical waste disposal firm for allegedly concealing "automatic price increases" that drove customers away and cost the company more than $300 million in settlements.

End of Document

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APPENDIX J

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street – 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
25 Market Street – 7th Floor
P.O. Box 093
Trenton, New Jersey 08625
Attorneys for New Jersey Division of Consumer Affairs and
New Jersey Department of Environmental Protection

By: Jeffrey Koziar
Deputy Attorney General
(973) 648-7819

Ray Lamboy
Deputy Attorney General
(609) 376-2789

FILED

APR 25 2019

Division of Consumer Affairs

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS

STATE OF NEW JERSEY
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

In the Matter of STERICYCLE, INC. Respondent.	Administrative Action **CONSENT ORDER**

WHEREAS this matter was opened by the New Jersey Division of Consumer Affairs, Office of Consumer Protection ("Division"), as an investigation to determine whether violations of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. ("CFA"), and the Regulations Governing General Advertising, N.J.A.C. 13:45A-9.1 et seq. ("Advertising Regulations"), and by the New

Jersey Department of Environmental Protection ("NJDEP" or the "Department"), as an investigation to determine whether violations of the Solid Waste Utility Control Act, N.J.S.A. 48:13A-1 et seq. ("SWUCA"), and its enacting regulations, specifically, N.J.A.C. 7:26H-5.12 ("Customer Bill of Rights"), have been or are being committed by Stericycle, Inc., as well as by its owners, officers, directors, managers, employees, representatives, and agents ("Stericycle" or "Respondent") (hereinafter referred to as the "Investigation");

WHEREAS the Division alleges that Respondent violated the CFA and the Advertising Regulations by, among other things: (1) making Sales solicitations, including written promotional materials, for biomedical waste containers to dentists which misrepresented the applicable EPA medical waste disposal regulations; (2) failing to ensure that authorized individuals were signing contracts on behalf of dentists; and (3) failing to cancel contracts with dentists which had been entered into by unauthorized individuals;

WHEREAS the Department alleges that Respondent violated SWUCA and the Customer Bill of Rights by, among other things: (1) failing to respond to customer complaints regarding changes in pricing and other terms of the relationship in a prompt, courteous and efficient manner, N.J.A.C. 7:26H-5.12(c)(5); (2) failing to notify customers in writing at least ten days prior to any increase in the service component of its rate, N.J.A.C. 7:26H-5.12(c)(7); (3) failing to assist customers in selecting the most favorable service to meet the customer's needs at the most reasonable rate, N.J.A.C. 7:26H-5.12(c)(13); and (4) including automatic renewal clauses in its Waste Services Contracts or Agreements which call for an automatic renewal of such contracts or agreements, N.J.A.C. 7:26H-5.12(c)(16);

WHEREAS Respondent has denied the allegations;

WHEREAS the Division, Department and Respondent (collectively, "Parties") have reached an amicable agreement thereby resolving the issues in controversy and concluding the Investigation without the need for further action, and Respondent has voluntarily cooperated with the Investigation and consented to the entry of the within order without admitting to any alleged violation ("Consent Order") and for good cause shown;

IT IS ORDERED AND AGREED as follows:

1. EFFECTIVE DATE

1.1 This Consent Order shall be effective on the date that it is filed with the Division or Department, whichever is later ("Effective Date").

1.2 Any obligation imposed by this Consent Order that is beyond that which is required by the CFA, Adverstising Regulations, SWUCA, or the Customer Bill of Rights shall only be imposed for a period of five (5) years from the Effective Date.

2. DEFINITIONS

As used in this Consent Order, the following words or terms shall have the following meanings, which meanings shall apply wherever the words and terms appear in this Consent Order:

2.1 "Advertisement" shall be defined in accordance with N.J.S.A. 56:8-1(a) for purposes of the CFA, and in accordance with N.J.A.C. 13:45A-9.1 for purposes of the Advertising Regulations. These definitions apply to other forms of the word "Advertisement" including "Advertise" and "Advertised."

2.2 "Affected Consumer[s]" shall refer to those Consumers who purchased the HDDS Black Box Program from Stericycle and who are identified in Exhibit A.

2.3 "Attorney General" shall refer to the Attorney General of the State of New Jersey and the Office of the Attorney General of the State of New Jersey.

2.4 "Consumer" shall refer to any Person who is offered Merchandise for Sale.

2.5 "EPA" shall refer to the Environmental Protection Agency.

2.6. "HDDS Black Box Program" shall refer to Stericycle's Hazardous Drug Disposal Service for hazardous drug wastes.

2.7 "Include" and "Including" shall be construed as broadly as possible and shall mean "without limitation."

2.8 "Merchandise" shall be defined in accordance with N.J.A.C. 56:8-1(c) and shall include the HDDS Black Box Program

2.9 "New Jersey" and "State" shall refer to the State of New Jersey.

2.10 "Person" shall be defined in accordance with N.J.A.C. 56:8-1(d).

2.11 "Restitution" shall refer to the amount of money spent by and to be returned to each Affected Consumer for the purchase and maintenance of the HDDS Black Box Program.

2.12 "Sale" shall be defined in accordance with N.J.S.A. 56:8-1(e). This definition applies to other forms of the word "Sale" including "Sell."

2.13 "Services" shall refer to the services offered by Stericycle to healthcare providers including, but not limited to, the HDDS Black Box Program.

2.14 "Waste Services Contracts and Agreements" means any written contract or agreement entered into by Stericycle and any Person receiving Services.

3. REPRESENTATIONS AND WARRANTIES

3.1 Except with respect to Consumers who are required to properly dispose of hazardous drug waste in accordance with the applicable State or Federal statutes and/or regulations, such as Small Quantity Generators or P-Waste Generators, Respondent represents and warrants that it is not

currently engaged in the Advertisement, marketing, offer for Sale and/or sale of the HDDS Black Box Program to New Jersey Consumers.

3.2 Respondent represents and warrants that its Waste Services Contracts and Agreements utilized in the State of New Jersey all include its standard State of New Jersey Solid Waste Utility Regulation Contract Rider, which conforms to N.J.A.C. 7:26H-5.12(c)(16). The automatic renewal clause of any existing contract or agreement shall be considered void.

3.3 Respondent represents and warrants that any term or terms in its Standard Waste Services Contracts and Agreements used in the State of New Jersey that are, or may be, contrary to those terms contained in its State of New Jersey Solid Waste Utility Regulation Contract Rider are expressly excluded and void.

3.4 Respondent represents and warrants that its Waste Services Contracts and Agreements shall no longer contain clauses that allow it to raise rates without notifying customers in writing at least 10 days in advance, pursuant to N.J.A.C. 7:26H-5.12(c)(7). Respondent represents and warrants that its Waste Services Contracts and Agreements used in the State of New Jersey shall not contain clauses that impose additional charges, penalties or disruption of service on customers who make partial payments on collection service and disposal fees and seek dispute resolution with the Department regarding the amount of the service or pricing issue, in accordance with N.J.A.C. 7:26H-5.12(c)(11).

4. REQUIRED AND PROHIBITED BUSINESS PRACTICES

4.1 Respondent shall to not engage in any unfair or deceptive acts or practices in the conduct of its business in the State and shall comply with all applicable State and/or Federal laws, rules and regulations, as now constituted or as may hereafter be amended, including the CFA, the

Advertising Regulations, SWUCA and its enacting regulations, including the Customer Bill of Rights.

4.2 Except with respect to Consumers who are required to properly dispose of hazardous drug waste in accordance with the applicable State or Federal statutes and/or regulations, such as Small Quantity Generators or P-Waste Generators, Respondent shall not proactively Advertise, offer for Sale and/or Sell the HDDS Black Box Program in New Jersey.

4.3 In its Advertisement, offer for Sale and/or Sale of Merchandise, Respondent shall accurately state all applicable EPA, NJDEP or other applicable medical waste disposal regulations.

4.4 Respondent shall verify that all contracts for the Sale of Merchandise in the State of New Jersey include a statement, in large bold type, by the signatory of the contract verifying that he or she is an authorized representative of the Consumer and is thereby authorized to enter into the contract and bind the Consumer to its terms.

4.5 Respondent will train customer service representatives within its current customer service center to address the concerns and complaints of New Jersey Consumers. Such representatives shall be trained on the Customer Bill of Rights. Customer service center representatives shall also be instructed that it is a requirement that all solid waste utilities must assist customers in the selection of the rate schedule most favorable for their individual requirements, in accordance with N.J.A.C. 7:26H-4.4(a)(3).

4.6 Respondent shall designate, by position, a representative whom the Department and/or the Division may contact regarding customer complaints submitted to the Department and/or Division concerning Respondent, in accordance with N.J.A.C. 7:26H-5.12(c)(5).

4.7 Respondent shall properly itemize customer bills for Merchandise in accordance with N.J.A.C. 7:26H-4.4(b)(3).

4.8 Respondent shall assist customers in the selection of the most favorable service to meet the customers' needs at the most reasonable rates in accordance with N.J.A.C. 7:26H-5.12(c)(13).

4.9 Respondent shall provide written notification to its customers that waste services in New Jersey are available on a competitive basis and shall include with that notice a copy of the customer bill of rights in accordance with N.J.A.C. 7:26H-5.12(b).

5. SETTLEMENT PAYMENT

5.1 The Parties have agreed to the settlement of the Investigation in the amount of Six Hundred Sixty Two Thousand Eight Hundred and 00/100 Dollars ($662,800.00) ("Settlement Payment"), to be paid in accordance with Sections 5.1 and 5.2.

5.2 Within sixty (60) days of the Effective Date, out of the Settlement Payment, Respondent shall pay One Hundred Sixty-Two Thousand Eight Hundred and 00/100 Dollars ($162,800.00) to the Division ("Division Settlement Payment") and Five Hundred Thousand and 00/100 Dollars ($500,000.00) to the Department ("Department Settlement Payment").

5.3 The Division Settlement Payment is comprised of One Hundred Fifty-Five Thousand and 00/100 Dollars ($155,000.00) in civil penalties, pursuant to N.J.S.A. 56:8-13, One Thousand Eight Hundred Twenty and 00/100 Dollars ($1,820.00) in reimbursement of the Division's investigative costs, pursuant to N.J.S.A. 56:8-11, and Five Thousand Nine Hundred Eighty and 00/100 Dollars ($5,980.00) as reimbursement of the Division's attorneys' fees, pursuant to N.J.S.A. 56:8-19.

5.4 The Department Settlement Payment is comprised of Five Hundred Thousand and 00/100 Dollars ($500,000.00) in civil penalties, pursuant to N.J.A.C. 7:26H-5.19.

5.5 The Parties agree that the civil penalties are payable to and for the benefit of the State and are not compensation for actual pecuniary loss. Respondent acknowledges that the civil penalties are a nondischargeable debt under 11 U.S.C. §523(a)(7).

5.6 Respondent shall make the Division Settlement Payment by certified or cashier's check, money order, wire transfer or credit card payable to the "New Jersey Division of Consumer Affairs" and forwarded to:

Jeffrey Koziar, Deputy Attorney General
Consumer Fraud Prosecution Section
State of New Jersey
Department of Law and Public Safety
Division of Law
124 Halsey Street- 5th Floor
Newark, New Jersey 07101

5.7 Respondent shall make the Department Settlement Payment by certified or a cashier's or certified check payable to the "Treasurer, State of New Jersey" and shall include the attached NJDEP invoices.

5.8 Upon making the Settlement Payment, Respondent shall immediately be fully divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom, shall inure entirely to the benefit of the Division and the Department pursuant to the terms herein.

6. AFFECTED CONSUMERS

6.1 Within sixty (60) days of the Effective Date, Respondent shall notify the Division whether the Affected Consumers have received Restitution. Such notification shall also include the following:

(a) The name and address of the Affected Consumer;

(b) Identification of the Restitution provided to the Affected Consumer;

(c) Copies of all documents evidencing the Restitution; and

(d) In the event that the Restitution was returned as undeliverable, the efforts that Respondent has undertaken to locate the Affected Consumer.

(e) If Respondent is not able to locate any Affected Consumers for purposes of providing Restitution, Respondent shall forward the amount due such Affected Consumers to the Division. The Division shall have sole discretion as to how such funds will be distributed.

6.2 Restitution payments to the Affected Consumers will be accompanied by a general release to be executed by the Affected Consumers releasing Respondent from any and all claims which the Affected Consumer may now have, might have, or could hereafter have against Respondent, of any type or kind, known or unkown, which the Affected Consumer have or may have relating to or arising from Respondent's marketing or sale of the Merchandise. The general release to be executed by the Affected Consumers is attached hereto as Exhibit B

7. GENERAL PROVISIONS

7.1 This Consent Order is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of obligations and duties imposed by this Consent Order.

7.2 This Consent Order shall be governed by, and construed and enforced in accordance with, the laws of the State.

7.3 The Parties have fully reviewed the terms of this Consent Order and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction or interpretation of this Consent Order.

7.4 This Consent Order contains the entire agreement between the Parties. Except as otherwise provided herein, this Consent Order shall be modified only by a written instrument signed by or on behalf of the Parties.

7.5 Except as otherwise explicitly provided in this Consent Order, nothing in this Consent Order shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

7.6 If any portion of this Consent Order is held invalid or unenforceable by operation of law, the remaining terms of this Consent Order shall not be affected.

7.7 This Consent Order shall be binding upon the Respondent as well as its owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives, successors and assigns, and any entity or device through which it may now or hereafter act, as well as any Persons who have authority to control or who, in fact, control and direct its business.

7.8 This Consent Order shall be binding upon the Parties and their successors in interest. In no event shall assignment of any right, power or authority under this Consent Order be used to avoid compliance with this Consent Order.

7.9 This Consent Order is entered into by the Parties for settlement purposes only. Neither the fact of, nor any provision contained in this Consent Order shall constitute, or be construed as: (a) an approval, sanction or authorization by the Attorney General, the Division, the Department or any other governmental unit of the State of any act or practice of Respondent; and (b) an admission by Respondent that any of its acts or practices described in or prohibited by this Consent Order are unfair or deceptive or violate the CFA, the Advertising Regulations the SWUCA and/or the Customer Bill of Rights. Neither the existence of, nor the terms of this Consent Order, shall be deemed to constitute evidence or precedent of any kind except in: (a) any action or proceeding by one of the Parties to enforce, rescind or otherwise implement or affirm any or all of the terms herein; or (b) any action or proceeding involving a Released Claim (as defined in Section

8) to support a defense of res judicata, collateral estoppel, release or other theory of claim preclusion, issue preclusion or similar defense.

7.10 The Parties represent and warrant an authorized representative of each has signed this Consent Order with full knowledge, understanding and acceptance of its terms and that the representative has done so with authority to legally bind the respective Party.

7.11 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Order may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Order.

7.12 This Consent Order is a public document subject to the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

7.13 The Parties hereby agree to comply with this Consent Order, which shall be fully enforceable as a final agency order in the Superior Court of New Jersey, under R. 4:67 and R. 4:70, or as otherwise authorized pursuant to applicable law. The Parties agree not to contest the terms or conditions of this Consent Order in any action to enforce its provisions.

7.14 Nothing contained in this Consent Order shall limit Respondent's ability to request that the Department or Division amend, modify, or strike any requirement or provision of this Consent Order because of any amendment or modification to the applicable Federal or State statutes or regulations or any other subsequent change to Respondent's business operations or corporate structure.

7.15 Nothing contained in this Consent Order restricts the ability of the Department to raise the facts identified in the above allegations in any proceeding pursuant to N.J.S.A. 13:1E-126 et seq. (commonly referred to as "A901"). However, this Consent Order may not be utilized by the

Department as the sole basis upon which to revoke any license or deny any permit or any other application filed with the Department by Respondent.

8. RELEASE

8.1 In consideration of the payments, undertakings, mutual promises and obligations provided for in this Consent Order and conditioned on Respondent making the Settlement Payment in the manner referenced in Section 5, the Division and Department hereby agree to release Respondent from any and all pending civil claims, Consumer related administrative claims, or Solid Waste Utility related administrative claims, to the extent permitted by State law, which the Division and/or Department knew or should have known could have been brought prior to the Effective Date against Respondent for violations of the CFA, Advertising Regulations, the SWUCA and/or the Customer Bill of Rights, and/or the civil or administrative claims, penalties, or violations that are currently pending, or that the Department or Division had or should have had knowledge of that may have been brought by the Department or Division as of the Effective Date of this Consent Order, pursuant to, including but not limited to, the CFA, Advertising Regulations, the SWUCA and/or the Customer Bill of Rights arising out of the Investigation, or otherwise occurring prior to the date hereof, as well as the matters specifically addressed in this Consent Order ("Released Claims").

8.2 Notwithstanding any term of this Consent Order, the following do not comprise Released Claims: (a) private rights of action, provided, however, that nothing herein shall prevent Respondent from raising the defense of off-set against an Affected Consumer who has received Restitution; (b) actions to enforce this Consent Order; and (c) any claims against Respondent by any other agency or subdivision of the State.

9. PENALTIES FOR FAILURE TO COMPLY

9.1 The Attorney General (or designated representative) shall have the authority to enforce the provisions of this Consent Order or to seek sanctions for violations hereof or both.

9.2 If Respondent fails to make the Settlement Payment in accordance with Section 5, the Department and/or Division may bring a summary action in the Superior Court to collect payment pursuant to R. 4:67-6, R. 4:70 and/or file this Consent Order as a judgment under the CFA, N.J.S.A. 56:8-14 and/or the Penalty Enforcement Law, N.J.S.A. 2A:58-1 et seq. and forwarded to a collection agency.

9.3 The Parties agree that any future violations of the provisions of Sections 4.1 through 4.9 of this Consent Order, the SWUCA and/or the Customer Bill of Rights may result in Respondent being liable for enhanced civil penalties. N.J.A.C. 7:26H-5.15(c).

10. COMPLIANCE WITH ALL LAWS

10.1 Except as provided in this Consent Order, no provision herein shall be construed as:

(a) Relieving Respondent of its obligation to comply with all State and Federal laws, regulations or rules, as now constituted or as may hereafter be amended, or as granting permission to engage in any acts or practices prohibited by any such laws, regulations or rules; or

(b) Limiting or expanding any right the Division and/or Department may otherwise have to obtain information, documents or testimony from Respondent pursuant to any State or Federal law, regulation or rule, as now constituted or as may hereafter be amended, or limiting or expanding any right Respondent may otherwise have pursuant to any State or Federal law, regulation or rule, to oppose any process employed by the Division and/or Department to obtain such information, documents or testimony.

11. NOTICES UNDER THIS CONSENT ORDER

12.1 Except as otherwise provided herein, any notices or other documents required to be sent to the Division, Department or Respondent pursuant to this Consent Order shall be sent by United States mail, Certified Mail Return Receipt Requested, or other nationally recognized courier

service that provides for tracking services and identification of the Person signing for the documents.

The notices and/or documents shall be sent to the following addresses:

For the Division:

Jeffrey Koziar, Deputy Attorney General
Consumer Fraud Prosecution Section
State of New Jersey
Department of Law and Public Safety
Division of Law
124 Halsey Street – 5th Floor
Newark, New Jersey 07101

For the Department:

Michael Hastry
Director
State of New Jersey
Department of Environmental Protection
Waste Enforcement, Pesticides and Release Prevention
401 East State Street
Trenton, New Jersey 08625

For Respondent:

Dennis M. Toft, Esq.
Chiesa, Shahinian & Giantomasi, PC
One Boland Drive
West Orange, New Jersey 07052

With a Copy to:

Stericycle, Inc.
28161 N. Keith Drive
Lake Forest, Illinois 60045
Attn: General Counsel

IT IS ON THE April DAY OF 25, 2019 SO ORDERED.

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY

By: _____
PAUL R. RODRIGUEZ, ACTING DIRECTOR
DIVISION OF CONSUMER AFFAIR

THE PARTIES CONSENT TO THE FORM, CONTENT AND ENTRY OF THIS CONSENT ORDER ON THE DATES BESIDE THEIR RESPECTIVE SIGNATURES.

FOR THE DIVISION:

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY

By: _____ Dated: 4/24, 2019
Jeffrey Koziar
Deputy Attorney General
Consumer Fraud Prosecution Section
124 Halsey Street – 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
(973) 648-7819

FOR THE DEPARTMENT:

By: _____ Dated: 4/12/19, 2019
Michael Hastry
Division of Waste Enforcement, Pesticides and Release Prevention
Mail Code 09-03

4819-7169-1922.v1

9 Ewing Street
PO Box 420
Trenton, NJ 08625-0420

FOR RESPONDENT:

CHIESA, SHAHINIAN & GIANTOMASI, PC

By: _____ Dated: 4/16/19, 2019
Dennis M. Toft, Esq.

One Boland Drive
West Orange, New Jersey 07052
(973) 530-2014

STERICYCLE, INC.

By: _____ Dated: 4/15/, 2019
Kurt M. Rogers
(Print Name)

EVP & General Counsel
(Print Title)

28161 N. Keith Dr., Lake Forest IL, 60045
(Print Address)

4819-7169-1922.v1

EXHIBIT A

1. Aberdeen Family Dental - ($1,725)
2. Absecon Family Dental PA ($1,863)
3. AC Dental ($1,164)
4. Advanced Dentistry of Summit ($65)
5. Allied Dental of Old Bridge PA ($1,863)
6. Altomonte, Jack DMD ($496.80)
7. Amara Dental of Howell ($1035)
8. American Dental Centers PA ($552)
9. Barnes, Jeffrey Dr. ($512.28)
10. Barrington Dental Association ($1,920)
11. Birnbaum, Jason Dr. ($828)
12. Bisignano, Stone & Eckel Medical ($557.28)
13. Cape May Family Dental ($1,863)
14. Caring Dentistry for Children ($1,311)
15. Central Jersey Oral & Maxillofacial ($7875)
16. Chapel Hill Dental Arts ($1,449)
17. Cherry Hill amily Dental PA ($1,863)
18. Clapcich, Robert J. DMD ($3,024)
19. Clara Baton Professional Dental Group ($129)
20. Cohen & Schwartz DDS ($1,290)
21. Community Dental Of Hamilton ($315)
22. Cosmetic Dental Associates ($3,091.20)
23. Cross Keys Family Dental PA ($2,139)
24. David, Lydia DMD ($289.80)
25. Defabio, Dr EC ($387)
26. Dental Care of Brigantine ($464.40)
27. Dentistry At S Brunswick ($523.20)
28. Dentistry for Children ($165.75)
29. Dentistry of Haddon ($372.60)
30. Deptford Family Dental ($1,863)
31. Discepola, Joseph T DMD ($897)
32. Discepola, Patrick DDS ($250)
33. Dr. Sacks, Jones & Oberfeld ($372.60)
34. Edison Dental 27 PC ($395)
35. Egan-Lodge, Beth DMD PA ($2,212)
36. Egg Harbor Family Dental PA (1,863)
37. Eisen, Dr. Steven ($1,559)
38. Elessawi, Julie DDS ($124)
39. Elm Court Dental Associates ($100)
40. Elmer Pediatries ($372.60)
41. E-Smile Dental ($445.40)
42. Fairlawn Dental Associates ($828)
43. Family Dentistry of Brick ($372.60)
44. Feldman, Dr. Marc ($8,852.76)
45. Freeman, Dr. Myron ($1,422)
46. Fuscaldo, Dr. DDS ($442.80)
47. Ginter, Daniel T. DMD ($280.50)

48. Glickman, Steven DDS ($552)
49. Goodwin, Robert A Jr. DMD ($1,711.20)
50. Grasso, Daniel DMD ($2,451.60)
51. Greenberg, Ben DDS ($207)
52. Greenbrook Family Dental Care ($1,079.76)
53. Hamilton Township Dental Association ($483)
54. Harihar, Kumar DDS ($552)
55. Hazlet Family Dental PA ($1,863)
56. Howell Family Dental PA ($1,794)
57. Hudson Park Dental ($2,920.56)
58. Hunterdon Edodontics ($496.80)
59. Hunterdon Family Dental PA ($1,863)
60. Iulo, T.S. DMD ($1,134)
61. Jackson, Dr. Marie DMD ($414)
62. Jacobson, Barry DMD ($496.80)
63. JW Dental ($375)
64. Karlsberg, Dr. Herbert R ($1,806)
65. Keck, Dr. ($553.50)
66. Klohn, Brian DMD ($132)
67. Korwin, Robert DMD ($276)
68. Koslowsky, Deymour DDS PA ($774)
69. Krugman, Gary DMD ($601.68)
70. Kurpis Cosmetic Dentistry ($1,341.60)
71. Lake View Dental Associates ($455.90)
72. Lakewood Family Dental PA ($1,725)
73. Lee Dental and Facial ($483)
74. Lenk, Dr. Barbara ($4,644)
75. Little Egg Dental ($1,329.52)
76. Little Falls Family Dental ($1,449)
77. Logan, Robert DMD ($1,032)
78. Lozier, Dr. Scott ($267)
79. Manahawkin Family Dental PA ($1,863)
80. Manolis, Manolakakis DMD ($2,418)
81. Marx, John D DMD ($149)
82. Maslow, Dr. Scott ($540)
83. Massenzio, A.J., DMD ($189)
84. McDermott, Dr. Patrick ($390)
85. Mercurio, Richard ($481.80)
86. Mermet, Robert ($414)
87. Miller Dental Arts, PA ($69)
88. Millville Family Dental ($1,863)
89. Minichetti, John DMD ($1,320)
90. Mollica, Philip MS DMD ($124.20)
91. Monmouth Family Health Dental ($596.16)
92. Montville Oral Surgery Associates ($1,548)
93. Nichols, Sophia DMD ($298)
94. North Jersey Oral Surgeons ($421.20)
95. Notchview Dental Group ($336)
96. Ocean Family Dental ($897.10)
97. Oral Surgery and Dental Implants ($475.20)
98. Parsippany Family Dental ($1,863)

99. Parlavecchio, Marc DDS ($1,032)
100. Patient First Dentistry Summit ($1,660)
101. Phillipsburg Endodontics ($1,863)
102. Phillipsburg Family Dentistry ($1,863)
103. Piper, Dr. Shawn ($1,564.80)
104. Piscataway Family Dentistry PA ($1,863)
105. Premier Oral Surgical Group ($2,104)
106. Quality Dental Associates ($897)
107. Rand, Elliot J. DDS ($786.80)
108. Randolph Center for Oral Surgery ($13,446)
109. Rathod & Associates PA ($2,390)
110. Raziano, Dr. John ($2,133)
111. Red Bank Dental Associates ($1,290.96)
112. Resnick, Leonard DDS ($251)
113. Riverside Oral Surgery ($5,013.22)
114. Rizzo, Gerald V. DMD ($2,838)
115. Roselle Park Dental Assoc LLC ($828)
116. Rosenfeld, Jason DMD ($276)
117. Rosner, Ted M. DMD ($276)
118. Rotondi, Alan DDS ($483)
119. Ruvo, Scott DDS & Bodnar DMD ($1,737.92)
120. Sage Dental ($690)
121. Salazar Dental LLC ($293.52)
122. Salvador, Victor DMD ($69)
123. Sgroi, Charles F DMD ($366)
124. Sheenan, Carolyn DMD ($220.80)
125. Shelton Dental PA ($3,624.13)
126. Shore Family Dental Assoc PA ($1,863)
127. Silverstrom, David DDS ($1,741.50)
128. Skurla, Leslie A DMD ($448)
129. Sloan Dental ($1,873.08)
130. Smile USA ($1,449.36)
131. Sofos, Dr. Effie DMD ($386.40)
132. Somers Point Dental ($1,266.96)
133. Sosna, Dr. Howard DDS ($1,548)
134. Star Dental ($381)
135. Sussman, Dr. Laurence ($7,785)
136. Sykes, David L ($485.40)
137. The Perfect Smile ($922.80)
138. Tuttle, Dr. ($1,730.40)
139. Universal Dental ($2,116.08)
140. Universal Dentistry ($2,139)
141. Upper Deerfield Dental Center ($1,692)
142. Vallese, Richard DDS ($1820)
143. Vidal, Lillian DDS LLC ($69)
144. Vineland Oral Surgeons ($378)
145. Vitale, John DMD ($1884)
146. Ward, Dr. Michael T DMD ($828)
147. Warren Oral Surgery ($387)
148. Weinberg, Jay DMD ($129)
149. West Morris Dental Associates ($1,112)

150. Westfield Oral Surgery Associates ($2,985)
151. Willingboro Family Dental PA ($1,863)
152. Wolenski & Verdi DMDs ($762.75)
153. Wortzel, Robert DMD ($66)
154. Ykumar Dental LLC ($370.20)
155. Yudkin, Leo Dr. ($66)

EXHIBIT B

GENERAL RELEASE

This General Release ("Release"), dated _____, 2019, is executed

BY the Releasor: (Name of applicable Affectted Consumer), referred to as "I" or "me",

TO the Releasee: Stericycle, Inc., along with any affiliates, referred to as "Stericycle".

1. Release. Upon accepting the enclosed sum, representing the amount paid by me for Stericycle's Hazardous Drug Disposal Service, also known as, Stericycle's HDDS Black Box Program, and such other valuable consideration given by Stericycle to me, I hereby release, waive, reqlinquish and forever discharge and give up any and all claims which I may now have, might have, or could hereafter have against Stericycle, of any type or kind, known or unkown, which I have or may have relating to or arising from Stericycle's Hazardous Drug Disposal Service program.

2. Consideration. The consideration set forth above shall constitute full consideration for making this Release.

3. Who is Bound. I am bound by this Release, as is anyone who is a successor to my interests or rights. This Release is made for Stericycle's benefit and all who succeed Stericycle's interests or rights.

4. Signatures. I understand and agree to the terms of this Release as my knowing and voluntary act. In executing this instrument, I represent and warrant that I have full power and authority to execute this instrument and that all approvals and other actions necessary in connection with the effective execution by me have been obtained and are in full force and effect.

[Name of Affected Consumer]

By:_____
Name:
Title:

Let's protect our earth

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

INVOICE NO.
190336870

SOLID WASTE
COMPLIANCE AND ENFORCEMENT

Program Interest	Type of Notice	Amount Due
STERICYCLE INC 1525 CHESTNUT HILL RD MORGANTOWN, PA. 19543 216013	ORIGINAL(NON-INITIAL)	$ 500,000.00

Billing Date	Due Date	NJEMS Bill ID
04/17/19	06/20/19	000000194779100

Summary

Total Amount Assessed	500,000.00
Amount Received Before Creating Installment Plan (if installment plans is allowed)	0.00
Amount Transferred To Installment Plan	0.00
Installment Amount	0.00
Total Amount Credited	0.00
Total Amount Debited (Other Than Amounts Assessed)	0.00
Total Amount Due	500,000.00

REMINDER:
YOU CAN PAY THIS BILL ONLINE WITH A CREDIT CARD OR E-CHECK.
GO TO HTTP://WWW.NJ.GOV/DEP/ONLINE AND CLICK PAY A PAPER INVOICE.
THE SYSTEM WILL ASK FOR THE INVOICE NUMBER THAT IS FOUND AT THE TOP-RIGHT CORNER OF THIS BILL.
THERE IS NO FEE FOR PAYING VIA E-CHECK; FOR CREDIT CARD USE,1.9% OF THE TOTAL + $1 IS CHARGED.
TO PAY BILL BY MAIL SEND A CHECK PAYABLE TO TREASURER-STATE OF NEW JERSEY.
WRITE INVOICE NUMBER AND PROGRAM INTEREST NUMBER ON CHECK.
RETURN CHECK WITH BOTTOM PORTION OF THIS INVOICE TO THE NJ DEPARTMENT OF TREASURY.
IF YOU HAVE QUESTIONS SEE BACK OF INVOICE FOR CONTACT INFORMATION.

See Back Of Page for Billing Inquiries

INVOICE NO.
190336870

D9901F (R 3/14/02)

Let's protect our earth

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

INVOICE NO.
190336870

SOLID WASTE
COMPLIANCE AND ENFORCEMENT

NJEMS Bill ID
000000194779100

Program Interest ID	Type of Notice	Billing Date	Due Date	Amount Due
216013	ORIGINAL(NON-INITIAL)	04/17/19	06/20/19	$ 500,000.00

For name and/or address change, check box and write corrections on the back of this invoice. ☐

DO NOT FOLD, BEND OR MARK

Enter the Amount of your payment → $

RETURN THIS PORTION with your check made payable to:

TREASURER - STATE OF NEW JERSEY
and mail to:
NJ DEPARTMENT OF TREASURY
DIVISION OF REVENUE
PO BOX 417
TRENTON, NJ 08646-0417

H3 STERICYCLE INC
ATTN: MATT HAMMERSTONE
4010 COMMERCIAL AVE
NORTHBROOK IL 60062-1829

EP1010101010101010100201060001031111110500000000000031903368707H39

MARY SILLER, SUPERVISOR
BSWC&E - CENTRAL
MAIL CODE 09-01
PO BOX 420
TRENTON, NJ 08625-0407
(609) 292-6305
SOLID WASTE FEES & PENALTIES
BERGEN, ESSEX, HUDSON, MORRIS, PASSAIC, SUSSEX AND WARREN COUNTIES

BRIAN PETITT, SUPERVISOR
BSWC&E - CENTRAL
MAIL CODE 09-01
PO BOX 420
TRENTON, NJ 08625-0407
(609) 292-6305
SOLID WASTE FEES & PENALTIES
HUNTERDON, MERCER, MIDDLESEX, MONMOUTH, SOMERSET AND UNION COUNTIES

PAT FERRARO, SUPERVISOR
BSWC&E - SOUTHERN
MAIL CODE 09-01
PO BOX 420
TRENTON, NJ 08625-0407
(609) 292-6305
ATLANTIC, BURLINGTON, CAMDEN, CAPE MAY, CUMBERLAND, GLOUCESTER, OCEAN AND SALEM COUNTIES

JOHN BARRY, SECTION CHIEF
BSWC&E - SUPPORT SERVICES
MAIL CODE 09-01
PO BOX 420
TRENTON, NJ 08625-0407
(609) 292-6305
ENTIRE STATE

ROBERT GOMEZ, SUPERVISOR
BSWC&E-TRANSPORTATION UNIT
MAIL CODE 09-01
PO BOX 420
TRENTON, NJ 08625-0407
(609) 292-3837
ENTIRE STATE

D9901B (Rev. 03-14-02)

REQUESTED CHANGES TO INFORMATION FOR PRIMARY BILLING PARTY

Contact Organization: _____

Contact Person: _____ Phone No.: _____

Street Address: _____

_____

_____

Postal City: _____ State: _____ Zip: _____

D9901B

Let's protect our earth

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

INVOICE NO.
190336870

SOLID WASTE

COMPLIANCE AND ENFORCEMENT

Program Interest	Type of Notice	Amount Due
STERICYCLE INC 1525 CHESTNUT HILL RD MORGANTOWN, PA. 19543 216013	ORIGINAL(NON-INITIAL)	$ 500,000.00

Billing Date	Due Date	NJEMS Bill ID
04/17/19	06/20/19	000000194779100

Administrative Consent Order (ACO)
Negotiated Enforcement Action
This bill was created by the Assessments Trigger.

ASSESSMENTS
Start-End Date: 04/17/2019-04/17/2019 Activity: NEA190001
Assessment Type: PENALTY Status: Open (Pending Payment)
Regulatory Basis: Amount: $ 500000.00

Total Amount Assessed: $ 500,000.00

D9902F (R 3/14/02)

For Immediate Release:
April 26, 2019

Office of The Attorney General
- Gurbir S. Grewal, *Attorney General*
Division of Law
- Michelle Miller, *Director*
Division of Consumer Affairs
- Paul R. Rodriguez, *Acting Director*

For Further Information:
Media Inquiries-
Lee Moore
609-292-4791
Citizen Inquiries-
609-984-5828

AG Grewal Announces Settlement with Medical Waste Disposal Firm Stericycle over Allegedly Deceptive Sales, Business Practices

Overall $867,000-Plus Settlement Includes Payment to the State, Reimbursement to Customers

view settlement agreement

TRENTON – Attorney General Gurbir S. Grewal, the Division of Consumer Affairs and New Jersey Department of Environmental Protection (DEP) announced today that the State has entered into an overall $867,800 settlement with Illinois-based medical waste disposal company Stericycle. The settlement resolves allegations that Stericycle engaged in a variety of deceptive sales, pricing and other unlawful practices in its dealings with New Jersey dentists.

The State began investigating Stericycle in May 2016 after the New Jersey Dental Association wrote to the Division of Consumer Affairs complaining about the company. Specifically, the Association reported that Stericycle sales agents were pressuring dentists to purchase a Hazardous Drug Disposal Service Black Box Program (HDDS), which they claimed was required for the disposal of certain substances – even trace amounts -- by an EPA regulation. No such EPA regulation existed.

DEP's investigation was prompted by complaints to the Department about Stericycle's alleged unannounced price increases and unresponsive customer service, among other concerns. Stericycle was also accused of allowing unauthorized individuals to sign contracts on behalf of dentists, and of failing to cancel such contracts when the unauthorized status of the signatory became known.

"We expect businesses operating in New Jersey to act with integrity, to respect New Jersey consumers, and to play by our rules," said Attorney General Grewal. "That's the basic promise companies make to their customers, and it's what our law commands. So when businesses betray the trust of New Jersey consumers, we will hold them accountable to the fullest extent, just as we're doing today."

"Ensuring fair business practices in waste services is an important part of the DEP's enforcement activity," said DEP Deputy Commissioner Debbie Mans. "Today's action demonstrates New Jersey's commitment to promoting and enforcing legal compliance in this sector to protect businesses, their customers and New Jersey's environment."

"Stericycle's business approach crossed the line from aggressive to deceptive, and that kind of conduct cannot be tolerated," said Division of Consumer Affairs Director Paul R. Rodríguez. "This case should serve as notice not only to regulated waste disposal operators, but to all businesses operating in our state: We are committed to protecting New Jersey consumers, and if you deceive them, cheat them or otherwise treat them unlawfully, we will take action."

Under the settlement, Stericycle will pay DEP $500,000, as a majority of allegations resolved by the settlement involve violations of the New Jersey Solid Waste Utility Control Act and DEP's Customer Bill of Rights. Stericycle will pay the Division of Consumer Affairs $155,000 to resolve allegations of having violated the State's Consumer Fraud Act and New Jersey Advertising Regulations.

Stericycle will also provide a total of $205,160 in reimbursement to a total of 155 New Jersey dentists affected by its allegedly deceptive practices. Stericycle will reimburse the State a total of $7,800 to cover its investigative and legal costs. The company denies any wrongdoing.

The company is prohibited under the settlement from proactively advertising, offering for sale or selling the HDDS Black Box Program in New Jersey – except with respect to consumers who are required to properly dispose of hazardous drug waste in accordance with applicable state or federal statutes and regulations, such as Small Quantity Generators or P-Waste Generators.

Under other non-monetary terms of the settlement, Stericycle must:

- Properly itemize any bills submitted to its customers.
- Train its customer service representatives on the Customer Bill of Rights, as well as the legal requirement in New Jersey that all solid waste utilities must assist customers in selecting the rate schedule most favorable for their individual requirements.
- Verify that all contracts for the sale of merchandise in New Jersey include a statement by the signatory of the contract -- in large, bold typeface -- verifying that he or she is an authorized representative of the consumer, and is authorized to enter into a binding contract on behalf of the consumer.
- Provide written notice to customers that waste services in New Jersey are available on a competitive basis and shall include with that notice a copy of the Customer Bill of Rights.
- Designate a company representative wbom DEP or the Division of Consumer Affairs may contact regarding customer complaints submitted to the agencies.

The Stericycle matter was handled on behalf of New Jersey by Lead Deputy Attorney General Jeffrey Koziar, of the Division of Law's Consumer Fraud Prosecution Section, and Deputy Attorney General Ray Lamboy of the Division of Law's Environmental Enforcement and Environmental Justice Section.

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Statewide: NJ Home | Services A to Z | Departments/Agencies | FAQs
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APPENDIX K

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
THOMAS R. KAUFMAN, Cal. Bar No. 177936
1901 Avenue of the Stars, Suite 1600
Los Angeles, California 90067-6055
Telephone: 310.228.3700
Fax: 310.228.3701
Email: tkaufman@sheppardmullin.com

Attorneys for Defendant
STERICYCLE, INC.

LAW OFFICES OF KEVIN T. BARNES
Kevin T. Barnes (SBN 138477)
Gregg Lander (SBN 194018)
5670 Wilshire Boulevard Suite 1460
Los Angeles, CA 90036-5664
Telephone: 323-549-9100
Fax: 323-549-0101
Email: barnes@kbarnes.com

LAW OFFICES OF SAHAG MAJARIAN II
Sahag Majarian II (SBN 146621)
18250 Ventura Boulevard
Tarzana, CA 91356
Telephone: 818-609-0807
Fax: 818-609-0892
Email: sahagii@aol.com

Attorneys for Plaintiffs
KENNETH MONIZ an
And KEVIN HENSHAW,

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SERGIO GUTIERREZ on behalf of himself and all others similarly situated; Plaintiffs, v. STERICYCLE, INC., a Delaware Corporation, Defendants.	Case No. 2:15-cv-08187-JAK-JEM **STIPULATION OF CLASS SETTLEMENT AND RELEASE** Action filed: August 14, 2014

This Stipulation of Class Settlement and Release ("Stipulation of Settlement" or "Settlement Agreement") is made and entered into by and between Plaintiffs Kenneth Moniz and Kevin Henshaw ("Plaintiffs" or "Class Representatives") and Stericycle, Inc. ("Defendant" or "Stericycle"), and is subject to the terms and conditions herein and the approval of the Court. Plaintiffs and Stericycle are referenced collectively herein as "the Parties."

BACKGROUND AND RECITALS

1. On or about August 14, 2014, former named Plaintiff, Sergio Gutierrez, filed a class action ("the Lawsuit") in the Superior Court for the County of Los Angeles, entitled *Sergio Gutierrez v. Stericycle, Inc.* The complaint for the Lawsuit alleged various wage and hour claims, including that Stericycle failed to pay all wages owed based on their time rounding and donning and doffing policies, did not include all bonuses in the overtime rate, failed to pay all vested vacation payments due, failed to provide statutory meal and rest periods and derivative claims for failure to provide accurate wage statements, waiting time penalties, PAGA and unfair competition. When Gutierrez passed away during the litigation, Plaintiffs substituted as class representatives in his place. The action was removed to the United States District Court for the Central District of California on or about October 19, 2015, and the action has been litigated in federal court since that time.

2. On June 12, 2017 the parties mediated the Lawsuit before retired judge Hon. Carl West. The case did not resolve at mediation, but settlement discussions continued and the Parties ultimately reached a settlement on November 21, 2017.

3. Accordingly, for purposes of this Settlement Agreement, the "Settlement Class" shall consist of all "Class Members" who fail to opt out of this Settlement Agreement. "Class Members" are defined as:

> "All non-exempt hourly employees who worked for Stericycle in California at an time between August 14, 2010 and September 18, 2017, except the class shall not include: (1) members of the settlement class in the class action *Butler v. Stericycle, Inc.;* (2) any non-exempt

employees who worked for Stericycle in California but was hired on or after April 1, 2017; (3) any other individuals who have filed their own lawsuits asserting any of the claims raised in the *Gutierrez v. Stericycle, Inc* lawsuit; or (4) any Class Member who entered into a general release as part of a settlement of a lawsuit."

The "Class Period" is defined as the period of time from August 14, 2010 through September 18, 2017.

4. For purposes of settling the Lawsuit, the Parties conditionally stipulate and agree that the requisites for establishing class certification with respect to the Settlement Class have been met and are met, and therefore, stipulate to class certification. More specifically, the Parties conditionally stipulate and agree that, for the Settlement Class:

a. The number of Class Members is so numerous as to make it impracticable to join all Class Members.

b. There is an ascertainable class.

c. There are common questions of law and fact

d. Plaintiffs' claims are typical of the claims of the members of the Settlement Class.

e. Law Offices of Kevin T. Barnes and Law Offices of Sahag Majarian II should be deemed "Class Counsel" and will fairly and adequately protect the interests of the Settlement Class.

f. Plaintiffs Kenneth Moniz and Kevin Henshaw should be appointed as the representative of the Settlement Class and will fairly and adequately represent the interests of the Settlement Class.

g. The prosecution of separate actions by individual members of the Settlement Class would create the risk of inconsistent or varying adjudications, which would establish incompatible standards of conduct.

h. Questions of law and fact common to the members of the Settlement Class predominate over questions affecting individual members in the Settlement Class and a class action is superior to other available means for the fair and efficient adjudication of the controversy.

5. Stericycle denies any liability or wrongdoing of any kind associated with the claims alleged in the Complaint and further denies that, for any purpose other than settling the Lawsuit, this action is appropriate for class treatment. Stericycle contends, among other things, that it has complied at all times with the California Labor Code, and all applicable California law.

6. Plaintiffs believe that they have filed a meritorious action and that class certification is appropriate of the claims asserted in the operative Complaint. Plaintiffs contends that Stericycle violated California's wage-and-hour laws and that this case is appropriate for class certification as the requisites for class certification can be satisfied in this case.

7. It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge all disputes and claims which exist between them arising from the factual allegations that underlie the Lawsuit concerning the failure to pay overtime correctly and derivative claims for penalties. In order to achieve a full and complete release of Stericycle (and the "Releasees" as defined in Paragraph 8) of such disputes and claims, the Class Representatives and Class Members (which includes any legal heirs and/or successors-in-interest of each Class Member who receives Notice), through execution of the Stipulation of Settlement, acknowledge that this Stipulation of Settlement is intended to include in its effect the entirety of the Released Class Claims, as more fully described in Paragraph 21 of this Stipulation of Settlement.

8. It is the intention of the Parties that this Stipulation of Settlement shall constitute a full and complete settlement and release of all claims described in

Paragraph 21 of this Stipulation of Settlement. This release shall include in its effect not only Stericycle, but also its respective affiliates, subsidiaries, parent companies, predecessor entities (i.e., companies it acquired during the class period), related companies, partners, officers, directors, managers, servants, agents, employees, former employees, representatives, and attorneys, past or present, and all persons acting under, by, though, or in concert with any of them (collectively, the "Releasees").

TERMS OF SETTLEMENT

9. Overview of Payment Structure. This $2,000,000 settlement is made on a non-reversionary basis except Stericycle shall be entitled to a credit of $460,000 which is the amount Stericycle has paid to individual class member who have previously entered into an individual settlement agreement of wage and hour claims under which that class member received a payment. Stericycle entered into these individual settlement with class members beginning in 2015 in response to the Lawsuit and pursuant to Chindarah v. Pick Up Stix, Inc., 171 Cal. App. 4th 796 (2009).

This settlement shall consist of a Gross Fund Value which, in turn, is comprised of a Net Fund Value for the class, an award of attorney's fees and costs, an award of administration expenses, enhancement awards to the Class Representatives for their service as representatives, and a payment to the Labor Workforce Development Agency ("LWDA") to extinguish any PAGA claims arising within the scope of the release. Further specifics are provided below.

10. Gross Fund Value. Stericycle shall pay the gross sum of TWO MILLION DOLLARS ("$2,000,000")(the "Gross Fund Value" or "GFV") to fund the settlement of this action. Payments by Stericycle pursuant to this Settlement Agreement shall settle all pending issues between the Parties. The settlement payments are not being made for any other purpose and will not be construed as compensation for purposes of determining eligibility for any health and welfare

benefits or unemployment compensation. Stericycle shall be responsible for paying any appropriate and lawfully required employer payroll taxes arising from the portion of the class member settlement payments attributable to wages.

11. Amounts Paid from the Gross Fund Value:

a. Attorneys' Fees and Costs: Subject to review and final approval by the Court, Stericycle agrees that Class Counsel may apply for a total of FIVE HUNDRED THOUSAND DOLLARS ($500,000) for reasonable attorneys' fees (representing 25% of the Gross Fund Value), and an additional amount to reimburse actual litigation costs billed to the Plaintiffs, not to exceed $26,000. Any award granted shall be taken from the Gross Fund Value. If a lower amount is awarded, the difference will be allocated to the Net Fund Value.

b. Enhancement Award: In further consideration for settling this matter and in exchange for the release of all claims by the Settlement Class, and subject to final approval, Stericycle agrees that Class Counsel may apply for a class member enhancements for the two named Plaintiffs to compensate them for their time, risk and effort on behalf of the class. The enhancement award is in addition to the claim share to which Plaintiffs are otherwise entitled as a Qualified Claimant. Stericycle agrees that Plaintiffs may apply for enhancement award not to exceed TEN THOUSAND DOLLARS ($10,000 to each of the two Plaintiffs). Any award granted shall be taken from the Gross Fund Value. If a lower amount is awarded, the difference will be allocated to the Net Fund Value.

c. Administration Costs: Costs required to administer the settlement will also be paid from the GFV. The Parties have agreed to use Rust Consulting as claims administrator for the class with an expectation that the total amount charged by Rust Consulting will be approximately TWENTY SIX THOUSAND FIVE HUNDRED ELEVEN DOLLARS ($26,511). The administration duties shall include, without limitation, mailing Notices, calculating awards, processing requests for exclusion and objections, performing necessary skip

traces on Notices returned as undeliverable, mailing Class Member settlement checks, issuing any required tax reporting forms, and providing weekly status reports to Counsel for the Parties, among other tasks set forth in this Stipulation. To the extent the administration costs are lower than anticipated, the difference will be allocated to the Net Fund Value.

d. PAGA Payment. The parties agree that FIFTEEN THOUSAND DOLLARS ($15,000) of the GFV should be allocated to claims under the Private Attorney General Act ("PAGA"). The state's 75% share of PAGA penalties will be $11,250 and the remaining $3,750 will be allocated to the Net Fund Value.

e. Remaining Net Fund Value for Class: After all payments of attorney's fees and costs, class representative enhancements, administrative costs, and PAGA payments are deducted from the Gross Fund Value, the remaining portion, the "Net Fund Value" or "NFV" shall be distributed to class members who do not affirmatively exclude themselves from the settlement, as discussed below.

f. Credit for Settlement Sums Already Paid: Beginning in 2015, Stericycle offered individual settlements to individuals who will fall within the Settlement Class in response to the Lawsuit and pursuant to Chindarah v. Pick Up Stix, Inc., 171 Cal. App. 4th 796 (2009). To the extent those employees signed their individual settlement agreement and accepted the settlements and received payments as a result (entered into a "Pick Up Stix settlement"), they will receive no money for all of their shifts worked during the time period covered by their individual settlement agreement.. However, employees who signed their individual settlement agreement and accepted the settlements and received payments as a result but who continued to work for Stericycle, will receive money for all of their work shifts worked after the time period covered by their individual settlement agreement. To the extent employees received settlements but did no work after agreeing to the settlement (e.g., they were former employees at the time), they will not participate as class members in this settlement.

g. "Opt Out" Process for the Net Fund Value: Class Members shall receive notice of the action and may exclude themselves or "opt out" if they do not want to participate in the settlement. Class Members who do not "opt out" shall be deemed to have made a settlement claim. In consideration for settlement and a release of all claims of the Settlement Class against Stericycle, each Class Member who does not timely "opt out" ("Qualified Claimant") will receive a share of the NFV.

h. Formula to Distribute the Net Fund Value. Subject to the credit described above in paragraphs 11a-f, the Net Fund Value, which would be approximately NINE HUNDRED FIFTY SIX THOUSAND TWO HUNDRED THIRTY-NINE DOLLARS ($956,239) if all requested attorney's fees, costs, enhancements and the PAGA payments are approved, will be distributed proportionally based on the number of work shifts each class member worked in a class position during the period from August 14, 2010 to September 18, 2017 (excluding periods covered by Pick Up Stix releases). To calculate the work shifts, the parties will count the number of each class members' work shifts recorded in Stericycle's timekeeping system during the class period, with a shift being defined as any day on which the employee clocked in for work in Stericycle's timekeeping system and also clocked out. Each person will then receive a share calculated by dividing their individual work shift total by the aggregate number of all class members' work shifts multiplied by the NFV. As explained above, to the extent employees signed their individual settlement agreement and accepted the settlements and received payments as a result, those work shifts worked during the time period covered by their individual settlement agreement will not be counted towards each such class members' work shifts recorded in Stericycle's timekeeping system during the class period or in the aggregate number of all class members' work shifts.

i. Defendant has certified that the number of work shifts that have

accrued for all Class Members from August 14, 2010 to September 18, 2017 is 622,987. This shift count excludes all of the following work shifts: (1) members of the settlement class in the class action *Butler v. Stericycle, Inc.;* (2) any non-exempt employees who worked for Stericycle in California but was hired after April 1, 2017; (3) any other individuals who have filed their own lawsuits asserting any of the claims raised in the *Gutierrez v. Stericycle, Inc* lawsuit; (4) all work shifts for worked during the time period covered by their individual settlement agreement for employees who signed their individual settlement agreement and accepted the settlements and received payments as a result; and (5) any Class Member who entered into a general release as part of a settlement of a lawsuit. If the number of work shifts actually accrued from August 14, 2010 to September 18, 2017 should exceed the number of such work shifts certified by Defendant by more than five percent (5%), the Class Settlement Amount shall be increased by the percentage difference between the certified amount and the actual number of work shifts from August 14, 2010 to September 18, 2017.

12. Settlement Date: The settlement embodied in this Stipulation of Settlement shall go into effect upon entry of a final Judgment by the Court approving this Stipulation of Settlement.

13. Funding and Payout of Settlement Funds

a. Payment Procedure to Claims Administrator: No later than ten (10) calendar days after the "effective date" of final approval of the settlement, Stericycle will issue to the Claims Administrator payment of the Gross Fund Value. The effective date shall be the date of final approval if no objections are filed to the settlement. If objections are filed and overruled, and no appeal is taken of the final approval order, then the effective date of final approval shall be sixty-five (65) days after the Court enters final approval. If an appeal is taken from the Court's overruling of objections to the settlement, then the effective date of final approval shall be twenty (20) days after the appeal is withdrawn or after an appellate decision

affirming the final approval decision becomes final. No money will be distributed unless and until the effective date of final approval occurs.

b. The Claims Administrator will mail settlement checks to Qualified Claimants no later than fifteen (15) calendar days after receiving payment from Stericycle. Payments will be made at this same time for attorney's fees, costs, and class representative enhancements. Qualified Claimants shall have 180 days after mailing by the Claims Administrator to cash their settlement checks. If Qualified Claimants do not cash their checks within the 180 day period, those checks will become void and the Claims Administrator will stop payment on the uncashed checks. In such event, those Qualified Claimants will be deemed to have waived irrevocably any right in or claim to a settlement payment.

c. Should there remain any residual from the Gross Fund Value after all payments are made under this Settlement Agreement, for example, if any settlement checks remain uncashed more than 180 calendar days after mailing, the Claims Administrator will pay the funds represented by such un-redeemed checks to the California Department of Labor Standards Enforcement Unpaid Wage Fund with an identification of the Qualified Claimant.

d. Tax Treatment of Settlement Payments: The Parties agree that 50% of the amount distributed to each Qualified Claimant will be considered wages and 50% will be considered interest or penalties. In addition to its payment to each Qualified Claimant, Stericycle shall be responsible for paying all employer-paid withholding and payroll taxes and similar expenses (including state and federal income taxes, social security contributions and unemployment taxes) on the portion of the settlement where employer-side payroll taxes are required by law. Stericycle will be responsible for all required withholdings. Each Qualified Claimant will receive an IRS Form W-2 and 1099 for the class member's settlement payment. Each Qualified Claimant also will be responsible for correctly characterizing this

compensation for tax purposes and for payment of any personal income taxes owing on said amount.

e. Resolution of Disputes Relating to Amounts Owed to a Claimant: If a Qualified Claimant timely disputes Stericycle's records as to the proper size of his or her claim, the Parties' counsel will make a good faith effort to resolve the dispute informally. If counsel for the Parties cannot agree, the dispute shall be submitted to the claims administrator Rust Consulting, who shall examine the records in an attempt to resolve the dispute.

NOTICE TO THE CLASS

14. The Parties agree that within fifteen (15) calendar days after preliminary approval of this settlement, Stericycle will provide to the Claims Administrator all of the following information about each Class Member in Excel format ("Class Data List"): (1) name, (2) last known home address and home telephone number, (3) Social Security number, and (4) the number of work shifts each class member worked as a non-exempt employees for Stericycle in California at an time between August 14, 2010 and September 18, excluding any work shifts worked that are part of any class members individual settlement with Stericycle.

15. Within fifteen (15) calendar days after receipt of the "Class Data List," the Claims Administrator will send Class Members, by first-class mail to their last known address, the Court-approved Notice of Pendency of Class Action ("Notice"), in the form which will be attached hereto as Exhibit "A." The Notice will also include Stericycle's calculation of each Class Member's work shifts and corresponding settlement allocation.

CLAIMS ADMINISTRATION PROCESS

16. Class Members will have forty-five (45) days from the date of the Notices to postmark their objections or written requests for exclusion to the Claims Administrator. To be valid, requests for exclusion must comply with the instructions in the Notice and must state, in effect, that the Class Member does not

wish to participate in the settlement of this action. In addition, any request must include the Class Member's first and last name, signature, address, phone number, and last four digits of social security number for verification purposes. A Class Member who excludes himself or herself from the settlement shall lose standing to object. The Claims Administrator will perform skip-traces on returned mail and re-mail the Notice to an updated address (if any) as soon as possible upon return of the undeliverable Notice, but no later than ten (10) days of receiving notice that a Notice was undeliverable. It is the intent of the Parties that reasonable means be used to locate Class Members since all Class Members who do not request exclusion are entitled to receive their proportionate share of the NFV.

17. Within ten (10) calendar days after receipt by the Claims Administrator of each timely-submitted request for exclusion, the Claims Administrator will send a deficiency notice to the Class Members for any irregularities in any request for exclusion (such as failure to sign or include last four digits of Social Security Number). The deficiency notice will provide the Class Members no more than ten calendar (10) days from the mailing of the deficiency notice to postmark a written response to cure all deficiencies. The failure of a Class Member to cure all deficiencies in a timely manner shall invalidate a request for exclusion and will not be subject to cure.

18. Stericycle, with the Class Data List, will provide the Claims Administrator an Excel spreadsheet that the Claims Administrator will use to calculate each Class Member's share of the NFV based on information contained in its HRIS systems. The Claims Administrator will certify jointly which request for exclusion forms, if any, were timely postmarked. The Claims Administrator shall be responsible for calculating the payments, issuing the payments and any required tax reporting forms, and for communicating this information to Stericycle and Class Counsel. Upon completion of its calculation of payments, the Claims Administrator shall provide Plaintiffs and Stericycle with a report listing the amount of all

payments to be made to each Qualified Claimant. Proof of payment will be filed with the Court and provided to the Parties' counsel.

19. To the extent any Class Members request exclusion from the settlement, their unclaimed portion shall effectively be reallocated to the NFV based on the formula used to calculate individual payments to Qualified Claimants.

RIGHT TO RESCISSION IN THE EVENT OF EXCESS OPT-OUTS

20. Notwithstanding any other provision of this Stipulation of Settlement, Stericycle shall retain the right, in the exercise of its sole discretion, to nullify the settlement within ten (10) calendar days of expiration of the opt-out deadline, if fifty (50) or more of the Class Members opt out of the settlement. All signatories and their counsel must not encourage opt-outs. The Parties specifically agree not to solicit opt-outs, directly or indirectly, through any means. Objective statements to Class Members who call Class Counsel with inquiries regarding the settlement, or the exercise of Class Counsel's ethical obligations, shall not be deemed a violation of the prohibitions contained herein. In the event of such a rescission, no party may use the fact that the Parties agreed to settle this case as evidence of Stericycle's liability in the Lawsuit or the lack thereof. If Stericycle exercises its right to rescind the settlement it will be solely responsible for the Claims Administrator's costs incurred up to that date.

RELEASE BY THE CLASS OF RELEASED CLASS CLAIMS

21. Upon final approval by the Court, the Settlement Class and each Class Member who has not submitted a timely and valid request for exclusion will release Stericycle and the Releasees from the Released Class Claims defined as any and all claims asserted in the operative Complaint and any other claims based on the same cited statutes or underlying facts. The release will apply to any claims arising within the scope of the Lawsuit up through November 30, 2017.

The Class Members agree to release any further attempt, by lawsuit, administrative claim or action, arbitration, demand, or other action of any kind by

each and all of the Class Members (including participation to any extent in any class or collective action), to obtain a recovery against any of the Released Parties for the Released Claims. The Class Members' release shall not include or release all other claims including claims outside the Class Period, claims for unemployment insurance, wrongful termination, hostile work environment, Title VII, FEHA and disability and workers' compensation.

22. Upon the Effective Date, and as a condition of receiving any portion of their Class Representative Enhancement Payments, Plaintiffs agree to the additional following General Release: In consideration of Defendant's promises and agreements as set forth herein, Plaintiffs hereby fully releases the Released Parties from any and all Released Claims and also generally releases and discharges the Released Parties from any and all claims, demands, obligations, causes of action, rights, or liabilities of any kind which have been or could have been asserted against the Released Parties arising out of or relating to Plaintiffs' employment by Defendant or termination thereof, including but not limited to claims for wages, restitution, penalties, retaliation, defamation, discrimination, harassment or wrongful termination of employment. This release specifically includes any and all claims, demands, obligations and/or causes of action for damages, restitution, penalties, interest, and attorneys' fees and costs (except provided by this Agreement) relating to or in any way connected with his employment with Released Parties and the matters referred to herein, whether or not known or suspected to exist, and whether or not specifically or particularly described herein. Specifically, Plaintiffs waive all rights and benefits afforded by California Civil Code Section 1542, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

DUTIES OF THE PARTIES PRIOR TO COURT APPROVAL

22. The Parties shall promptly submit this Stipulation of Settlement to the Court in support of a request for preliminary approval and determination by the Court as to its fairness, adequacy, and reasonableness. Promptly upon execution of this Stipulation of Settlement, the Parties shall apply to the Court for the entry of a preliminary order, substantially in the form attached hereto as Exhibit "B," which would accomplish the following:

a. Scheduling a final fairness hearing on the question of whether the proposed settlement, the Class Representatives' enhancement awards, and the requested attorneys' fees and costs should be finally approved as fair, reasonable, and adequate as to the Class Members;

b. Certifying a Settlement Class for all claims;

c. Certifying this action under California law as a class action for purposes of settlement;

d. Approving as to form and content the proposed Notice;

e. Directing the mailing of the Notice, by first-class mail, to the Class Members;

f. Preliminarily approving the settlement subject only to the objections of Class Members and final review by the Court; and,

g. Preliminarily approving the use of a mutually agreed Claims Administrator for approximately $26,511.

DUTIES OF THE PARTIES FOLLOWING FINAL APPROVAL

23. Following final approval of the settlement provided for in this Stipulation of Settlement, Class Counsel will submit a proposed final order and Judgment, substantially in the form attached hereto as Exhibit "C":

a. Approving the settlement, adjudging the terms thereof to be fair, reasonable, and adequate, and directing consummation of its terms and provisions;

b. Approving Class Counsels' application for an award of attorney's fees and costs;

c. Approving the Class Representatives' enhancement awards;

d. Approving the payment of the Claims Administrator's fees from the Gross Fund Value.

e. Barring all members of the Settlement Class from prosecuting against Releasees any of the Released Class Claims.

PARTIES' AUTHORITY

24. The signatories hereto hereby represent that they are fully authorized to enter into this Stipulation of Settlement and bind the Parties hereto to the terms and conditions hereof.

MUTUAL FULL COOPERATION

25. The Parties agree fully to cooperate with each other to accomplish the terms of this Stipulation of Settlement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Stipulation of Settlement. The Parties to this Stipulation of Settlement shall use their best efforts, including all efforts contemplated by this Stipulation of Settlement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Stipulation of Settlement and the terms set forth herein. As soon as practicable after execution of this Stipulation of Settlement, Class Counsel shall, with the assistance and cooperation of Stericycle and its counsel, take all necessary steps to secure the Court's final approval of this Stipulation of Settlement.

NO PRIOR ASSIGNMENTS

26. The Parties hereto represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim,

demand, action, cause of action, or rights herein released and discharged except as set forth herein.

NO ADMISSION

27. Nothing contained herein, nor the consummation of this Stipulation of Settlement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Stericycle. Stericycle specifically denies any liability. Each of the Parties hereto has entered into this Stipulation of Settlement with the intention to avoid further disputes and litigation with the attendant inconvenience and expenses.

PUBLICITY

28. Neither Plaintiffs nor Class Counsel will publicize the Settlement in any way prior to preliminary approval. This provision shall not prohibit Class Counsel from communicating with members of the Class.

NO RETALIATION

29. Stericycle agrees that there will be no retaliation, discrimination or adverse employment action against the Plaintiffs or any member of the Settlement Class as a result of the Lawsuit, the Settlement or their participation in the Lawsuit or Settlement.

CONSTRUCTION

30. The Parties hereto agree that the terms and conditions of this Stipulation of Settlement are the result of lengthy, intensive arms-length negotiations between the Parties, and that this Stipulation of Settlement shall not be construed in favor of or against any party by reason of the extent to which any party or his, her, or its counsel participated in the drafting of this Stipulation of Settlement.

CAPTIONS AND INTERPRETATIONS

31. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the

scope of this Stipulation of Settlement or any provision hereof. Each term of this Stipulation of Settlement is contractual and not merely a recital.

MODIFICATION

32. This Stipulation of Settlement may not be changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. This Stipulation of Settlement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties hereto.

INTEGRATION CLAUSE

33. This Stipulation of Settlement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

BINDING ON ASSIGNS

34. This Stipulation of Settlement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

CLASS COUNSEL SIGNATORIES

35. The parties agree that it is impossible or impractical to have each Class Member execute this Stipulation of Settlement. The Notice, Exhibit "A," will advise all Class Members of the binding nature of the release and such shall have the same force and effect as if this Stipulation of Settlement were executed by each Class Member.

COUNTERPARTS

36. This Stipulation of Settlement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed

counterparts, shall constitute one Stipulation of Settlement, which shall be binding upon and effective as to all Parties.

Dated: December 12, 2017

Kenneth Moniz
Plaintiff and Class Representative

Dated: December __, 2017

Kevin Henshaw
Plaintiff and Class Representative

Dated: December __, 2017

for Stericycle, Inc.

Approval As To Form And Content By Counsel:

Dated: December__, 2017

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

THOMAS R. KAUFMAN
Attorneys for Defendant
STERICYCLE, INC.

Dated: December__, 2017

LAW OFFICES OF KEVIN T. BARNES

KEVIN T. BARNES
Attorneys for Plaintiffs

counterparts, shall constitute one Stipulation of Settlement, which shall be binding upon and effective as to all Parties.

Dated: December __, 2017

Kenneth Moniz
Plaintiff and Class Representative

Dated: December 6, 2017

Kevin Henshaw
Plaintiff and Class Representative

Dated: December __, 2017

for Stericycle, Inc.

Approval As To Form And Content By Counsel:

Dated: December__, 2017

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

THOMAS R. KAUFMAN
Attorneys for Defendant
STERICYCLE, INC.

Dated: December__, 2017

LAW OFFICES OF KEVIN T. BARNES

KEVIN T. BARNES
Attorneys for Plaintiffs

counterparts, shall constitute one Stipulation of Settlement, which shall be binding upon and effective as to all Parties.

Dated: December __, 2017

Kenneth Moniz
Plaintiff and Class Representative

Dated: December __, 2017

Kevin Henshaw
Plaintiff and Class Representative

Dated: December 8, 2017

for Stericycle, Inc.

Approval As To Form And Content By Counsel:

Dated: December 5, 2017

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

THOMAS R. KAUFMAN
Attorneys for Defendant
STERICYCLE, INC.

Dated: December 6, 2017

LAW OFFICES OF KEVIN T. BARNES

KEVIN T. BARNES
Attorneys for Plaintiffs

Dated: December 5, 2017

LAW OFFICES OF SAHAG MAJARIAN II

SAHAG MAJARIAN II
Attorneys for Plaintiffs

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$2 Million Settlement Reached in Stericycle Employee Wage Class Action

Elizabeth DiNardo, Esq. | Associate Counsel

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On February 5, 2018, plaintiffs in the Stericycle Inc. employee wage dispute class action asked U.S. District Judge John Kronstadt to grant preliminary approval for a $2 million settlement agreement.

The suit was originally filed by named plaintiff, Sergio Gutierrez, in Los Angeles Superior Court in 2014. Plaintiff argued that the defendant medical waste disposal company denied its employees proper breaks, rounded payroll time thus cheating employees out of wages for time spent working and failed to compensate employees for time spent changing into their company-required uniform.

Further, the complaint alleges that Stericycle failed to include all bonuses in employees' overtime rate, in addition to not providing statutory meal breaks. The case was transferred to the U.S. District Court for the Central District

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APPENDIX L

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2019
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 1-37556

Stericycle, Inc.

(Exact name of registrant as specified in its charter)

Delaware	36-3640402
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification Number)*

2355 Waukegan Road
Bannockburn, Illinois 60015
(Address of principal executive offices, including zip code)
(847) 367-5910
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SRCL	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer", "accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

The aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2019): $4,350,940,797.

On February 24, 2020 there were 91,271,184 shares of the Registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Items 10, 11, 12 and 13 of Part III of this Report is incorporated by reference from the Registrant's definitive Proxy Statement for the 2020 Annual Meeting of Stockholders.

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- property ownership restrictions in certain countries.

Any of the foregoing or other factors associated with doing business abroad could adversely affect our business, financial condition and results of operations.

We have operations in Latin America, and changes in the business, regulatory, political or social climate could adversely affect our operations there, which could adversely affect our results of operations and growth plans.

We have business operations in Argentina and Brazil. Doing business in those countries exposes us to risks related to political instability, corruption, economic volatility, social unrest, tax and foreign investment policies, public safety and security, and uncertain application of laws and regulations. Consequently, actions or events in any of those countries that are beyond our control could restrict our ability to operate there or otherwise adversely affect the financial results of those operations. Furthermore, changes in the business, regulatory or political climate in any of those countries, or significant fluctuations in currency exchange rates, could affect our ability to continue our operations there, which could have a material adverse impact on our prospects, results of operations, and cash flows.

We face continuing risks relating to compliance with the FCPA and other anti-corruption and anti-bribery laws.

On June 12, 2017, the SEC issued a subpoena to us, requesting documents and information relating to our compliance with the FCPA or other foreign or domestic anti-corruption laws with respect to certain of the our operations in Latin America. In addition, the DOJ has notified us that it is investigating this matter in parallel with the SEC. We are cooperating with these agencies and are also conducting an internal investigation of these and other matters, including outside of Latin America, under the oversight of the Audit Committee of the Board of Directors and with the assistance of outside counsel, and this investigation has found evidence of improper conduct. These matters (and other matters which may arise or of which we become aware in the future) may be deemed to violate the FCPA and other anti-corruption and anti-bribery laws. Such determinations could subject us to, among other things, enforcement actions by the SEC or the DOJ or other regulatory bodies, fines, penalties, or litigation, which could adversely affect our business, financial condition and results of operations. In addition, any significant settlement amount may require us to incur additional indebtedness, adversely affect our liquidity and ability to service our indebtedness, or require us to restructure or amend the terms of our indebtedness. See *Part II, Item 8. Financial Statements and Supplementary Data; Note 20 – Legal Proceedings* in the Consolidated Financial Statements for more information regarding currently pending legal proceedings.

We are subject to a number of pending lawsuits.

We are a defendant in a number of pending lawsuits and may be named as a defendant in future lawsuits. These current and future matters may result in significant liabilities and diversion of our management's time, attention, and resources. Given the uncertain nature of litigation generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome in these matters. In view of these uncertainties, the outcome of these matters may result in charges in excess of any established reserves and, to the extent available, liability insurance. Protracted litigation, including any adverse outcomes, may have an adverse impact on our reputation, business, financial condition or results of operations. In addition, any significant judgment or settlement amount may require us to incur additional indebtedness, adversely affect our liquidity and ability to service our indebtedness, or require us to restructure or amend the terms of our indebtedness. See *Part II, Item 8. Financial Statements and Supplementary Data; Note 20 - Legal Proceedings* in the Consolidated Financial Statements for more information regarding currently pending legal proceedings.

In millions

	Year Ended December 31,		
	2019	2018	2017
Regulated Waste and Compliance Services	$ 1,892.8	$ 1,932.6	$ 2,023.6
Secure Information Destruction Services	901.9	911.0	823.4
Communication and Related Services	219.2	313.1	382.6
Manufacturing and Industrial Services	295.0	329.2	351.1
Revenues	$ 3,308.9	$ 3,485.9	$ 3,580.7

NOTE 20 – LEGAL PROCEEDINGS

The Company operates in highly regulated industries and responds to regulatory inquiries or investigations from time to time that may be initiated for a variety of reasons. At any given time, the Company has matters at various stages of resolution with the applicable government authorities. The Company is also routinely involved in actual or threatened legal actions, including those involving alleged personal injuries and commercial, employment, environmental, tax, and other issues. The outcomes of these matters are not within the Company's complete control and may not be known for prolonged periods of time. In some actions, claimants seek damages, as well as other relief, including injunctive relief, that could require significant expenditures or result in lost revenue.

In accordance with applicable accounting standards, the Company establishes an accrued liability for loss contingencies related to legal and regulatory matters when the loss is both probable and reasonably estimable. If the reasonable estimate of a probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is not probable or a probable loss is not reasonably estimable, no liability is recorded. When determining the estimated loss or range of loss, significant judgment is required to estimate the amount and timing of a loss to be recorded. These accruals represent management's best estimate of probable losses and, in such cases, there may be an exposure to loss in excess of the amounts accrued. Estimates of probable losses resulting from litigation and regulatory proceedings are difficult to predict. Legal and regulatory matters inherently involve significant uncertainties based on, among other factors, the jurisdiction and stage of the proceedings, developments in the applicable facts or law, and the unpredictability of the ultimate determination of the merits of any claim, any defenses the Company may assert against that claim and the amount of any damages that may be awarded. The Company's accrued liabilities for loss contingencies related to legal and regulatory matters may change in the future as a result of new developments, including, but not limited to, the occurrence of new legal matters, changes in the law or regulatory environment, adverse or favorable rulings, newly discovered facts relevant to the matter, or changes in the strategy for the matter. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

Contract Class Action and Opt Out Lawsuits. Beginning on March 12, 2013, the Company was served with several class action complaints filed in federal and state courts in several jurisdictions. These complaints asserted, among other things, that the Company had imposed unauthorized or excessive price increases and other charges on its customers in breach of its contracts and in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act. The complaints sought certification of the lawsuit as a class action and the award to class members of appropriate damages and injunctive relief. These related actions were ultimately transferred to the United States District Court for the Northern District of Illinois for centralized pretrial proceedings (the "MDL Action").

The parties engaged in discussions through and overseen by a mediator regarding a potential resolution of the matter and reached a settlement agreement, as previously disclosed, which settlement agreement obtained court approval on March 8, 2018 (the "Settlement"). Under the terms of the Settlement, the Company admitted no fault or wrongdoing whatsoever, and it entered into the Settlement to avoid the cost and uncertainty of litigation.

Certain class members who have opted out of the Final Settlement have filed lawsuits against the Company, and the Company will defend and resolve those actions. The Company has accrued its estimate of the probable loss for these collective matters, which is not material.

Securities Class Action and Opt Out Lawsuits. On July 11, 2016, two purported stockholders filed a putative class action complaint in the U.S. District Court for the Northern District of Illinois, which was subsequently amended. As amended, the complaint purported to assert claims on behalf of all purchasers of the Company's publicly traded securities between February 7, 2013 and February 21, 2018, inclusive, and all those who purchased securities in the Company's public offering of depositary shares on or around September 15, 2015. The complaint named as defendants the Company, its directors and certain of its current and former officers, and certain of the underwriters in the public offering. The complaint purported to assert claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as well as SEC Rule 10b-5, promulgated thereunder. The complaint alleged, among other things, that the Company imposed unauthorized or excessive price increases and other charges on its customers in breach of its contracts, and that defendants failed to disclose those alleged practices in public filings and other statements issued during the proposed class period.

Defendants filed a motion to dismiss. Before the court had ruled on the pending motion to dismiss, the parties engaged in discussions through and overseen by a mediator regarding a potential resolution of the matter and reached a settlement agreement as previously disclosed (the "Securities Class Action Settlement"). The court held a final fairness hearing on July 22, 2019, at which it granted final approval of the Settlement and took under advisement the amount of attorneys' fees to be awarded to plaintiffs' counsel from the settlement fund. Under the terms of the Settlement, the Company admitted no fault or wrongdoing whatsoever, and it entered into the Settlement to avoid the cost and uncertainty of litigation.

Certain class members who have opted out of the Final Settlement have filed lawsuits against the Company, and the Company will defend and resolve those actions. The Company has not accrued any amounts in respect of these lawsuits, as it cannot estimate any reasonably possible loss or any range of reasonably possible losses that the Company may incur.

Government Investigations. On June 12, 2017, the SEC issued a subpoena to the Company, requesting documents and information relating to the Company's compliance with the FCPA or other foreign or domestic anti-corruption laws with respect to certain of the Company's operations in Latin America. In addition, the DOJ has notified the Company that it is investigating this matter in parallel with the SEC. The Company is cooperating with these agencies and certain foreign authorities. The Company is also conducting an internal investigation of these and other matters, including outside of Latin America, under the oversight of the Audit Committee of the Board of Directors and with the assistance of outside counsel, and this investigation has found evidence of improper conduct.

As part of the FCPA investigation discussed above, the SEC has requested certain additional information from the Company. On July 29, 2019, the SEC issued a subpoena to the Company requesting documents relating to the Company's pricing practices concerning small quantity customers, as alleged in the Contract Class Actions and in the Securities Class Action. The Company is cooperating with the SEC's request.

The Company has not accrued any amounts in respect of this matter, as it cannot estimate any reasonably possible loss or any range of reasonably possible losses that the Company may incur. The Company is unable to make such an estimate because, based on what the Company knows now, in the Company's judgment, the factual and legal issues presented in this matter are sufficiently unique that the Company is unable to identify other circumstances sufficiently comparable to provide guidance in making estimates.

Environmental and Regulatory Matters. The Company's Environmental Solutions business is regulated by federal, state and local laws enacted to regulate the discharge of materials into the environment, the generation, transportation and disposal of waste, and the cleanup of contaminated soil and groundwater and protection of the environment. Because of the highly regulated nature of this business, the Company frequently becomes a party to legal or administrative proceedings involving various governmental authorities and other interested parties. The issues involved in these proceedings generally relate to alleged violations of existing permits and licenses or alleged responsibility under federal or state Superfund laws to remediate contamination at properties owned either by the Company or by other parties to which either the Company or the prior owners of certain of its facilities shipped wastes. From time to time, the Company may be subject to fines or penalties in regulatory proceedings relating primarily to waste treatment, storage or disposal facilities.

North Salt Lake, Utah. The Company has continued to toll the statute of limitations with the United States Attorney's Office for the District of Utah (the "USAO") relating to an investigation by the U.S. Environmental Protection Agency (the "EPA") into past Clean Air Act emissions and permit requirements, as previously alleged in the notice of violation (the "NOV") issued by the State of Utah Division of Air Quality (the "DAQ"). The NOV resulted in the Company's December 2014 settlement with the DAQ, as previously disclosed.

The parties have reached agreement in principle, to be documented in the form of a civil consent decree, under which the Company will undertake a Supplemental Environmental Project and pay a civil penalty under the Clean Air Act.

The Company has accrued the total amount of the agreement in principle.

Tabasco, Mexico. In late 2016, the National Agency for Industrial Security and the Protection of the Environment for the Hydrocarbon Sector in Mexico ("ASEA") conducted a permit compliance inspection at a hazardous waste treatment facility acquired by one of the Company's subsidiaries in Dos Bocas, Tabasco, Mexico. ASEA subsequently claimed that the soil treatment process described in the facility's treatment permit had not been followed properly and issued an order imposing a fine and directing that the facility be closed and that alleged contamination on a certain portion of the facility be remediated. The Company's subsidiary has engaged a firm of environmental technicians to assess the contamination described in the ASEA order and to conduct a broader environmental assessment of the facility. The Company's review and assessment of the overall facility is ongoing. In November 2017, ASEA rescinded the prior order imposing the fine. After reassessing the evidence and arguments presented, ASEA issued a new resolution on March 9, 2018, containing a lower, revised fine and including remedial obligations. In March 2018, the Company submitted a proposal for remedial measures. On April 26, 2018, the Company appealed the fines in the most recent order.

In December 2018, ASEA approved the Company's remedial plan for the facility, which will involve an amendment to the facility's permit to allow for on-site, in-situ remediation of the one treatment cell subject to ASEA's original order.

In June 2018, the Company instituted both civil and criminal legal proceedings in Mexico against the company from which it acquired the relevant facility, seeking to hold the seller liable for any remediation

as well as lost profits and damages. The defendants named in the civil complaint filed their answers in September 2018 and evidence is being heard in this matter.

The Company has accrued its estimate of the probable loss and costs necessary to comply with the ASEA order and remediate the treatment cell, which are not material.

Tacoma, Washington. On October 7, 2019, the State of Washington Department of Ecology ("Washington Ecology") issued an Administrative Order alleging violations of Washington regulations and the facility operating permit for our hazardous waste facility in Tacoma, Washington during 2018 and ordering compliance with Chapter 70.105 Revised Code of Washington, Hazardous Waste Management Act, Chapter 173-303 Washington Administrative code, Dangerous Waste Regulations, and Dangerous Waste Management Facility Permit WAD020257945 effective March 22, 2012. The Administrative Order identified certain alleged violations and associated corrective actions for the Tacoma Facility to take upon receipt of the Order. Washington Ecology also issued an associated Notice of Penalty, assessing a fine of $1.9 million.

On November 5, 2019, the Company appealed the fine to the state Pollution Control hearings Board. A hearing is scheduled to take place in November, 2020. The Company intends to vigorously defend itself against these allegations.

The Company has accrued its estimate of the probable loss for these collective matters, which is not material.

Rancho Cordova, California. On June 25 and 26, 2018, the California Department of Toxic Substances Control ("DTSC") conducted a Compliance Enforcement Inspection of the Company's facility in Rancho Cordova, California. On October 7, 2019, the Company learned that DTSC has referred alleged violations of California's Hazardous Waste Control Law and the facility's hazardous waste permit arising from the inspection to the Environmental Section of the California Attorney General's Office for enforcement.

Separately, on August 15, 2019, the Company received from DTSC a written Intent to Deny Hazardous Waste Facility Permit application for the Rancho Cordova Facility. A public hearing was held on September 22, 2019, and the public comment period closed on October 25, 2019. The Company entered a written submission as part of that process. Next, DTSC will issue a final permit decision. If DTSC were to deny the permit renewal, the Company has the right to file an administrative appeal.

The Company has not accrued any amounts in respect of these alleged violations and cannot estimate the reasonably possible loss or the range of reasonably possible losses that it may incur. The Company is unable to make such an estimate because (i) litigation is by its nature uncertain and unpredictable and (ii) in the Company's judgment, the factual and legal allegations asserted by plaintiffs are sufficiently unique that it is unable to identify other proceedings with circumstances sufficiently comparable to provide guidance in making estimates.

DEA Investigation – Rancho Cordova, California and Indianapolis, Indiana. On February 11, 2020, the Company received an administrative subpoena from the DEA, which executed a search warrant at the Rancho Cordova facility and an administrative inspection warrant at the Company's facility in Indianapolis, Indiana for materials related to Stericycle's business of shipping and destroying controlled substances. On that same day, agents from the DTSC executed a separate search warrant at the Rancho Cordova facility. The Company is cooperating fully with the DEA and DTSC in response to their investigations of Stericycle, including with the government's activity at the Company's Rancho Cordova and Indianapolis facilities.

The Company has not accrued any amounts in respect of these investigations and cannot estimate the reasonably possible loss or the range of reasonably possible losses that it may incur. The Company is

unable to make such an estimate because (i) litigation is by its nature uncertain and unpredictable and (ii) in the Company's judgment, the factual and legal allegations asserted by plaintiffs are sufficiently unique that it is unable to identify other proceedings with circumstances sufficiently comparable to provide guidance in making estimates.

The Company intends to vigorously defend itself against these allegations and actions.

NOTE 21 – QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table summarizes our unaudited consolidated quarterly results of operations as reported for 2019 and 2018:

In millions, except per share data

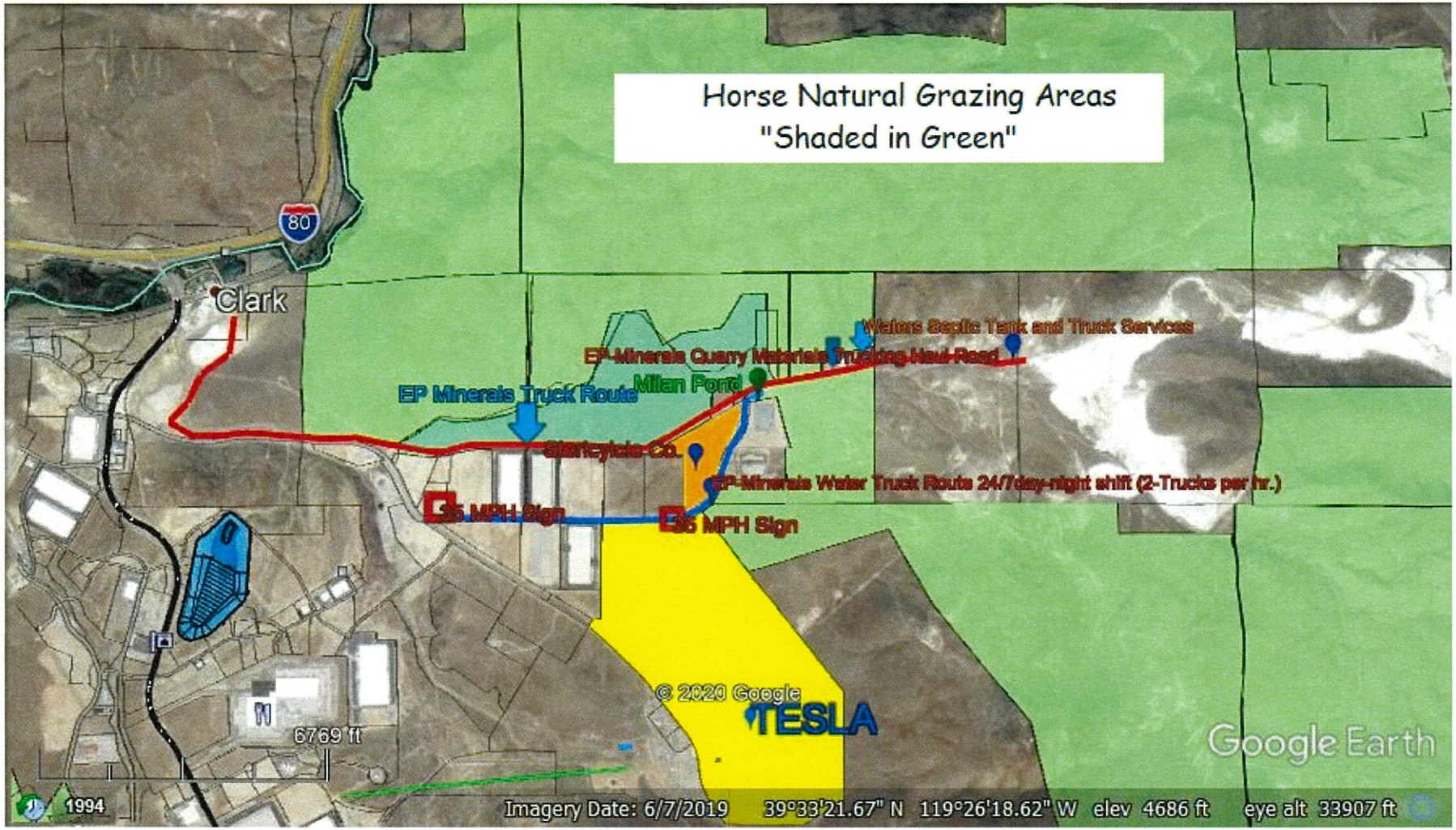
	First Quarter 2019	Second Quarter 2019	Third Quarter 2019	Fourth Quarter 2019	Year 2019
Revenues	$ 830.1	$ 845.8	$ 833.1	$ 799.9	$ 3,308.9
Gross profit	297.1	302.6	295.3	279.5	1,174.5
Goodwill impairment	20.9	-	-	207.4	228.3
Divestiture losses, net of (gains)	(5.4)	0.3	83.2	24.9	103.0
Loss on early extinguishment of debt	-	23.1	-	-	23.1
Net loss attributable to Stericycle, Inc. common shareholders	(37.8)	(30.5)	(59.2)	(219.3)	(346.8)
* Basic loss per common share	$ (0.42)	$ (0.33)	$ (0.65)	$ (2.41)	$ (3.81)
* Diluted loss per common share	$ (0.42)	$ (0.33)	$ (0.65)	$ (2.41)	$ (3.81)

In millions, except per share data

	First Quarter 2018	Second Quarter 2018	Third Quarter 2018	Fourth Quarter 2018	Year 2018
Revenues	$ 895.0	$ 883.3	$ 854.9	$ 852.7	$ 3,485.9
Gross profit	358.5	353.3	335.5	328.7	1,376.0
Goodwill impairment	-	-	-	358.7	358.7
Divestiture losses, net of (gains)	4.1	7.3	1.6	(0.2)	12.8
Net (loss) income attributable to Stericycle, Inc.	22.5	27.7	23.5	(318.4)	(244.7)
Preferred stock dividend	(8.8)	(8.3)	(8.4)	-	(25.5)
Net (loss) income attributable to Stericycle, Inc. common shareholders	21.0	26.6	17.5	(318.4)	(253.3)
* Basic earnings (loss) per common share	$ 0.25	$ 0.31	$ 0.20	$ (3.51)	$ (2.91)
* Diluted earnings (loss) per common share	$ 0.25	$ 0.31	$ 0.20	$ (3.51)	$ (2.91)

* EPS calculated on a quarterly basis, and, as such, the amounts may not total the calculated full-year EPS.

APPENDIX M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Milan Pond
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