

RESOLUTION NO. 2016-31

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROHNERT PARK  
AUTHORIZING ACCEPTANCE OF SETTLEMENT AGREEMENT IN *UNITED STATES  
ET AL. EX REL. PEREZ V. STERICYCLE, INC. ET AL.***

**WHEREAS**, the City of Rohnert Park contracted with Stericycle Inc., a medical waste disposal company, between 2004 and 2008; and

**WHEREAS**, Stericycle's contract with its government customers involved long-term fixed price contracts that did not permit price increases except to address increases in the company's expenses; and

**WHEREAS**, Stericycle may have imposed price increases on its customers that bore no relationship to the company's costs in the form of impermissible fuel and energy surcharges; and

**WHEREAS**, a whistleblower alleged these unlawful practices and a class action lawsuit involving claims by local, state and federal government customers was filed by several state Attorneys General under the False Claims Act (*United States et al. ex rel. Perez v. Stericycle, Inc. et al.* (Civil Action No. 1:08-cv-2390, US District Court, Northern District of Illinois)); and

**WHEREAS**, Stericycle has agreed to pay a total settlement amount of \$28.5 million to resolve the overcharges that occurred between 2004 and 2008; and

**WHEREAS**, the California Attorney General has allocated the settlement proceeds among Stericycle's governmental customers and calculated Rohnert Park's share as \$6,214.26; and

**WHEREAS**, in exchange for these proceeds, the City is willing to consent to the provisions of the settlement agreement and release its claims against Stericycle for the covered period.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Rohnert Park hereby consents to the provisions of the settlement agreement, attached hereto as Exhibit A and incorporated by this reference, and directs the City Manager to deposit the settlement check within 60 days of its issuance.

**DULY AND REGULARLY ADOPTED** by the City Council of the City of Rohnert Park this 12th day of April, 2016.

**CITY OF ROHNERT PARK**

  
Gina Belforte, Mayor

**ATTEST:**

  
JoAnne Buergler, City Clerk

Attachment: Exhibit A

AHANOTU: Aye CALLINAN: Aye STAFFORD: Aye MACKENZIE: Aye BELFORTE: Aye

AYES: ( 5 ) NOES: ( 0 ) ABSENT: ( 0 ) ABSTAIN: ( 0 )

**EXHIBIT A**  
**SETTLEMENT AGREEMENT**

*United States et al. ex rel. Perez v. Stericycle, Inc. et al.*

**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

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:

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, devisees, 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

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



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, devisees, 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



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 fully 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.

JK

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

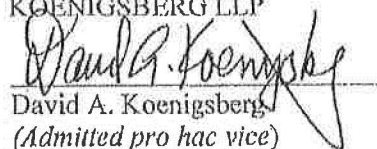
DATED: October 15, 2015

  
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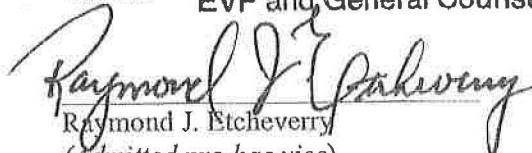
DATED: October 8, 2015

BY:   
NAME:

**John Schetz**

TITLE: **EVP and General Counsel**

DATED: October 8, 2015

  
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