



**Contra
Costa
County**

To: Board of Supervisors
From: David Twa, County Administrator
Date: May 10, 2016

Subject: Approval of settlement of United States, et al. ex rel. Perez v. Stericycle, Inc., et al. (U.S.D.C. Case No. 1:08-cv-2390, N.D. Ill.).

RECOMMENDATION(S):

As the governing body of Contra Costa County and the Contra Costa County Fire Protection District, APPROVE and AUTHORIZE participation of Contra Costa County and Contra Costa County Fire Protection District in the settlement of a False Claims Act lawsuit, *United States, et al. ex rel. Perez v. Stericycle, Inc., et al.*, (U.S.D.C. Case No. 1:08-cv-2390, N.D. Ill.), as recommended by the County Administrator's Office.

FISCAL IMPACT:

The checks must be deposited by May 20, 2016. The County's check (\$69,459.38) will be deposited into Fund No. 100300, and the Fire District's check (\$16,749.09) will be deposited into Fund No. 202000.

BACKGROUND:

This relates to the settlement of a False Claims Act lawsuit against Stericycle, a medical waste management company. The lawsuit, *United States, et al. ex rel. Perez v. Stericycle, Inc.*, (U.S.D.C. Case No. 1:08-cv-2390, N.D. Ill.), alleges that Stericycle violated the False Claims Act by overcharging, without contractual authorization, public agencies for medical waste management services and pharmaceutical return services between January 1, 2003,

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **05/10/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: May 10, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Laura Strobel, (925)
335-1091

and June 30, 2014. Stericycle provided those services to the County and the Fire District during that time period. The plaintiff is a whistleblower that sued on behalf of herself and various governmental agencies.

BACKGROUND: (CONT'D)

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A settlement in the case has been reached between Stericycle and the plaintiff-whistleblower on behalf of herself, several states, including the State of California, and several local public agencies represented by the State, including the County and Fire District. This settlement requires Stericycle to pay \$26,750,000, to be allocated among the plaintiff, the states, and the local agencies. According to the California Attorney General, the settlement amount is more than double the amount of damages that states and local agencies incurred. Stericycle also will pay the plaintiff's attorney's fees.

The County has been allocated \$69,459.38 and the Fire District has been allocated \$16,749.09 from the settlement funds. These allocations are more than double their actual estimated damages, according to the Attorney General. To participate in the settlement, the County and the Fire District must deposit the settlement check each has received before May 20, 2016. By participating in the settlement, the County and Fire District will waive any claims they may have against Stericycle related to the claims brought in the litigation.

If the County and Fire District do not participate in the settlement, they would forfeit their settlement funds, but could independently file litigation against Stericycle to seek to recover up to three times their actual damages and their litigation costs. It is estimated that the cost of pursuing a separate lawsuit against Stericycle could exceed the amount of damages that could be recovered, because recovery of some damages appears to now be time-barred.

For these reasons, the County Administrator's Office recommends that the Board approve the participation of the County and Fire District in the settlement of the lawsuit, and authorize the County Administrator, or his designee, to deposit the settlement checks before May 20, 2016.

CONSEQUENCE OF NEGATIVE ACTION:

If the Board of Supervisors does not approve participating in the settlement of this lawsuit, the County and Fire District would not receive any settlement funds.