A.G. Schneiderman Announces $2.4 Million Settlement With Stericycle For Overcharging NY State And Local Entities

Medical Waste Disposal Company Profited From Improper Price Increases

Whistleblower Recovery In Taxpayer Protection Case Under Enhanced False Claims Act

Schneiderman: Corporations That Profit From Overcharging New York Taxpayers Will Be Held Accountable

NEW YORK – Attorney General Eric T. Schneiderman announced today a $2.4 million settlement with one of the nation’s largest medical waste disposal companies, Stericycle, Inc., for improperly overcharging nearly 1,000 New York government entities, including police and fire departments, rescue squads, schools, jails, and hospitals all over the state. Since 2003, Stericycle implemented a plan to charge automated price increases (APIs) without giving any notice to these customers and in violation of the contract terms.

As a result of the Attorney General’s settlement, every impacted government entity will receive a check from Stericycle covering 100% of the overcharged amount, over $820,000 in all. In addition, under the agreement, Stericycle will permanently discontinue APIs to the New York Government Customers covered by the settlement and provide notice and opportunity to opt-out before any future rate increases of any kind.

“Stericycle improperly profited by overcharging New York taxpayers,” said Attorney General Schneiderman. “In these times of harsh budget cuts to education, public health, and public safety, local governments and agencies need every available dollar and we will hold accountable corporations like Stericycle that use cynical schemes to rip off New York taxpayers.”

Below are the top five taxpayer-funded entities per region that will receive compensation through today's settlement for losses incurred as a result of Stericycle's scheme.

Upper Hudson Valley

1. WF Bruen Rescue Squad, Rensselaer – $26,671.16
2. Ulster Correctional, Napanoch – $12,816.65
3. Green Haven Correctional Facility, Stormville – $8,679.86
4. Greenport Rescue Squad, Hudson – $5,494.77
5. Taconic Hills Central School, Craryville – $4,482.53

Capital Region

1. Albany Sheriffs Correctional, Albany – $22,160.28
2. Employee Health Service-New York State Department of Civil Services, Cohoes – $10,181.88
3. Schenectady County Jail, Schenectady – $9,844.28
4. Saratoga Emergency Corps, Saratoga Springs – $9,073.58
5. Mt. McGregor Correctional Facility, Wilton – $5,623.95

Southern Tier
1. Broome Community College, Binghamton – $13,966.86
2. Elmira Psychiatric Center, Elmira – $9,481.38
3. Gowanda Correctional Facility, Gowanda – $6,132.41
5. Elmira City School District, Elmira – $3,611.31

Buffalo Region
1. Wyoming Correctional Facility, Attica – $12,932.15
2. Town of Lancaster Police, Lancaster – $8,601.12
3. Collins Correctional Facility, Collins – $6,310.67
4. Marilla Fire Company, Marilla – $4,540.33
5. Buffalo Police Department, Buffalo – $4,106.52

Mohawk Valley
1. Suco Health Center-SUNY Oneonta, Oneonta – $9,777.50
2. Midstate Correctional Facility, Marcy – $3,996.77
3. Ephratah Volunteer Fire Department, Saint Johnsville – $3,290.58
4. Montgomery County Jail, Fultonville – $1,799.66
5. Gloversville Fire Department, Gloversville – $1,371.20

Central New York
1. Cornell University College of Veterinary Medicine, Ithaca – $9,409.46
2. Onondaga Hill Fire Department, Syracuse – $7,550.00
3. Five Points Correctional Facility, Romulus – $6,580.86
4. SUNY Oswego, Oswego – $6,023.90
5. Oswego County Health Department, Oswego – $1,224.69

North Country
1. Clinton Correctional Facility, Dannemora – $21,094.35
2. St. Lawrence County Public Health Department, Canton – $1,901.57
3. New York State Police-Ray Brook, Ray Brook – $1,803.89
4. SUNY Potsdam, Potsdam – $1,408.10
5. Adirondack Correctional, Ray Brook – $833.38
Rochester Region

1. Brighton Volunteer Ambulance, Rochester – $7,349.51
2. Orleans County Nursing Home, Albion – $7,017.76
3. Wayne County Sheriff's Office, Lyons – $6,916.68
4. Pittsford Volunteer Ambulance, Pittsford – $6,859.40
5. Monroe Community College, Rochester – $4,162.62

New York City

1. Richmond County Ambulance, Staten Island – $6,557.93
2. Bayview Correctional Facility, New York – $3,543.10
3. Community Group Home-Metro NY, 240 West 98th St, New York – $3,368.77
4. Community Group Home-Metro NY, 5 West 123rd St, New York – $3,145.28
5. Community Group Home-Metro NY, 146 West 92nd St, New York – $2,825.96

Long Island

1. Melville Fire District, Melville – $6,187.43
2. Wading River Fire District, Wading River – $4,187.45
3. Brentwood Legion Ambulance, Brentwood – $2,888.87
4. SUNY Farmingdale State College, Farmingdale – $2,874.66
5. Suffolk County Department Of Health, Hauppauge – $2,439.47

Lower Hudson Valley

1. Taconic Correctional Facility, Bedford Hills – $4,202.28
2. New Paltz Rescue, New Paltz – $2,225.85
3. Harrison Volunteer Ambulance Corps, Harrison – $1,739.22
4. Otisville Correctional Facility, Otisville – $1,585.98
5. Bedford Hills Correctional Facility, Bedford Hills – $1,395.10

A whistleblower complaint filed in Federal District Court in Chicago by Jennifer Perez, a former Stericycle employee, and unsealed today alleges that Stericycle fraudulently overcharged government customers across the United States with its API scheme. The Attorney General's investigation of the allegations in the complaint found that Stericycle had programmed its billing system to increase by 18%, an amount designed to go undetected by customers. The Attorney General's investigation found the sole reason for the APIs was to increase revenue and avoid detection by these customers. But when Stericycle customers would complain of rate increases, Stericycle employees were instructed to state that Stericycle had incurred actual increased costs due to, for example, new strict environmental regulations.

The investigation leading to this settlement was conducted by the Taxpayer Protection Bureau, which Attorney General Schneiderman established in 2011 to combat the fraud and abuse of taxpayer dollars.

The case was brought under and investigated pursuant to the New York False Claims Act. As a state senator, Attorney General Schneiderman authored amendments to strengthen the False
Claims Act. These enhancements, known as the Fraud Enforcement and Recovery Act, allow the state to collect triple damages and between $6,000 and $12,000 per violation from corporations or people who defraud the government, or violate their obligations to pay government entities.

Pursuant to the New York False Claims Act, the whistleblower receives a portion of the recovery. The False Claims Act incentivizes whistleblowers like Ms. Perez to bring these fraud cases, yet, because of its triple damages and penalties provisions, the whistleblower portion does not impact the recovery of actual damages.

The Attorney General’s investigation of Stericycle was led by Taxpayer Protection Bureau Assistant Attorney General Nicholas Suplina, with assistance from legal support analyst Valerie Patrick and former legal support analyst Martin Sattell. It was conducted under the supervision of Bureau Chief Randall Fox, Deputy Bureau Chief Scott Spiegelman, and Executive Deputy Attorney General for Criminal Justice Kelly Donovan.

Information on statewide settlement recipients can be found here: www.ag.ny.gov/stericycle-automated-price-increases-new-york-government-customers