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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

Plaintiff,

v.

STERICYCLE, INC.,

Defendant.

COMPLAINT

25 Civ. 498

NATURE OF THE ACTION

1. From at least May 5, 2014 to April 6, 2020, Stericycle, Inc.— then one of the country’s largest providers of hazardous waste management services—routinely lost track of hazardous waste while transporting it, sent hazardous waste to disposal facilities that were not the ones its customers had chosen, or delivered hazardous waste shipments without the required manifests, in violation of the federal Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. §§ 6901 *et seq.* It also violated other key RCRA regulations, including by holding hazardous waste in transfer facilities when not authorized to do so. Through its systemic RCRA violations that persisted for years, Stericycle significantly undermined RCRA’s purpose of

imposing hazardous waste management controls critical to preventing “substantial risks to human health and the environment.” 42 U.S.C. § 6901(b)(5).

2. In particular, as detailed below, Stericycle routinely violated RCRA in the following ways:

- a. While transporting shipments of hazardous wastes, Stericycle failed to deliver the entire quantity of hazardous waste to the designated facility on the shipment manifests. 40 C.F.R. § 263.21(a).
- b. Stericycle failed to ensure that the required hazardous waste manifests accompanied the hazardous waste it accepted for transportation. 40 C.F.R. § 263.20(c).
- c. Stericycle improperly directed hazardous wastes to a facility other than the facility properly designated on the wastes’ manifest. 40 C.F.R. § 263.21.
- d. Stericycle stored hazardous waste at transfer facilities for more than 10 days and/or outside the normal course of transportation without a RCRA permit. 42 U.S.C. § 6925(a) and 40 C.F.R. §§ 260.10, 263.12(a), 270.1(b).
- e. Stericycle failed to properly resolve and report discrepancies between the hazardous waste identified on a manifest and the hazardous waste its facilities received for disposal. 40 C.F.R. § 264.72(c).
- f. Stericycle failed to timely return final signed copies of manifests for hazardous waste shipments it received at its facilities to the generators of that waste. 40 C.F.R. § 264.71(a)(2)(iv).
- g. Stericycle failed to timely submit hazardous waste manifests to EPA’s electronic manifest reporting system (e-Manifest). 40 C.F.R. § 264.71(a)(2)(v).

3. Collectively, these violations resulted in significant potential for harm to human health and the environment, as well as harm to the integrity and effectiveness of the RCRA program.

4. Stericycle and its employees were well aware of these violations but allowed them to continue for years while still continuing to offer hazardous waste management and transportation services. In the words of one Stericycle director in 2016, Stericycle had “way too

many issues with a basic fundamental of [its] business, getting waste and paperwork from the generator to the designated facility.” According to a frustrated Stericycle employee in 2019: “We are a hazardous waste company and I just do not understand how this keeps happening. Lost paperwork, lost drums or we have check[ed] in more drums than the customer or our driver says are on the truck.” That same year, the Stericycle director underscored these fundamental failings: “The most basic thing that we do for our clients is moving the waste from point a to point b and we can’t do it.”

5. On April 6, 2020, Stericycle completed the sale of its “Stericycle Environmental Solutions” hazardous waste business and, since that date, has largely ceased managing hazardous waste in the United States. However, Stericycle remains accountable for its systemic RCRA violations prior to that sale.

6. The United States of America, by its attorney, Matthew Podolsky, Chief Counsel to the Acting United States Attorney for the Southern District of New York, Attorney of the United States, acting under authority conferred by 28 U.S.C. § 515, and acting on behalf of the Administrator of the United States Environmental Protection Agency (“EPA”), brings this civil action for civil penalties against Stericycle pursuant to Section 3008(a) and (g) of RCRA, 42 U.S.C. § 6928(a) and (g).

JURISDICTION AND VENUE

7. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331, 1345, and 1355, and RCRA Section 3008(a), 42 U.S.C. § 6928(a)(1).

8. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391(b), 1391(c), and 1395(a), and RCRA Section 3008(a)(1), 42 U.S.C. § 6928(a)(1), because Stericycle conducts business in this district and because some of the violations alleged occurred in this district.

9. Authority to bring this civil action is vested in the Attorney General of the United States and the Administrator of the EPA pursuant to Section 3008(a) of RCRA, 42 U.S.C. § 6928(a), and 28 U.S.C. §§ 516 and 519.

10. The United States has provided notice to the States of Alabama, Alaska, Arizona, California, Colorado, Florida, Georgia, Hawaii, Indiana, Michigan, Minnesota, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, the Commonwealth of Pennsylvania, Rhode Island, Texas, Utah, and Washington, and the Commonwealth of Virginia prior to the commencement of this action in accordance with RCRA Section 3008(a)(2), 42 U.S.C. § 6928(a)(2).

PARTIES

11. Plaintiff is the United States of America on behalf of EPA.

12. Defendant Stericycle, Inc., is a publicly-traded corporation organized under the laws of the State of Delaware, with its principal executive offices located at 2355 Waukegan Road, Bannockburn, Illinois 60015. From May 5, 2014 to April 6, 2020, it operated across the United States, including in this District, and in 18 other countries through numerous subsidiaries.

STERICYCLE'S HAZARDOUS WASTE OPERATIONS

13. Until it sold the hazardous waste business, Stericycle provided comprehensive hazardous waste transportation, storage, and disposal services to generators of many types of hazardous waste in the retail, healthcare, manufacturing, and industrial sectors. Stericycle's customers included federal facilities and federal and state government entities, as well as private sector companies of all sizes, including national retail, drug store and hardware store chains.

14. During this period, Stericycle's hazardous waste operations consisted of a fleet of more than 700 vehicles, which would pick up and transport hazardous waste from more than 90,000 customer locations across the United States, including in the Southern District of New

York. It owned and/or operated 44 hazardous waste transfer facilities, which Stericycle also referred to as “Transportation Hubs” or “10-days,” where incoming hazardous waste shipments were temporarily stored, transferred to other trucks, and/or consolidated in transit; as well as 13 RCRA-permitted Treatment, Storage, and Disposal Facilities (“TSDFs”) which were often the final destinations and disposition sites of the hazardous waste shipments Stericycle handled. During this time Stericycle’s hazardous waste operations reported receiving and processing more than 500,000 tons of hazardous waste annually.

15. Stericycle’s hazardous waste operations were located across the United States, as set forth in the chart below:

TSDF Facilities	10-Day Transfer Facilities		
1. Birmingham, AL	1. Hanceville, AL	16. Gary, IN	31. Providence, RI
2. Inglewood, CA	2. Anchorage, AK	17. Des Moines, IA	32. Austin, TX
3. Rancho Cordova, CA	3. Phoenix, AR	18. Detroit, MI	33. Avalon, TX
4. Indianapolis, IN	4. Bakersfield, CA	19. Holly, MI	34. Houston, TX
5. Detroit, MI	5. Inglewood, CA	20. Blaine, MN	35. Lancaster, TX
6. Kansas City, MO	6. Los Angeles, CA	21. Kansas City, MO	36. Pasadena, TX
7. Fernley, NV	7. Pomona, CA	22. North Las Vegas, NV	37. Snyder, TX
8. Hatfield, PA	8. Rancho Cordova, CA	23. Piscataway, NJ	38. Woods Cross, UT
9. Providence, RI	9. Riverside, CA	24. Albuquerque, NM	39. Fredericksburg, VA
10. Avalon, TX	10. San Jose, CA	25. Charlotte, NC	40. Kent, WA
11. Houston, TX	11. Denver, CO	26. Raleigh, NC	41. Pasco, WA
12. Kent, WA	12. Miami, FL	27. Akron, OH	42. Seattle, WA
13. Tacoma, WA	13. Orlando, FL	28. Monroe, OH	43. Tacoma, WA
	14. Fairburn, GA	29. Tulsa, OK	44. Washougal, WA
	15. Pearl City, HI	30. Hatfield, PA	

16. At times, Stericycle also contracted or subcontracted with third-party transporters and TSDFs to transport and dispose of waste received from its customers.

17. On April 6, 2020, Stericycle sold its “Stericycle Environmental Solutions” business and, since that date, has largely ceased managing hazardous waste in the United States.

STATUTORY AND REGULATORY BACKGROUND

A. The Resource Conservation and Recovery Act

18. Congress has declared it to be “the national policy of the United States that . . . [w]aste . . . should be treated, stored, or disposed of so as to minimize the present and future threat to human health and the environment.” 42 U.S.C. § 6902(b). In particular, Congress has found, among other things, that “the placement of inadequate controls on hazardous waste management will result in substantial risks to human health and the environment” and “if hazardous waste management is improperly performed in the first instance, corrective action is likely to be expensive, complex, and time consuming.” 42 U.S.C. § 6902(a)(5), (6). Accordingly, RCRA imposes requirements designed, among other things, to ensure the safe and proper treatment, storage, and disposal of hazardous waste “so as to minimize the present and future threat to human health and the environment.” 42 U.S.C. § 6902(b).

19. Subtitle C of RCRA, 42 U.S.C. §§ 6921–6939e, authorizes EPA to promulgate regulations defining “hazardous waste” and ensuring that hazardous waste is managed safely from the point of generation to its final disposal, or from “cradle to grave.” EPA has promulgated these regulations at 40 C.F.R. subchapter I. Pursuant to these regulations, “hazardous waste” is defined to include both certain wastes specifically listed in EPA regulations as hazardous as well as other wastes that have the hazardous characteristics of ignitability, corrosivity, reactivity, or toxicity, as defined by and subject to exclusions and qualifications in EPA regulations. *See, e.g.*, 40 C.F.R. §§ 261.3(a) (defining hazardous waste), 261.4 (setting forth exclusions); *id.* subparts C & D (setting forth the characteristics and listing hazardous wastes, respectively). The regulations

include standards applicable to generators of hazardous waste, *id.* Part 261, transporters, *id.* Part 263, and owners and operators of hazardous waste treatment, storage and disposal facilities, *id.* Parts 264 and 265.

20. These standards include, as relevant here, (i) compliance with a hazardous waste manifest system “to assure that hazardous waste is properly transported from its point of generation to facilities that store, treat or dispose of the waste,” 45 Fed. Reg. 33280; *see also* 42 U.S.C. § 6922(a)(5) (providing that EPA shall establish a manifest system) and § 6923(a) (providing that EPA shall promulgate regulations establishing transporter requirements to comply with the aforementioned manifest system), and (ii) permitting requirements for each person owning or operating facilities that treat, store, or dispose of hazardous wastes. 42 U.S.C. § 6925(a); 40 C.F.R. §§ 270.1 and 270.10.

21. Failure to comply with manifest requirements or the treatment, storage, or disposal of hazardous waste by any person who has not applied for or received a RCRA permit is a violation of RCRA. 42 U.S.C. §§ 6922, 6923, 6925(a); 40 C.F.R. § 270.1(b).

B. The Hazardous Waste Manifest System and e-Manifest

22. EPA’s hazardous waste manifest system is designed to “assure that hazardous waste is properly transported from its point of generation to facilities that store, treat or dispose of the waste.” 45 Fed. Reg. 33280. This system requires any shipment of hazardous waste to be accompanied at all times by a “manifest” that “identif[ies] the quantity, composition, and the origin, routing, and destination of hazardous waste during its transportation from the point of generation to the point of disposal, treatment, or storage.” 42 U.S.C. § 6903(12).

23. During a portion of the relevant period, Stericycle principally used EPA’s e-Manifest system, which EPA launched in 2018, as directed by Congress pursuant to the Hazardous

Waste Electronic Manifest Establishment Act, 42 U.S.C. § 6939g, to provide for the tracking of hazardous waste shipments electronically. *See* Hazardous Waste Management System; User Fees for the Electronic Hazardous Waste Management System and Amendments to Manifest Regulations, 83 Fed. Reg. 420 (Jan. 3, 2018) (codified at 40 C.F.R. Parts 260, 262, 263, 265, and 271).

C. Standards for Compliance with the RCRA Manifest System

24. A transporter of hazardous waste like Stericycle may not accept hazardous waste for transport from a hazardous waste generator unless the generator provides the transporter with a hazardous waste manifest prepared on EPA Form 8700-22, the Uniform Hazardous Waste Manifest. 40 C.F.R. § 263.20(a)(1). Each manifest form must be printed by an EPA-approved printer with a unique three-letter tracking number suffix, followed by a unique manifest tracking number. *Id.* § 262.21. The EPA Form 8700-22 must also include the generator's mailing address, phone number, the description and amount of the waste being shipped, the transporters assigned to transport the waste, and the name and the address of the facility designated to receive the waste.

25. As a transporter, before transporting the waste Stericycle was required to sign and date the manifest to acknowledge acceptance of hazardous waste from the generator, *id.* § 263.20(b); upon delivery, obtain the date of delivery and signature of either the subsequent transporter or the owner of the designated disposal facility that received the shipment, *id.* § 263.20(d)(1); and deliver the entire quantity of hazardous waste to the designated facility on the manifest, *id.* § 263.21(a). It was also required to ensure that the manifest accompanied the hazardous waste shipment throughout transport and upon delivery to the next transporter or designated disposal facility, to ensure accountability in the transportation and disposal processes for hazardous waste. *Id.* § 263.20(c).

26. As an owner and/or operator of RCRA-permitted TSDFs that received hazardous waste, Stericycle was required to sign the manifest to confirm receipt of the waste, and within 30 days of receiving the waste at one of its TSDFs, to return a copy of the manifest to the generator with the signatures of every entity that handled the waste throughout transport. *Id.* § 264.71(a)(2)(i) and (iv). This manifest served as the generator’s confirmation that it fulfilled its “cradle to grave” obligations with respect to the waste, as generators are required to report to regulators on instances when they do not receive manifests back from TSDFs. *Id.* § 262.42(a). Under EPA’s e-Manifest regulations, Stericycle, as the owner and/or operator of a TSDF receiving hazardous waste, had to either complete, sign, and submit a fully electronic manifest on the e-Manifest system, *id.* § 264.71(f), or electronically submit a digital image of a completed and signed paper manifest on the e-Manifest system, again within 30 days of the date the waste was received at the TSDF. *Id.* § 264.71(a)(2)(v).

27. If a large quantity generator does not receive a copy of the manifest within 45 days of the date the waste was accepted by the initial transporter, the large quantity generator must file an “exception report” with the EPA Regional Administrator of the region in which the generator is located, or the equivalent state regulator in those States with authorized RCRA programs, within 45 days of the date the waste was accepted by the initial transporter. *Id.* § 262.42(a)(1). The exception report must include a copy of the manifest for which the generator cannot confirm delivery, and a cover letter signed by the generator explaining the efforts taken to locate the hazardous waste and the results of those efforts. *Id.* § 262.42(a)(2). Small quantity generators have 60 days from the date the waste was accepted by the initial transporter to receive a copy of the manifest; if they do not, they must inform the EPA Regional Administrator or state equivalent that they have not received confirmation of delivery. *Id.* § 262.42(b).

D. The Transporter Must Deliver the Entire Quantity of Waste to the Designated Facility, or an Alternate Designated Facility

28. When transporting hazardous waste, Stericycle was required to “deliver the entire quantity of hazardous waste which [it] has accepted from a generator or transporter to: (1) The designated facility listed on the manifest; or (2) The alternate designated facility, if the hazardous waste cannot be delivered to the designated facility because an emergency prevents delivery; or (3) The next designated transporter; or (4) The place outside the United States designated by the generator.” *Id.* § 263.21(a)(1)–(4). If Stericycle, as the transporter, was unable to deliver the hazardous waste in accordance with these requirements, “because of an emergency condition other than rejection of the waste by the designated facility or alternate designated facility,” it was required to contact the generator to obtain “further instructions” and “revise the manifest according to the generator’s instructions.” *Id.* § 263.21(b)(1).

29. If Stericycle could not transfer the waste to “the next designated transporter,” *id.* § 263.21(a)(3), and lacked contractual permission from the generator to act as the generator’s agent and make transporter additions or substitutions on the generator’s behalf, Stericycle was required to “contact the generator for further instructions” before it could make “any revisions to the transporter designations on the manifest.” *Id.* § 263.21(b)(2). This requirement prevents transporters from unilaterally making unapproved changes to the generator’s designated facility on the manifest.

E. Waste Discrepancy Reporting Requirements

30. Stericycle, as the owner and/or operator of a facility designated to receive a manifested shipment of hazardous waste (a TSDF), was required to attempt to reconcile any significant difference in hazardous waste quantity or type between the shipment it received and what was listed on the shipment’s manifest, directly with the generator or transporter (*e.g.*, through

telephone conversations). *Id.* § 264.72(c). If the discrepancy was not resolved within 15 days after receiving the waste, Stericycle was required to “immediately” submit to the EPA Regional Administrator, or state equivalent in those States with authorized RCRA programs, a letter describing the discrepancy and its attempts to reconcile it, along with a copy of the manifest or shipping paper at issue. *Id.*

31. Further, if Stericycle’s TSDf rejected a shipment of waste, the facility was required to “consult with the generator prior to forwarding the waste to another facility that can manage the waste” or return the waste to the generator if no alternative facility can be located. *Id.* § 264.72(d)(1). The facility must send the waste “to the alternative facility or to the generator within 60 days of the rejection.” *Id.*

E. Normal Course of Transportation and Ten Days

32. In general, all persons who own and/or operate facilities that treat, store, dispose of, or plan to dispose of hazardous wastes must obtain a RCRA permit, as detailed above. 42 U.S.C. § 6925.

33. An exemption to these permitting requirements allows transporters of hazardous waste to store, for a period of 10 days or less, manifested shipments of hazardous waste in containers that meet certain packaging requirements in 40 C.F.R. § 262.30 at a “transfer facility.” 40 C.F.R. § 263.12(a). A “transfer facility” is defined in relevant part as “any transportation-related facility” where “hazardous waste or hazardous secondary materials are held during the normal course of transportation.” *Id.* § 260.10.

34. In analyzing whether a shipment is in the “normal course of transportation,” EPA looks, among other things, to the length of time the shipment spends in transit from the generator to designated facility, taking into account typical transportation times (described by the industry as 15 days) and the regulatory periods allowed for TSDf’s to return copies of manifests to

generators (30 days) and for generators to file exception reports (45 or 60 days depending on generator status, as explained above). *See* Hazardous Waste Management System: Storage Requirements Applicable to Transporters of Hazardous Waste, 45 Fed. Reg. 86966, at 86966–67 (Dec. 31, 1980).

35. The transfer facility exemption is intended to facilitate the efficient transportation of hazardous waste, not to provide additional hazardous waste storage capacity. *Id.* Because they are exempt from having to have a permit, transfer facilities are not required to have the waste management and security conditions a permit would typically impose, such as spill and leak detection and controls, storage capacity limits, secondary containment requirements, or emergency plans and personnel training.

36. The requirements of the 40 C.F.R. § 263.12(a) permitting exception for transfer facilities are not met when a transfer facility stores waste for more than 10 days, and/or holds waste in a manner not consistent with the normal course of transportation (including by taking lengthy periods to transport the waste from generator to disposal facility). *See* 40 C.F.R. 260.10 (defining “transfer facility” to pertain to hazardous waste held “during the normal course of transportation”). If the owner and/or operator of a transfer facility fails to comply with these requirements, it cannot qualify for the exemption and the hazardous waste may only be stored in a facility with a RCRA storage permit. As a result, a transfer facility holding shipments for longer than 10 days becomes an unpermitted RCRA hazardous waste storage facility.

F. RCRA Penalties

37. Pursuant to Sections 3008(a) and (g) of RCRA, 42 U.S.C. §§ 6928(a) and (g), the United States may enforce RCRA by filing a civil action in federal district court.

38. Pursuant to Section 3008(g) of RCRA, 42 U.S.C. § 6928(g), Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2471, as amended by 31 U.S.C. § 3701, and as provided in 40 C.F.R. Part 19, the Court may assess civil penalties of up to \$37,500 for each violation from May 5, 2014, through November 2, 2015, and up to \$90,702 per day for each violation that occurred after November 2, 2015. *See* 42 U.S.C. § 6928(g); 28 U.S.C. § 2471, *as amended by* 31 U.S.C. § 3701; 40 C.F.R. § 19.4 (increasing penalty amount for inflation pursuant to applicable statutes), as amended by 88 Fed. Reg. 89,309 (Dec. 27, 2023).

RCRA VIOLATIONS

A. Stericycle Lost and Misdirected Hazardous Waste and Failed to Comply with Related Manifest Requirements

39. Despite advertising itself as providing “complete traceability [of waste] from ‘cradle to grave’” to its customers, in reality, Stericycle failed to adequately track the waste in its custody. On multiple occasions, Stericycle lost track of waste in its custody and could not account for its final whereabouts to its customers. Stericycle’s persistent failures to properly track the movement of and account for hazardous waste shipments resulted in a long list of failures to comply with RCRA’s requirements.

40. After Stericycle, acting as a transporter, picked up hazardous waste from Stericycle’s customers (*i.e.*, the generators of the waste), it was required to ensure that the manifest and the hazardous waste containers identified therein remained together, and that the waste was delivered to either the disposal facility designated on the manifest by the generator or the next transporter identified on the manifest. Stericycle frequently violated both of these requirements.

41. Stericycle routinely delivered and accepted hazardous waste containers without corresponding manifests and manifests without hazardous waste containers. Internal Stericycle communications in August 2018 indicated that “missing manifests and material with no manifests

[were] arriving in Rancho [Cordova TSDF] *on every trailer.*” (Emphasis added). Misplaced hazardous waste or manifests were not limited to the Rancho Cordova TSDF. For example, in 2019, weekly internal reports regarding shipments of waste coming into the Inglewood, California and Fernley, Nevada TSDFs regularly documented trailers arriving with missing waste and missing manifests. Additionally, these reports showed that TSDFs were receiving waste shipments that were designated for entirely different TSDFs.

42. In March 2016, a Stericycle director wrote: “It appears that we are having way too many issues with a basic fundamental of our business, getting waste and paperwork from the generator to the designation facility.” Almost three years later, in February 2019, a Stericycle senior account manager expressed similar concerns: “We are a hazardous waste company and I just do not understand how this keeps happening. Lost paperwork, lost drums or we have check[ed] in more drums than the customer or our driver says are on the truck.” In March 2019, the Stericycle director echoed the same concerns: “The most basic thing that we do for our clients is moving the waste from point a to point b and we can’t do it.”

43. Stericycle was aware of these persistent problems for years, internally keeping spreadsheets of “lost waste” and late manifests. Together, these spreadsheets identified thousands of missing manifests and/or missing waste shipments across its business over several years. Stericycle failed to inform its customers that their waste shipments had gone missing until customers asked why they had not yet received their signed manifests back—frequently months or even years after their waste had been picked up.

44. Stericycle’s customers repeatedly complained to Stericycle that they were not receiving their signed manifests back within the required 45-day regulatory timeframes. Internal Stericycle communications discussed how Stericycle’s inability to timely return signed manifests

to customers could expose Stericycle's non-compliance to the government. If customers began informing regulatory agencies of late manifests—as they are required to do under RCRA—such reports could “expose [Stericycle's] inability to have manifests available in 45 days to the regulatory bodies” and “[i]f its customers start[ed] to publish reports to governmental bodies, this would not reflect well on Stericycle.”

45. On numerous occasions, Stericycle informed its customers months or even more than a year after their waste had been picked up that Stericycle could not confirm that their waste had reached the designated TSDF and could not return the signed final manifests. Frequently, in these communications, Stericycle speculated that the waste was “likely processed” at an entirely different facility, at times thousands of miles from the TSDF where the waste was supposed to have been delivered. For example, numerous generators were informed that their waste, which should have been disposed of at a TSDF in Rancho Cordova, California, had instead “likely [been] processed” at a TSDF in Providence, Rhode Island, more than 2,000 miles from its originally intended disposal location. Effectively, in these instances, Stericycle improperly re-assigned the Providence TSDF as the designated TSDF without consulting with the generator as required by RCRA. Ultimately, Stericycle could not confirm where these wastes ended up or produce a final manifest signed by a TSDF who received them.

46. Internal communications further demonstrate that at times Stericycle signed manifests as received at a TSDF without actually confirming that the TSDF received the waste shipment. For example, in April 2017, a shipment of hazardous waste medicine was picked up from a generator in California and designated for Stericycle's Indianapolis, Indiana TSDF. In June 2017, over two months after the waste was picked up, the generator asked Stericycle for a copy of the final signed manifest. In June 2017, Stericycle's operations team in Indianapolis, Indiana,

noted in internal communications that the “container has not been received or arrived to [sic] Indy,” and noted again in August 2017 that “the container did not arrive with [the manifest].” Nevertheless, a Stericycle director instructed that the manifest be signed and backdated to the “date the waste *would have been received.*” (Emphasis in original).

47. Stericycle’s internal communications demonstrate that the information it conveyed to customers about the ultimate disposition of their misdirected hazardous waste shipments was based on pure speculation. In February 2019, a Stericycle Compliance Manager recognized that “[h]istorically, containers go missing at Fernley [Nevada] frequently and overall, Ops seems to be content with the conclusion that the containers were inadvertently processed. . . . We rarely arrive at an estimated guess as to what happened to missing containers but just submit to the customer that we believe they were appropriately handled.”

48. In another troubling example, Stericycle picked up a shipment of polychlorinated biphenyls (“PCBs”) from a generator in California. PCBs are highly carcinogenic chemical compounds that can cause harm to human health and the environment and have been banned from manufacturing since 1979 under the Toxic Substances Control Act of 1979, 15 U.S.C. § 2605(e)(3)(A)(i), and are subject to strict disposal requirements, 15 U.S.C. § 2605(e)(1)(A); 40 C.F.R. Part 761, Subpart D. PCBs must be shipped with a RCRA hazardous waste manifest and comply with various manifest reporting requirements. 40 C.F.R. Part 761, Subpart K. This PCB shipment traveled back and forth for hundreds of miles between Stericycle’s Indianapolis, Indiana TSDf (which was not approved to accept PCB waste) and its Hatfield, Pennsylvania TSDf and was unaccompanied by a RCRA manifest. In total, this PCB shipment was in transit for approximately six months, crisscrossing the United States.

B. Stericycle Failed to Comply with RCRA's Discrepancy Reporting Requirements

49. When waste did arrive at its TSDFs, Stericycle failed to comply with many aspects of RCRA's requirements for addressing discrepancies between the waste listed on a manifest and the waste received at a TSDF. As early as 2013, a Stericycle employee raised the issue: "We are so quick on turnaround of our TSDF signed manifests, we may not even realize we have a discrepancy (because it has not been received yet) and we have already returned the manifest certifying everything was ok." In 2016, another Stericycle employee advised a Stericycle director that she "wanted to bring an issue to [his] attention that has been occurring regularly within the Waste Discrepancy Case system." Specifically, she advised that "[w]hen a Facility has a piece count discrepancy involving a missing container, they have been contacting the previous facility to help locate the piece. When the Team Members from the previous facility are not successful with locating the piece on site (which happens very frequently), they respond that they accidentally processed it but there is hardly ever any way to prove that." The director responded, "[t]he problems are that we are very bad at tracking materials through our 10 days and TSDFs, retail waste is processed as quickly as it is received at our TSDFs, and it is not uncommon for a TSDF to inadvertently process material that was not destined for them."

50. In 2019, Stericycle employees internally discussed an "off spec" drum of hazardous waste (*i.e.*, waste that did not match the waste code or description on the manifest) that was received at Fernley, Nevada. Stericycle had processed the waste without waiting for the generator's approval. A senior account manager at Stericycle explained that "one of the reasons why they might be processing waste without approval is because it has become a habit so they do not have to notify the Regional Administrator"—referring to the facility's desire to avoid submitting the discrepancy report that is required by RCRA to be sent to the EPA's Regional Administrator upon discovery of manifest discrepancies which a TSDF cannot resolve.

51. On some occasions, as detailed above, Stericycle simply signed manifests confirming receipt of waste shipments, even though it could not actually confirm that the TSDF received the waste, and did not submit the required discrepancy reports to EPA. In one 2016 example, a Stericycle Quality Control Specialist reported that a discrepancy report was needed for a hazardous waste shipment that was picked up a year earlier but had gone missing after it left Stericycle's Fredericksburg, Virginia transfer facility and before it should have arrived at its intended destination, the Hatfield, Pennsylvania TSDF. The Facility Manager of the Hatfield TSDF responded that he was "pretty sure [Stericycle's Indianapolis TSDF] got it and just never notified anyone" or "the only other place it could've gone is Hatfield" and that he was "not going to do a letter of discrepancy saying we lost waste when there is not proof of that either."

52. In one telling internal email, in 2019, a Stericycle compliance manager reported an "open missing container/manifest issue dating back to early Fall 2018," and explained that "a determination has been made that due to the age of the issue we are not able to accurately resolve the discrepancy." He further explained that "[b]ecause of this the EHS [Environmental Health & Safety] department's guidance is to close out the manifests as received at the most likely received location. . . . As for the customer manifest copy, please send their copy out indicating receipt of the waste." He did not instruct Stericycle's employees to comply with RCRA's requirement to file discrepancy reports for these missing containers.

53. At times, if one or more items of hazardous waste listed on a manifest was missing from the actual shipment, Stericycle simply crossed out the identified hazardous waste on the manifest and returned the signed manifests without attempting to reconcile the discrepancy or filing the appropriate reports.

54. Often, Stericycle’s personnel knew of discrepancies far longer than RCRA’s 15-day reconciliation limit, but Stericycle failed to timely inform regulators of the discrepancies. For example, for two months a generator in California asked Stericycle for its final signed copy of the manifest confirming disposal of 17 cylinders of hazardous waste that had been picked up in November 2018 and were destined for Stericycle’s Fernley, Nevada TSDf. Internal communications from February 2019 recognized that there “was a discrepancy” because although it had the manifest, Stericycle “never received the waste.” Stericycle failed to try to reconcile this discrepancy with the generator or transporter and failed to file a discrepancy report with the EPA Regional Administrator (or state equivalent) within 15 days of recognizing this discrepancy. Instead, more than two months after the 15-day reconciliation deadline passed, it sent a letter to the initial transporter (which had picked up the waste from the generator and then transferred it to a Stericycle transporter at Stericycle’s Pomona transfer facility), regarding the “discrepancy report” for this manifest stating that “the containers were unaccounted for” and that the “most reasonable explanation for the final disposal of the waste in question is a reclamation facility located in the state of Washington.” This “discrepancy report” did not meet RCRA’s requirements, as it was not submitted to the EPA Regional Administrator or state equivalent, nor was it submitted “immediately” after the 15 days period for reconciliation had passed.

C. Stericycle Failed to Timely Return Signed Manifests to Customers and Failed to Timely Submit Manifests on EPA’s E-Manifest System

55. Stericycle also failed to timely return signed manifests to generators within 30 days of receiving hazardous waste shipments at its TSDf’s, as required by RCRA. Indeed, in 2016 and 2018, Stericycle’s customers complained about Stericycle’s failure to return signed manifests timely—because those customers needed returned manifests to demonstrate their own compliance with RCRA exception reporting requirements as hazardous waste generators. After EPA launched

the e-Manifest system in June 2018, Stericycle's difficulties with timely returning manifests continued, and it failed to submit copies of manifests to EPA electronically within 30 days of receiving waste at its TSDFs as required by regulations.

56. Between June 30, 2018, when the e-Manifest requirements came into effect, and April 5, 2020, Stericycle submitted to the e-Manifest system more than 500,000 manifests for hazardous waste shipments identified by federal hazardous waste codes that were delivered to Stericycle's 13 TSDFs. Stericycle untimely certified approximately 48% of these (more than 246,000 manifests) to the e-Manifest system more than 30 days after the dates of delivery. Of those, more than 154,000 were certified more than 60 days after the deadline, and more than 91,000 were certified more than 100 days after.

57. These delays in uploading manifests to the e-Manifest system occurred across Stericycle's entire network of TSDFs: The TSDF in Rancho Cordova, California, filed over 96% of its manifests late. The TSDFs in Birmingham, Alabama, Detroit, Michigan, and Kent, Washington filed more than 60% of their manifests late. The Kansas City, Missouri TSDF filed more than 50% of its manifests late. The remainder of Stericycle's 13 TSDFs all submitted more than 30% of the manifests to e-Manifest late between June 2018 and April 2020.

D. Stericycle Stored Waste at 10-Day Transfer Facilities Outside the Normal Course of Transportation and/or for Longer than 10 Days Without the Necessary RCRA Permits

58. When Stericycle transported waste from the generator to the ultimate TSDF, it used transfer facilities as "transportation hubs" to consolidate loads and temporarily store waste before delivering the waste shipments to TSDFs for disposal. As noted above, those transfer facilities are allowed to operate without a RCRA hazardous waste permit as long as the hazardous waste is being held in the "normal course of transportation" and for no more than 10 days at each facility.

Stericycle, however, violated both of these requirements, routinely storing waste at transfer facilities for more than 10 days and storing waste at the transfer facilities outside the “normal course of transportation.”

59. Stericycle’s transit times for waste shipments far exceeded what the industry has informed EPA is typical in the “normal course of transportation.” Between 2018 and 2020, more than 100,000 Stericycle shipments took much longer to travel from the generator to the TSDf than the 15 days that the transportation industry has described as typical for transport times. 45 Fed. Reg. 86966, at 86966–67. On more than 2,000 occasions, Stericycle transporters were in possession of hazardous waste shipments (*i.e.*, transporting it) for more than 45 days, including a number of shipments that took over a year to travel only a few hundred miles. For example, one hazardous waste shipment picked up by Stericycle in 2019 from a generator in Illinois took over a year to travel just 320 miles to Stericycle’s TSDf in Detroit, Michigan. In another egregious example from 2017, Stericycle picked up 13 containers of hazardous waste in Texas and spent a year transporting them to a third-party disposal facility only 130 miles away.

60. At least in part, these extended transportation times for hazardous waste resulted from decisions by Stericycle to routinely route hazardous waste shipments to stop at multiple 10-day facilities during transportation. For example, in 2018, one shipment of 117 hazardous waste containers passed through at least four different 10-day facilities during its 68-day, 300-mile journey between the generator in California and Stericycle’s TSDf in Fernley, Nevada.

61. Stericycle also passed hazardous waste shipments back and forth between numerous transporters—including shipments that passed between a dozen transporters during their lengthy transit times. For example, one shipment was transferred between 12 transporters in its 70-day journey between the generator in Georgia and Stericycle’s TSDf in Hatfield, Pennsylvania.

Another shipment passed between 11 transporters in its 311-day journey from California to Stericycle's Providence, Rhode Island TSDF.

62. Stericycle used multiple transporters and multiple 10-day facilities outside the normal course of transportation even when it transported hazardous waste shipments over very short distances. In one example from November 2019, a Stericycle transporter picked up a shipment of hazardous waste from a cruise ship docked in Galveston, Texas, destined for disposal at its Houston, Texas TSDF, only 50 miles away. However, the hazardous waste shipment was stored at two Stericycle transfer facilities, and even spent 12 days at a Stericycle transfer facility in Pasadena, Texas, before it was finally delivered to Houston one month later.

63. Moreover, during these lengthy transit times, Stericycle often stored hazardous waste for longer than 10 days at transfer facilities. For example, six containers of hazardous waste picked up by Stericycle in 2018 in California took 67 days to travel to the Fernley, Nevada TSDF, only 308 miles away. The shipment first stopped at a Stericycle transfer facility in Rancho Cordova, California, and then took over 54 days to travel to another Stericycle transfer facility in Fernley, Nevada, where it was improperly stored for more than 10 days before arriving at the TSDF. Internal Stericycle communications questioned, “[w]here has it been sitting?”

64. Stericycle knew that it was storing waste at transfer facilities in excess of 10 days. For example, in July 2018, one Stericycle employee wrote that “many manifests may have been held over 10-days at some of our California 10-day locations, with some exceeding 30+ days in storage.” Internal logs from the Pomona and San Jose transfer facilities in California show that hundreds of shipments of manifested waste were stored for over 10 days at each facility in January 2018 and August 2018.

65. Stericycle's transfer facilities in California were not the only transfer facilities that stored hazardous waste for more than 10 days. Between 2012 and 2020, at least 15 different state inspections of Stericycle's 10-day transfer facilities across the country revealed that those facilities were also unlawfully storing hazardous waste for longer than 10 days without a RCRA hazardous waste storage permit.

FIRST CLAIM FOR RELIEF

Failure to Deliver the Entire Quantity of Hazardous Waste to the Designated Facility **(40 C.F.R. § 263.21(a))**

66. The United States repeats and realleges the allegations set forth in Paragraphs 1 through 65.

67. Pursuant to 40 C.F.R. § 263.21(a), the transporter of hazardous waste is required to deliver the entire quantity of hazardous waste it has accepted for transportation from the generator to the designated facility on the manifest or, if the hazardous waste cannot be delivered to the designated facility because an emergency prevents delivery, it must deliver the waste to the alternate designated facility.

68. Between February 2015 and April 6, 2020, on numerous occasions Stericycle transporters failed to deliver the entire quantity of hazardous waste on the manifest to the facility designated on the manifest by the generator.

69. Stericycle is liable for civil penalties under 42 U.S.C. §§ 6928(a) and 6928(g), for each day of each violation.

SECOND CLAIM FOR RELIEF

Failure to Ensure that Manifests Accompanied Hazardous Waste **(40 C.F.R. § 263.20(c))**

70. The United States repeats and realleges the allegations set forth in Paragraphs 1 through 69.

71. Pursuant to 40 C.F.R. § 263.20(c), a transporter of hazardous waste is required to ensure that the manifest accompanies the hazardous waste shipment to the designated facility on the manifest.

72. On numerous occasions between February 2015 and April 6, 2020, Stericycle transporters failed to ensure that hazardous waste shipments were accompanied by the corresponding manifest. On numerous occasions they delivered waste to TSDFs without the accompanying manifests or delivered manifests without the hazardous waste containers described therein.

73. Stericycle is liable for civil penalties under 42 U.S.C. §§ 6928(a) and 6928(g), for each day of each violation.

THIRD CLAIM FOR RELIEF

Improperly Assigning an Alternate Designated Facility on Manifests **(40 C.F.R. § 263.21)**

74. The United States repeats and realleges the allegations set forth in Paragraphs 1 through 73.

75. Pursuant to 40 C.F.R. § 236.21, if the transporter is unable to deliver the hazardous waste to the designated facility or the alternate facility listed on the manifest, it must contact the generator to either designate another facility or instruct the transporter to return the waste.

76. On numerous occasions between February 2015 and April 6, 2020, when Stericycle transporters were not able to deliver hazardous waste to the designated facility on the manifest, Stericycle improperly assigned an alternate designated facility to accept the waste without permitting the generator to designate another facility or to instruct Stericycle to return the waste.

77. Stericycle is liable for civil penalties under 42 U.S.C. §§ 6928(a) and 6928(g), for each day of each violation.

FOURTH CLAIM FOR RELIEF

Improper Storage of Waste at Transfer Facilities **(42 U.S.C. § 6925(a) and 40 C.F.R. §§ 263.12(a), 270.1(b))**

78. The United States repeats and realleges the allegations set forth in Paragraphs 1 through 77.

79. Pursuant to 40 C.F.R. § 263.12, waste can only be held for 10 days or less at transfer facilities (which are defined by 40 C.F.R. § 260.10 as transportation-related facilities where hazardous waste is held during the normal course of transportation) to be exempt from complying with the hazardous waste storage requirements, including permitting requirements, 42 U.S.C. § 6925(a); 40 C.F.R. Parts 264, 265, 267, 268 and 270.

80. On numerous occasions between February 2015 and April 6, 2020, Stericycle stored waste at its transfer facilities, which did not have RCRA waste storage permits, for periods in excess of 10 days and/or outside the normal course of transportation.

81. Stericycle is liable for civil penalties under 42 U.S.C. §§ 6928(a) and 6928(g), for each day of each violation.

FIFTH CLAIM FOR RELIEF

Failure to Comply with Discrepancy Reporting Requirements
(40 C.F.R. § 264.72(c))

82. The United States repeats and realleges the allegations set forth in Paragraphs 1 through 81.

83. Pursuant to 40 C.F.R. § 264.72(c), upon discovering a significant difference in quantity or type between the waste described on the manifest and the waste received, the owner or operator of a hazardous waste treatment, storage or disposal facility is required to first attempt to reconcile the discrepancy with the waste generator or transporter. If the discrepancy is not resolved within 15 days after receiving the waste, the owner or operator must immediately submit to the EPA Regional Administrator (or state equivalent in those States with authorized RCRA programs) a letter describing the discrepancy and attempts to reconcile it, and a copy of the manifest or shipping paper at issue.

84. On numerous occasions between February 2015 and April 6, 2020, Stericycle, upon discovering significant differences in the quantity or type of waste described on the manifest and the waste received by its TSDFs, failed to timely attempt to reconcile discrepancies with generators, and/or failed to timely file discrepancy reports with the EPA Regional Administrator or state equivalent.

85. Stericycle is liable for civil penalties under 42 U.S.C. §§ 6928(a) and 6928(g), for each day of each violation.

SIXTH CLAIM FOR RELIEF

Failure to Timely Return Manifests to Generators
(40 C.F.R. §264.71(a)(2)(iv))

86. The United States repeats and realleges the allegations set forth in Paragraphs 1 through 85.

87. Pursuant to 40 C.F.R. § 264.71(a)(2)(iv), within 30 days of delivery of a hazardous waste shipment accompanied by a manifest, the owner, operator or agent of a hazardous waste treatment, storage and disposal facility must return a signed and dated copy of the manifest to the generator.

88. On numerous occasions between February 2015 and April 6, 2020, Stericycle failed to return signed manifests to generators within 30 days of receiving hazardous waste shipments accompanied by manifests.

89. Stericycle is liable for civil penalties under 42 U.S.C. §§ 6928(a) and 6928(g), for each day of each violation.

SEVENTH CLAIM FOR RELIEF

Failure to Timely Submit Manifests to e-Manifest
(40 C.F.R. §264.71(a)(2)(v))

90. The United States repeats and realleges the allegations set forth in Paragraphs 1 through 89.

91. Pursuant to 40 C.F.R. §264.71(a)(2)(v), beginning on June 30, 2018, within 30 days of delivery of a hazardous waste shipment accompanied by a manifest, the owner, operator or agent of a hazardous waste treatment, storage and disposal facility was required to submit the signed and dated manifest to EPA's e-Manifest system.

92. On numerous occasions between June 30, 2018 and April 6, 2020, Stericycle failed to submit signed manifests to EPA's e-Manifest system within 30 days of receiving hazardous waste shipments accompanied by manifests.

93. Stericycle is liable for civil penalties under 42 U.S.C. §§ 6928(a) and 6928(g), for each day of each violation.

PRAYER FOR RELIEF

WHEREFORE, the United States of America respectfully requests that this Court:

- a) Assess civil penalties against Defendant for up to the amounts provided pursuant to Section 3008(g) of RCRA, 42 U.S.C. § 6928(g), for each day of each violation;
- b) Award the United States costs and disbursements in this action; and
- c) Grant the United States such other relief as the Court deems just and proper.

Dated: January 17, 2025
New York, New York

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Chief Counsel to the Acting United States Attorney
for the Southern District of New York,
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Acting under Authority Conferred by
28 U.S.C. § 515

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