

In re Stericycle, Inc. Securities Litigation

COURT: United States District Court for the Northern District of Illinois
CASE NUMBER: 16-cv-07145
CLASS PERIOD: 02/07/2013 - 02/21/2018
CASE LEADERS: Adam H. Wierzbowski

This action asserts claims pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act and Sections 10(b) and 20(a) of the Securities Exchange Act on behalf of a class of persons and entities who: (i) purchased or acquired Stericycle, Inc. (“Stericycle” or the “Company”) securities between February 7, 2013 and February 21, 2018 (the “Class Period”); or (ii) purchased securities in Stericycle’s public offering of 7,700,000 depository shares on or around September 15, 2015 (the “Offering”). Defendants include the Company; certain of the Company’s current and former senior executives; the members of Stericycle’s board of directors; and the underwriters of the Offering.

Stericycle is an international waste management and disposal company, which specializes in collecting and disposing medical, pharmaceutical and hazardous waste. As of the first quarter of 2016, Stericycle derived 63% of its revenues from small quantity (“SQ”) customers and 37% of its revenue from large quantity (“LQ”) customers. Plaintiffs allege that throughout the Class Period, Defendants made a series of materially misleading statements and omissions regarding Stericycle’s illegal rate increases on SQ customers, the merit of claims concerning these rate increases in other litigations, and Stericycle’s failure to integrate its hundreds of acquisitions. Stericycle also made materially misleading statements about the reasons for its growth, while knowingly or recklessly disregarding that its growth was attributable to the illegal rate increases. Defendants’ materially false and misleading statements and omissions artificially inflated the price of Stericycle securities during the Class Period.

The truth was revealed in a series of partial disclosures during which Stericycle disclosed the need to spend millions of dollars to properly integrate its acquisitions, and sharply negative financial results that were due in large part to increased pricing pressure from SQ customers. In response to these disclosures, the price of Stericycle securities fell sharply and investors incurred significant losses.

On October 31, 2016, the Court appointed the Public Employees’ Retirement System of Mississippi and the Arkansas Teacher Retirement System as Co-Lead Plaintiffs and appointed BLB&G as Lead Counsel. Lead Plaintiffs filed their Amended Complaint on February 1, 2017. Following the motion to dismiss briefing on this pleading, Lead Plaintiffs filed a further Amended Complaint on March 30, 2018. Defendants filed their renewed motion to dismiss on May 25, 2018, Lead Plaintiffs opposed that motion on June 22, 2018, and Defendants filed their reply on July 13, 2018. The parties met for a mediation on April 16, 2018, and subsequent settlement discussions resulted in a \$45 million cash settlement. The parties then engaged in confirmatory discovery, and Lead Plaintiffs filed a motion for preliminary approval of the settlement on February 25, 2019, which the Court granted on March 12, 2019. The Court granted Lead Plaintiffs’ motion for final approval of the settlement on July 22, 2019. On May 19, 2020, the Court granted Plaintiffs’ motion for an award of attorneys’ fees. In doing so, the Court overruled an objector’s objection to Plaintiffs’ request for attorneys’ fees.

On June 17, 2020, the objector appealed the District Court’s decision on attorneys’ fees to the U.S. Court of Appeals for the Seventh Circuit. On May 18, 2022, the Seventh Circuit issued its opinion on the objector’s appeal. The Seventh Circuit vacated the award of attorneys’ fees and remanded to the District Court for reassessment of the fee award. The Seventh Circuit also denied the objector’s motion for additional discovery in its entirety.

Following remand to the District Court, we have reached a settlement with the objector which provides that the objector will not seek any further discovery or object to a revised fee request of 17.5% of the Settlement, net of expenses and Notice and Administration costs, and Lead Plaintiffs will not object to a request for fees by the objector of up to 17.5% of the differential between the attorneys' fees now sought by Lead Counsel and the initial fee awarded. On November 18, 2022, we filed additional briefing in the District Court support of the revised fee request, and on January 30, 2023, the District Court approved the revised fee award motion. The claims administration concluded in December 2023. On December 15, 2023, Lead Counsel filed a Motion for Approval of Distribution Plan seeking the Court's permission to distribute the net settlement fund to Court-approved eligible claimants. On August 27, 2024, the Court approved the initial distribution of the net settlement fund which occurred in October 2024. Subsequent distributions will occur on a rolling basis, provided that net settlement funds are available.

Case Documents

- 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
- August 27, 2024 - Order Approving Distribution Plan
- December 15, 2023 - Motion for Approval of Distribution Plan
- August 12, 2019 - Order Approving Plan of Allocation of Net Settlement Fund
- August 12, 2019 - Judgement Approving Class Action Settlement
- June 17, 2019 - Lead Plaintiffs' Motion for Final Approval Of Settlement and Plan of Allocation
- June 17, 2019 - Notice of Presentment of Motion for Final Approval of Settlement and Plan of Allocation
- June 17, 2019 - Memorandum of Law in Support of Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation
- June 17, 2019 - Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- June 17, 2019 - Notice of Presentment of Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- June 17, 2019 - Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- June 17, 2019 - Declaration of John C. Browne in Support of (I) Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation and (II) Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- March 12, 2019 - Order Preliminarily Approving Settlement and Authorizing Dissemination of Notice of Settlement
- February 25, 2019 - Stipulation and Agreement of Settlement
- March 30, 2018 - Amended Class Action Complaint For Violations of the Federal Securities Laws