



U.S. Department of Justice

United States Attorney  
Southern District of Texas

1000 Louisiana  
Suite 2300  
Houston, Texas 77002

Phone (713) 567-9000  
Fax (713) 718-3300

August 8, 2018

Lawrence D. FINDER  
Baker & McKenzie LLP  
Bank of America Center  
700 Louisiana, Suite 3000  
Houston, TX 77002

Re: Non-Prosecution Agreement – Waste Management of Texas, Inc.

Dear Mr. FINDER:

On the understandings specified below, the United States Attorney's Office for the Southern District of Texas ("this Office") and Homeland Security Investigations ("HSI") will not bring any criminal, civil, or administrative action against Waste Management of Texas, Inc. ("Waste Management of Texas"), for any crimes related to an ongoing conspiracy to encourage or induce an alien to come to, enter, or reside in the United States, knowing or in reckless disregard of the fact that such coming to, entry, or residence is or will be in violation of law beginning in July 2008 and continuing through April 2012.

These crimes include, but are not limited to, offenses arising under Title 8, United States Code, §§ 1324(a)(1)(A)(iv) (encouraging or inducing illegal immigration) and (v)(1) (conspiracy to encourage or induce illegal immigration). This Non-Prosecution Agreement ("Agreement") applies only to conduct that occurred prior to the date of its execution, and specifically excludes criminal tax violations, which are under the jurisdiction of the Department of Justice-Tax Division and cannot be negotiated by this Office.

This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to Waste Management of Texas. This Agreement does not apply to any other entities or individuals. Waste Management of Texas expressly understands that the protections provided to it by this Agreement shall not be available to any successor entities, whether the successor's interest arises through a merger or plan of reorganization, unless and until such successor formally adopts and executes this Agreement. The protections arising from this Agreement will not apply to any purchasers of all or substantially all of the assets of Waste Management of Texas, unless such purchaser enters into a written agreement, on terms acceptable to this Office, agreeing in substance to undertake all obligations set forth in this Agreement. Without

limiting the effect of any other provision of this Agreement, this Office understands and Waste Management of Texas agrees that should Waste Management of Texas acquire, directly or indirectly, another entity, via merger, purchase of all or substantially all of their assets, or otherwise, Waste Management of Texas will make reasonable efforts to, and will be afforded a prudent period of time to, ensure that the newly-acquired entity adopts and implements an immigration compliance program substantially similar in substance to that adopted by Waste Management of Texas, as outlined in this Agreement.

It is understood that Waste Management of Texas and its subsidiaries: (a) shall truthfully and completely disclose all information with respect to the activities of Waste Management of Texas, including its present and former officers and employees, and others concerning all matters about which this Office inquires of it; (b) shall cooperate fully with this Office, HSI, and any other law enforcement agency designated by this Office; (c) shall, at this Office's request, use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent, or employee at any meeting or interview, before the grand jury, or at any trial or any court proceeding; (d) shall use its best efforts promptly to provide this Office, upon request, any document, record, or other tangible evidence relating to matters or conduct about which this Office or any designated law enforcement agency inquires; (e) shall bring to this Office's attention all criminal conduct by or criminal investigations of Waste Management of Texas or its respective senior managerial employees that comes to the attention of Waste Management of Texas; its Board of Directors or senior management, as well as any administrative proceeding or civil action brought by any governmental authority that alleges immigration violations by Waste Management of Texas; and (f) shall install or continue an internal audit system utilizing its immigration task force that will receive, review and inspect, all documents and records required to address Waste Management of Texas' compliance with the Agreement.

It is understood that Waste Management of Texas accepts and acknowledges responsibility for the facts as set forth in Exhibit A, which is incorporated herein by reference. Waste Management of Texas further agrees that it will not, through its present or future Board of Directors, attorneys, officers, agents or management employees, make any public statements contradicting any of the facts as set forth in Exhibit A. Any such contradictory public statement by Waste Management of Texas, its present or future Board of Directors, attorneys, officers, agents or management employees, shall constitute a breach of this Agreement, and Waste Management of Texas would be subject to prosecution by this Office pursuant to the terms of this Agreement. The decision of whether any public statement by any such person contradicting a fact contained in Exhibit A will be imputed to Waste Management of Texas for the purposes of determining whether Waste Management of Texas has breached this Agreement shall be at the sole discretion of this Office. Upon this Office's determination that such a contradictory statement has been made by Waste Management of Texas, this Office shall notify Waste Management of Texas, which may avoid a breach of this Agreement by publicly repudiating such statement within forty-eight (48) hours after notification by this Office. This paragraph is not intended to apply to any statement made by any individual in the course of any criminal, regulatory, or civil case initiated by the United States against such individuals unless the individual is speaking on behalf of Waste Management of Texas.

It is further understood that Waste Management of Texas and its subsidiaries: (a) shall continue to use E-Verify and require such use by staffing agencies for any workers supplied to the company; (b) shall comply with all of its newly-adopted immigration compliance procedures, as referenced in Exhibit A, including those that apply to staffing agencies utilized for contract laborers; (c) shall provide company-wide formal training on vendor immigration compliance procedures; (d) shall continue to retain and consult with immigration counsel; (e) shall terminate and/or discipline all individuals responsible for the hiring or

continued employment of undocumented aliens; (f) shall continue to follow guidance of an internal immigration compliance task force; and (g) shall continue to be responsible to a full time Chief Compliance Officer.

This Agreement, and Waste Management of Texas' obligations hereunder, shall remain in effect, as follows: (a) for a term of twenty four (24) months from the date this Agreement is executed.

It is understood that Waste Management of Texas agrees to deliver \$5,527,091.55 to the United States, via an electronic transfer to the United States Customs and Border Protection within fifteen days of the execution of this NPA. Waste Management of Texas stipulates that the tendered funds are subject to forfeiture as proceeds derived from the offense and the value of property used to facilitate the offense under Title 18, United States Code, § 981(a)(1)(C), and agrees to forfeit the funds to the United States. Waste Management of Texas agrees to waive all rights, title, and interest in the above funds, including any notice requirements or limitations periods established by law or the Constitution. Waste Management of Texas agrees that it will not contest the administrative forfeiture of the above funds in any manner, either directly or in a collateral proceeding, and further agrees to cooperate fully with HSI in the administrative forfeiture. Waste Management of Texas stipulates that no third parties have an interest in the funds, and agrees that it will assist the United States in defending against any third party claims or petitions. The funds will be deposited into the Department of Treasury Forfeiture Fund for law enforcement purposes, as determined by the Department of Treasury in accordance with Title 31, United States Code Section 9703.

It is understood that, should this Office determine Waste Management of Texas has committed any crimes during the term of this Agreement, or that Waste Management of Texas or any of its representatives have given false, incomplete, or misleading testimony or information, or should Waste Management of Texas otherwise violate any provision of this Agreement, Waste Management of Texas shall thereafter be subject to prosecution for any federal violation of which this Office has knowledge, including perjury and obstruction of justice, and any such prosecution that is not time-barred by the applicable statute of limitations on the date of the execution of this Agreement may be commenced against Waste Management of Texas, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecution.

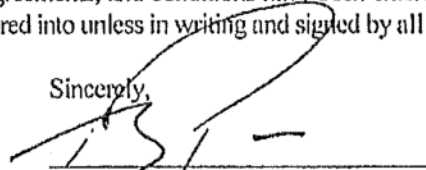
It is understood that if it is determined that Waste Management of Texas has committed any crime after the signing of this Agreement or that Waste Management of Texas or any of its representatives have given false, incomplete, or misleading testimony or information, or have otherwise violated any provision of this Agreement, then: (a) all statements made by Waste Management of Texas representatives to this Office, Waste Management of Texas, or other designated law enforcement agents, and any testimony given by Waste Management of Texas representatives before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statement or testimony, shall be admissible evidence in any criminal proceeding brought against Waste Management of Texas; and (b) Waste Management of Texas shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

It is further understood that this Agreement does not bind any federal, state, or local prosecuting authority other than this Office and HSI. This Office will, however, bring the cooperation of Waste Management of Texas to the attention of other prosecuting and other investigative officers if requested by Waste Management of Texas.

It is further understood that Waste Management of Texas, this Office, and HSI may disclose this Agreement to the public.

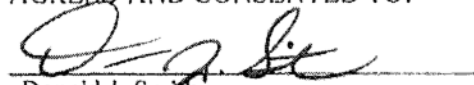
With respect to this matter, from the date of the signing of this Agreement forward, the Agreement supersedes all prior, if any, understandings, promises and/or conditions between this Office/HSI and Waste Management of Texas. No additional promises, agreements, and conditions have been entered into other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

Sincerely,



Ryan K. Patrick  
United States Attorney  
Southern District of Texas

AGREED AND CONSENTED TO:



Donald J. Smith  
President  
Waste Management of Texas, Inc.

8-29-18  
Date

APPROVED:



Lawrence D. Finder  
Attorney for Waste Management of Texas, Inc.

8-29-18  
Date

cc: Carl W. Hampe Fragomen, Del Rey, Bernsen & Loewy  
Counsel to Waste Management of Texas, Inc.

## EXHIBIT A

In any criminal prosecution or regulatory action brought by the United States, and in support of the Non-Prosecution Agreement dated August 2, 2018, the United States Attorney's Office for the Southern District of Texas (the "District") and Waste Management of Texas, Inc., its subsidiaries, divisions, and affiliates, (hereinafter referred to as "Waste Management of Texas"), agree to the following factual statements which shall be admissible against Waste Management of Texas. Waste Management of Texas is an indirect subsidiary of Waste Management, Inc.

Waste Management, Inc. is North America's leading provider of integrated environmental solutions to manage and reduce waste from collection to disposal while recovering valuable resources and creating clean, renewable energy. Headquartered in Houston, the company serves nearly 20 million municipal, commercial, industrial, and residential customers through a network of 367 collection operations, 355 transfer stations, 273 active landfill disposal sites, 16 waste-to-energy plants, 104 recycling plants, and 111 beneficial-use landfill gas projects.

From July 2008 through April 2012, at least three managers employed by Waste Management of Texas, at one location at 1901 Afton in Houston, Texas, conspired to knowingly encourage and induce aliens to come to, enter or reside in the United States knowing or in reckless disregard of the fact that such coming to, entry, or residence was or would be in violation of law.

This conspiracy continued a long trend at the 1901 Afton location of Waste Management, dating back to the year 2003, in which unauthorized aliens worked at Waste Management of Texas as contract laborers. A five-year investigation conducted by agents with the Department of Homeland Security Investigations ("HSI") revealed that Waste Management of Texas hired various staffing agencies to provide contract laborers. These staffing agencies "re-hired" employees already working as contract laborers at the Afton location knowing or in reckless disregard of the fact that the alien was not authorized to work in the United States at the direction of Waste Management of Texas managers working at the Afton location. This manner of hiring enabled Waste Management of Texas managers to maintain their preferred helper workforce to maximize profits and productivity.

On January 31, 2012, three Waste Management of Texas managers directed the "firing" of at least ten employees they knew to be unauthorized aliens purportedly because the aliens failed to supply documentation establishing they were legally present and authorized to work in the United States. During the "termination" process, the Waste Management of Texas managers directed unauthorized aliens to assume the identity of actual U.S. citizens or individuals who had legal status to reside and work in the United States. The Waste Management of Texas managers and a co-conspirator also devised an identity theft scheme providing the terminated aliens with names and identifiers of individuals legally permitted to work in the United States to use for employment and payroll purposes. At the direction of Waste Management of Texas managers, these aliens were then "rehired" by a co-conspirator employed at the staffing company under their assumed identities.

In April 2012, HSI Houston executed a search warrant at the Waste Management of Texas Afton location and discovered sixteen (16) unauthorized aliens working on site. The Government's investigation revealed that the ongoing conspiracy involved the employment of over one-hundred (100) unauthorized aliens.

The Government's investigation also revealed that Waste Management of Texas managers actively implemented the identity theft and unlawful employment schemes on a regular basis

throughout the duration of the conspiracy by: 1) supplying aliens with identities of other people to use; 2) supplying the aliens with PIN numbers that corresponded with the false identities they were assuming which were used to calculate payroll; and 3) covering up the illegal schemes by ensuring that business records, such as schedules, route sheets, attendance and pay roll records reflected the false identity an unauthorized alien employee was assuming.

It is estimated that the proceeds derived by Waste Management of Texas in utilizing the unauthorized alien workforce at the Afton location during this time period was at least \$5,527,091.55.

Three Waste Management of Texas managers were ultimately charged in a federal indictment with, among other offenses, conspiracy to encourage or induce aliens to come to, enter or reside in the United States knowing or in reckless disregard of the fact that such coming to, entry, or residence was or would be in violation of law and ten counts of encouraging or inducing aliens to come to, enter or reside in the United States knowing or in reckless disregard of the fact that such coming to, entry, or residence was or would be in violation of law 8 U.S.C. §§ 1324(a)(1)(A)(v), 1324(a)(1)(A)(iv) and 1324(a)(2)(B)(ii).

Two Waste Management of Texas managers were convicted following a two-week trial of all counts charged in the indictment. One was sentenced to 94 months imprisonment; the other to 87 months imprisonment. The other Waste Management of Texas manager cooperated with the Government, pled guilty pursuant to plea agreement and was sentenced to 27 months imprisonment.

Waste Management of Texas cooperated with the Government's criminal investigation. Waste Management of Texas retained and consulted with immigration counsel. Waste Management of Texas conducted an internal investigation to investigate the presence of unauthorized aliens in its work force. Waste Management of Texas has demonstrated a desire to prevent future hiring of unauthorized aliens. The Waste Management of Texas managers intentionally thwarted a pre-existing immigration compliance program to engage in the previously described criminal conduct. To that end, employees of Waste Management of Texas are now subject to enhanced compliance programs designed to uncover unauthorized aliens who seek to gain employment through identity fraud or other unlawful means, and to closely monitor for similar misconduct by any staffing agency hired to provide labor. Waste Management of Texas must now comply with an internal immigration compliance program and directives from a management-level immigration compliance task force.

The Southern District of Texas and Waste Management of Texas have concluded that a Non-Prosecution Agreement is an appropriate resolution of the investigation against Waste Management. Waste Management of Texas will continue its ongoing immigration related compliance program in order to avoid the hiring or continued employment of unauthorized aliens. The parties agree that nothing in the Non-Prosecution Agreement or any other documents filed herein is, or should be in any way construed as, an acknowledgment of any civil liability or criminal culpability on the part of Waste Management of Texas or any of its directors, officers, management, or other employees.