UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 24-CR-20109-~~MARTINEZ~~
WILLIAMS

UNITED STATES OF AMERICA,

v.

ABRAHAM CIGARROA CERVANTES,

Defendant.

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FACTUAL PROFFER

Had this case proceeded to trial, the parties agree that the United States would have proven the following facts beyond a reasonable doubt. The parties agree that these facts, which do not include all facts known to the United States and Defendant **ABRAHAM CIGARROA CERVANTES** (the "defendant"), are sufficient to prove the guilt of the defendant as to Count 1 of the Indictment, which charges the defendant with conspiracy to commit an offense against the United States, namely, a violation of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Section 78dd-1, all in violation of Title 18, United States Code, Section 371.

1. From at least 2011 to 2016, Stericycle, Inc. ("Stericycle") was a Delaware corporation headquartered in Lake Forest, Illinois. Stericycle ran an international waste management network, focused primarily on medical waste, industrial waste, maritime waste, and document destruction. Stericycle had a class of publicly traded securities that were registered with the United States Securities and Exchange Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 and were traded on the NASDAQ under the ticker "SRCL." Stericycle was

an "issuer," as that term is used in the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Sections 78dd-1(a) and 78m(b).

2. Individuals in Stericycle's Latin American division ("Stericycle LATAM") were responsible for overseeing and running the operations of Stericycle's subsidiaries in Mexico, Brazil, Argentina, Chile, and Puerto Rico. Beginning at least in or about 2014 Stericycle LATAM was headquartered in Miami, Florida.

3. The defendant was a Mexican citizen and resident of Mexico. He worked for Stericycle as the CFO of Stericycle LATAM and the Financial Director of Mexico. His business responsibilities included, among other things, the management of Stericycle LATAM's finances. Throughout the relevant time period, the defendant reported to Senior Vice President of Stericycle LATAM, Mauricio Gomez Baez, as well as senior finance executives in Lake Forest, Illinois. The defendant was an employee and agent of Stericycle, an "issuer," as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(a).

4. Medam S.A. de C.V., together with other affiliated entities (collectively "Stericycle Mexico"), was a wholly owned subsidiary of Stericycle and headquartered in and around Mexico City, Mexico. Stericycle Mexico was under the direction and control of Stericycle LATAM, and its books, records, and accounts were consolidated into the financial statements of Stericycle. During the relevant time period, Stericycle Mexico and its employees were agents of Stericycle.

5. "Mexico Vendors" were Mexican companies with which Stericycle Mexico entered into fraudulent service contracts that were used to generate funds for bribe payments to Mexican government officials.

OVERVIEW

6. From between in or around at least 2011 through in or around 2016, the defendant and other employees and agents of Stericycle knowingly and willfully conspired to use, and did use, the mails and means and instrumentalities of interstate commerce, including U.S.-based email communications, and travel between Mexico and the United States, to corruptly offer, promise to pay, authorize the payment of, and pay, approximately $3,489,686 in bribes to Mexican government officials, in order to influence those officials in their official capacities and to secure improper advantages to assist the defendant, Stericycle, and others, in obtaining and retaining business in Mexico. Stericycle also paid bribes, with the defendant's knowledge, in Brazil and Argentina to obtain and retain business advantages and to direct business to Stericycle. Stericycle earned approximately $21.5 million in profits from the corrupt scheme. The defendant knew that this conduct was unlawful.

7. The defendant and other Stericycle executives, employees, and agents utilized the means and instrumentalities of interstate commerce, including the use of wires in the Southern District of Florida. The defendant and other Stericycle executives regularly travelled to Miami for business meetings in furtherance of the conspiracy.

Bribes Paid in Mexico

8. From in or about and between at least 2011 and 2016, the defendant and other employees and agents of Stericycle conspired to pay bribes to, and for the benefit of, foreign officials employed by local and regional government agencies and instrumentalities in Mexico. In exchange for the bribes, they secured improper advantages in order to obtain and retain business from at least fifteen Mexican state-owned entities. These advantages included manipulating the procurement process to obtain government contracts for medical waste collection, obtaining

priority release of payments, allowing Stericycle Mexico to overbill its government customers, and permitting Stericycle Mexico trucks carrying hazardous waste to avoid repairs and fines. Stericycle earned at least $3.7 million in profits from corruptly obtained and retained contracts with the Mexican government.

9. The defendant authorized the distribution of funds to the Mexico Vendors, which purported to provide services to Stericycle Mexico, in order to generate funds to make bribe payments to officials employed by state-owned and state-controlled hospitals and other government entities. Bribes were typically paid monthly to these officials and were calculated as a percentage of the customer's invoice value, a percentage of the amount of waste collected, or as a fixed amount. Most of the bribe payments were made in cash and were referred to in code, as "IP" payments.

10. For example, on or about January 17, 2013, a Stericycle Mexico employee emailed the defendant and Gomez, attaching a spreadsheet "Invoices IP [] DIC.12" and describing the spreadsheet as a "reference file" that included the "monthly amount summary" and an analysis of the "concepts we use in order to sustain the operation." The attached spreadsheet included references to bribe payments from in or about January through December 2012, along with corresponding Mexico Vendors that would submit fake invoices with descriptions of fabricated services.

11. The defendant also created and maintained spreadsheets that reflected the bribe payments and their underlying corrupt agreements. These spreadsheets tracked each bribe payment as well as pertinent details, including among others, the Mexico Vendor providing the fake invoice, the amount of funds generated for the bribe, the date and method of payment, the Stericycle employee responsible for paying the bribe, method of calculating the bribe payments,

the government official receiving the bribe, and the fake description of services note on the Mexico Vendor invoice.

12. For example, for the month of January 2016, a spreadsheet the defendant created and maintained recorded over $1.2 million pesos of payments to the Mexican Vendors that the defendant authorized for the payment of bribes to Mexican government officials.

13. On March 31, 2016, the defendant, in his then role as Financial Controller for Stericycle Mexico, signed a Stericycle Business Unit Representation letter that stated, in sum and substance, that he had "no knowledge of actual or suspected fraud, bribery, or corrupt payments affecting the Business Unit" the previous quarter. The spreadsheets created by the defendant that detailed payments made to public officials in January 2016 were made prior to these representations and, as such, the defendant knew his attestation to be a false statement.

14. Stericycle's general ledger reflected payments to certain of the Mexico Vendors through at least April 2016. For example, on or about April 14, 2016, the defendant caused Stericycle Mexico to pay approximately 56,000 pesos (approximately $3,208) to one of the Mexico Vendors, which was, in fact, a payment under a sham service contract used to generate funds for bribe payments in Mexico.

Bribes Paid in Brazil and Argentina

15. Although the defendant was primarily based in Mexico, he also gathered information about and reported on bribes other Stericycle executives paid in Brazil and Argentina.

16. For example, on or about January 11, 2011, the defendant emailed Gomez a spreadsheet of the "Top 20 SG&A" expenses by country." In the email, the defendant wrote that the spreadsheet included comparisons of the SG&A numbers with and without "IP," provided a

breakdown of the amounts of the bribe payments by jurisdiction in Mexico and Brazil, and noted that the bribe payments in Argentina were included in the costs.

17. The defendant was further aware that Stericycle's bribery in Brazil and Argentina continued until at least 2015.

18. The preceding statement is a summary, made for the purpose of providing the Court with a factual basis for the defendant's guilty plea to the charge against him. It does not include all the facts known to the defendant or the United States concerning criminal activity in which the defendant and others engaged. The defendant makes this statement knowingly and voluntarily and because he is in fact guilty of the crime charged.

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ABRAHAM CIGARROA CERVANTES
DEFENDANT