

former feelings, he might subsequently be tempted to sell his business. Understandably, from the contractor's perspective, an "offer-it-can't-refuse" is the fruit of many years' hard work and investment.²

WASTE MANAGEMENT, INC. AND USA WASTE SERVICES, INC.

As of 1991, Waste Management, Inc. (WMI) was the world's largest waste disposal company. Although precise estimates vary, one reliable report indicates that in 1991 WMI had approximately 500 subsidiaries operating in 1200 communities in North America, with 27,000 employees (6,700 in management or sales positions). For 1988, Waste Management had total assets of \$4.9 billion and revenues of \$3.6 billion. An article in the Wall Street Journal dated May 1, 1991, identified WMI's 1990 revenue as \$6.03 billion and the company's earnings as \$684.8 million. These figures, according to the article, represented that in four years, the revenue of the firm had tripled and the earnings had doubled.³ As of 1999, WMI is still the largest solid and hazardous waste company in the world, dominating the industry with \$11.2 billion in hauling and disposal revenue.⁴

Over the years, WMI developed a rather unsavory reputation for its methods of providing waste services. A brief surf on the internet reveals a long history of civil and criminal problems. The allegations about WMI have been rampant—environmental problems, public corruption, anti-trust and unfair business practices, and numerous other proven and unproven charges. The Final Report of the District Attorney of San Diego County in 1992, concluded as follows:

Waste Management, Inc.'s methods of doing business and history of civil and criminal violations has established a predictable pattern which has been fairly consistent over a significant number of years. The history of the company presents a combination of environmental and anti-trust violations and public corruption cases which must be viewed

with considerable concern. Waste Management has been capable of absorbing enormous fines and other sanctions levied against it while still maintaining a high earnings ratio. We do not know whether these sanctions have had any punitive effect on the company or have merely been considered as additional operating expenses.⁵

In 1999, according to the Center for Health, Environment and Justice:

Waste Management had an eventful Spring, complete with a fine for illegally dumping medical waste, an agreement to settle a discrimination lawsuit, and the arrest of a company employee in a bribery investigation. The company was fined \$150,000 by a judge in Virginia for illegally sending medical waste to their landfill in Charles City County. The judge also warned the company to do more inspections at the Transfer Station in New York City which was the source of the medical waste. Waste Management agreed to pay up to \$750,000 to settle claims that they discriminated against fifteen minority and women applicants for truck driving jobs in Cicero and Morris, Illinois and Portage, Indiana. The settlement was a result of a discrimination claim by the Labor Department's Office of Federal Contract Compliance Programs after a routine compliance review. And in Garden City, New York, federal prosecutors charged a Waste Management official with conspiracy and witness tampering as part of their investigation into bribery in exchange for illegal dumping at a local landfill.⁶

In 1998, USA Waste Services, Inc. ("USA"), of Houston, merged with WMI.⁷ Prior to the merger, WMI had been floundering financially, taking over \$3.5 billion in write

² Constance Hornig, "Protecting Yourself From the Vertical Integration Grab," *MSW Management—Elements* 1999, p. 24.

³ Report from Ventura County Sheriff's Department to Chair of the Board of Supervisors, September 20, 1991.

⁴ *Waste News*, "Hauling and Disposal Top 100," July 12, 1999, p. 25.

⁵ Final Report, "Waste Management, Inc.," Edwin L. Miller, Jr., District Attorney, March, 1992, page 57.

⁶ Center for Health, Environment and Justice, *Everyone's Backyard*, "Corporate Corner," Volume 17, No. 2, Summer 1999, page 8.

⁷ At the time, USA Waste was the 3rd largest waste disposal company with annual operating revenues in 1997 of \$2.6 billion and net income of \$358.4 million (USA Waste Services, Inc., 1997 Annual Report, *supra*, at fn. 1).