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~~PENDING COURT REVIEW~~

PART II

EXHIBITS 3 THROUGH 10

TO

**Monitor's Investigative Report
Concerning Valley Carting Corp.**

Submitted January 13, 2004

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Oct 15 2002

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DOAR RIECK & MACK

In Re:

ALLIED INDUSTRIES

WITNESS: JOHN LOMBARDO

Valley Carting
566 North State Road
Briarcliff Manor, New York

September 26, 2002
11:20 o'clock a.m.

A P P E A R A N C E S:

DOAR RIECK & MACK, ESQS.
233 Broadway
New York, New York 10279
BY: WALTER S. MACK, ESQ.,
Monitor

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ALSO PRESENT:

DONALD SOBOCIENSKI

* * *

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MR. MACK: On the record.

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Let the record reflect that I've spent a few moments here this morning just talking in general about what we are doing and what have you. Some of that I'm going to repeat right now, but I want to do it as efficiently as possible.

John Lombardo, you are a person that I've talked to from time to time in your role here at Valley, and as I've said to you, as you know, I'm the Monitor and one of my questions is going to be when you first heard my name and about what times.

I basically am appointed by the Federal Court, and it is my job to determine whether or not there have been any violations of any Federal, State or Local Laws, and that's a duty imposed upon me by the Court. In the course of my duties, I have the ability to require people to come in and give me sworn statements about circumstances or issues

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that are of importance, in my mind.

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The mere fact that I have asked you to be here today, and assist me by testifying under oath, doesn't mean that I'm suspecting you or in some way accusing you. I'm not a prosecutor. My job is basically to try to determine facts, if I can, write reports, and have those reports reviewed by people with an interest in it. That would include you, is what it boils down to.

My goal is to try to determine whether or not there have been laws broken, to report accurately about the circumstances of things which I believe to be important, and if I believe that there have been laws broken, I have the ability to refer matters to people who do have prosecutive powers, but it is up to them whether or not they wish to do so.

Now, technically, I'm an agent of the Court, and so in many respects I am able -- you know, although the Judge is

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2 not here, it makes it especially
3 important that whatever you say today
4 would be under oath, be as accurate and
5 as complete as you can make it. It is
6 my design, as I've said, to ask you
7 questions which you understand, and to
8 get your answers, to enable me to make
9 certain decisions and assess what
10 happened at various times.

11 That's my purpose here today.

12 MR. LOMBARDO: Okay.

13 MR. MACK: Now, you are
14 represented by Counsel here today,
15 Mr. Norman Bloch, whom I've known from
16 time to time, and has appeared, in fact,
17 on a number of occasions, to represent
18 people that I have questioned under
19 oath.

20 I want to explain a few things to
21 you which are important. You are here
22 as an individual, you are employed, no
23 longer for Allied, and I'm going to ask
24 you some questions about that in a few
25 moments. It is Mr. Bloch's obligation

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to represent you, and you alone,
notwithstanding the fact that his fees,
I believe, as in other cases, are being
paid by Allied Waste. His job here
today is to watch out for you,
personally. Just because he is paid by
Allied Waste and has represented other
employees of Allied Waste, it still
means that his loyalty must be to you.

MR. LOMBARDO: Okay.

MR. MACK: Ilissa Rothschild is
here as Counsel for Allied Waste, and
the reason that she is here is because
it's technically the company that I
monitor, and I've made it a practice, in
most cases, to make sure that they had
notice and could appear and attend and
participate when I was taking
information from a current employee, and
in some cases, a former Allied employee.

Her job is to watch out for the
interests of the corporation, and,
therefore, although I don't know that
there's any conflict between Allied

1
2 Waste and you in terms of answering
3 questions, there's at least a
4 possibility that that is true.

5 MR. LOMBARDO: Okay.

6 MR. MACK: So, you know, it is at
7 least conceivable that a question and
8 answer could put Allied Waste in an
9 embarrassing situation. In other words,
10 I will ask questions today about things,
11 like the compliance plan, and when you
12 were trained on the compliance plan, and
13 talk to you about the compliance plan,
14 and when they talked to you about it.

15 I picked this one, because this
16 is one of Ilissa's favorite topics,
17 because Allied's obligation was to train
18 all its employees and go through it at a
19 particular time, and she would probably
20 be interested in that topic. That may
21 not be the reality, it may not be the
22 fact when they were trained. That's a
23 pretty poor example, but it is an
24 example of a situation that, in Allied's
25 interest, may not be the truth.

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You don't want to predict the answer. You may not have heard much about me or the compliance plan until a later period. That's an example of where Allied's interests could be different from your interests.

And so because you will be under oath, it is important that you tell the truth, the whole truth and nothing but the truth, no matter who it hurts or helps.

I want to cover something else. You have what is known as a Fifth Amendment privilege here. Now, whether or not -- the Fifth Amendment privilege says: Mr. Mack, I'm not going to answer the question because it might tend to incriminate me personally.

This is just an example: Let's say there was a situation in which you did something which you believed to be wrong, you took home, you know, a tool chest or you took money from Allied that you knew was money they had earned from

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a customer, or you took a bribe or something of that nature, and I ask you a question -- I probably will ask you a question about: Is there anything that you did or that you believe to be inaccurate or untruthful or illegal. You have the right -- I would encourage you to talk to Mr. Bloch about the subject -- to say: Look, I don't want to answer the question, because it might tend to incriminate me, personally.

MR. LOMBARDO: Right.

MR. MACK: Okay. It is not my purpose here today to go through a long program about what the Fifth Amendment is and what have you. My general advice is to listen to your lawyer and to exercise the right if you believe it's appropriate to do so. All right?

Every witness who appears before me has that right, but it is something that I think, before you assert it, if you decide to assert it, you should definitely talk to Mr. Bloch about it,

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the one asserting it, and the significance of it. Although it might not work to your detriment, it could work to Allied's detriment in a sense, because I'm permitted to draw certain conclusions if a witness says: "I'm not going to answer the question." So it has some impact on, perhaps, my investigation, but I would encourage you to assert the privilege if you and your lawyer, after discussing the topic, feel that it should be done.

MR. LOMBARDO: Okay.

MR. MACK: Now, I think the single most important thing that I've said to you is to listen to my question and answer it truthfully and accurately. I'm going to give an opportunity to Mr. Bloch to put some things on the record that he thinks are important, and I think are important, as well, that may affect what we do today.

But, in essence, my purpose here is to gather information in a format

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that allows me to think about it, rely upon it, and then forward it on for orders some day to the court. I've thought about some of these issues, and I've decided, notwithstanding, in spite of the fact that you spent some time talking to Mr. Sobocienski earlier on, and you were helpful to him and provided him information, that I needed to cover some other areas, because maybe it is my problem in not understanding clearly enough what the subject was, so it implies no misconduct or inappropriate conduct on your part, but really my need for information and assistance.

MR. LOMBARDO: All right.

MR. MACK: But I do need to tell you that if you intentionally mislead me, if you withhold information which you know the accurate answer to, or you say "I don't remember," when you do remember, when you remember a conversation or remember a visit, and as you sit there in your own -- you know,

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with your own view of what's happening and you make the decision: "I'm not going to tell Mack about this", for whatever reason, and you say "I don't remember," or you tell me something that's inaccurate, that could be charged as a crime of perjury or lying to a Federal Officer, and could subject you to sanctions and criminal matters, involvement in the criminal process.

So, I say that to every witness.

MR. LOMBARDO: Right.

MR. MACK: I'm not singling you out, and I would be surprised and shocked, to be perfectly honest, if you would tell me something knowingly untruthful. But I do want to make the point that this is serious material, I need your accurate answers and I need you to give me your very best recollection and effort, and it is important that you do so, and you should think about it.

Finally, you should understand

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you can take breaks. We are going to go to about 4:00 or 4:30, we are going to take a lunch break, we are going to take breaks for Mr. Nissenbaum, but if at any time during the course of the day you need a break, for whatever reason, or you need to talk to Mr. Bloch or you want to talk to Mr. Bloch and Ms. Rothschild about a particular question, or about what's going on, anything, that's up to you, all you have to do is say: I would like to take a break.

If my question is confusing to you -- and I'm going to try to keep my voice down, I tend to have a marine drill sergeant's voice from time to time. As I said, you and I are both veterans. I want to make this as helpful to me and to get through this as quickly, for you, as possible, and if there's a failure of my question to be understandable by you, or you have some confusion, please don't be bashful about

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asking me to rephrase it or improve it.
Fair enough?

MR. LOMBARDO: Yes.

MR. MACK: Any questions or
anything? I'm going to call you John,
after a while, because I've known you
for some time, and what have you, but
the point is that I want you to feel
comfortable about raising questions and
asking questions of any of your advisors
or Ms. Rothschild or raising questions
here. We are trying to get accurate
facts for my ability to pursue certain
issues that I just don't understand.

MR. LOMBARDO: Okay.

MR. MACK: Is there anything you
would like to say, first of all?

MR. LOMBARDO: No.

MR. MACK: No questions? You're
reasonably comfortable about the process
today?

MR. LOMBARDO: Yes.

MR. MACK: Mr. Bloch, your turn.

MR. BLOCH: I want to elaborate

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first became employed here at Valley?

A I think it was June 1996.

Q I'm just looking -- where I feel it is very important to get a date as accurate as possible, I'm going to try to show you something if I have it available.

In terms of your initial employment, I'm going to cover it fairly generally, so that I just have a general idea of what it was, so just give me your best recollection today.

A Sure.

Q Could you tell me how you came to be employed at Valley?

A I used to work for a bank. The name of the bank was HSBC. It was another bank before it turned to HSBC.

Q What were your duties at the bank?

A I was a branch manager.

Q How did you come to the waste business?

A My wife and myself both reported to the same boss, which is a bank policy

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2 that's not allowed. My boss told us, my wife
3 and myself, that we have to either -- I have
4 to go to a different district, or she has to
5 go to a different district and report to
6 another boss.

7 I was at the bank, on vacation,
8 because we went on a honeymoon, and James
9 Hickey, who was a customer of the bank, came
10 in, and he asked why I wasn't dressed, why I
11 didn't have a suit on, and I told him that
12 I'm looking for a job, you know, because we
13 can't work together. I explained to him the
14 whole story.

15 Q So I understand, basically, the
16 bank -- and it was Marine Midland, at the
17 time?

18 A Yes, sir.

19 Q -- basically took the policy
20 position that a husband and wife could not
21 work under the same supervisor; is that
22 correct?

23 A That's correct.

24 Q And you did not want to have to
25 go to a different district?

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2 A I was either going to New York
3 City, where I was years ago, or going to
4 Albany, which is kind of far. At that point,
5 I had a period of time where I would be out
6 of work if I didn't find anything.

7 Q Did Marine Midland give you a
8 deadline by which you had --

9 A Well, my supervisor said that
10 because he liked me, and wanted me to stay
11 there, he gave me three months to find a job.

12 Q James Hickey, correct me if I'm
13 wrong, happened to be in the bank; he was a
14 customer of the bank?

15 A That's correct.

16 Q Continue with the conversation.

17 A He knew me, my wife. He always
18 saw me with a suit on, and I told him that I
19 was off for vacation, on honeymoon, that I
20 got married. He congratulated us. I told
21 him I was looking for a job, and he said, "Go
22 see Toby D'Amico, who is the secretary of the
23 company, and he said, "We are looking for a
24 salesperson."

25 Q All right. Now, prior to this

1
2 conversation with James Hickey, how did you
3 know him? In any way, had you socialized
4 with him?

5 A No. James Hickey and the rest of
6 the family were customers of the bank, and
7 they came in. I greeted people and talked to
8 people.

9 Q And you obviously are a
10 personable person, and courteous and kind,
11 and deal with people well?

12 A I try to be.

13 Q I can say that myself, based upon
14 my own interactions with you.

15 So you did not know James Hickey
16 out of the bank context?

17 A No.

18 Q And did you know Toby D'Amico?
19 Is that how you pronounce it?

20 A I don't know. That's probably
21 close enough.

22 Q Had you known Mr. D'Amico prior
23 to this suggestion by James Hickey?

24 A No. All I knew is that they came
25 to the bank, cashed their checks. For

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respect, I would say hello to them, like I would say it to everybody else. I knew who they worked for and what company they worked for.

Q What was the company?

A It was Valley, Hudson and Mount Pleasant.

Q Did you follow Mr. James Hickey's advice and go talk to Mr. D'Amico?

A Yes.

Q Where did you meet with Mr. D'Amico?

A At this location, 566 North State Road.

Q Where we are today?

A Yes.

Q Could you tell me what happened on that occasion? What happened?

A Well, I went in there and I told Mr. D'Amico that Jimmy had referred me as a salesman, he is looking for a salesman. And Toby knew me, because he knew I was the manager and that I was pleasant and stuff. He said, "We are looking for somebody like

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2 you, you're nice with the people," and stuff
3 like that, "and we need somebody other than
4 the old garbage company people."

5 Q All right. So did he interview
6 you at length, or just tell me a little bit
7 about this?

8 A It wasn't long, you know.

9 Q Were you hired right then, on the
10 spot?

11 A Well, he made me an offer, and I
12 had told him I would get back to him and let
13 him know, because I wanted to discuss it with
14 my wife. I was going from a bank to garbage,
15 and kind of nervous, because I wasn't a young
16 fellow, so I wanted to discuss it with my
17 wife and get back to him.

18 Q Did you discuss it with your
19 wife?

20 A Yes, I did.

21 Q As a result of that discussion,
22 did you take any action? What did you decide
23 to do?

24 A Well, at that point, you know, I
25 was sending out resumes, I wasn't getting

1
2 responses. I was getting nervous. I figured
3 I needed the job, let me take a shot
4 temporarily, so while I'm working I could
5 look for something else. I thought I was
6 going to go back in banking again, at that
7 time.

8 Q Who did you tell that you were
9 going to accept the offer, Mr. James Hickey
10 or Mr. D'Amico, if you remember?

11 A I don't remember. I don't know
12 who I called.

13 MR. BLOCH: Before that, did you
14 call Joanne?

15 THE WITNESS: Yes.

16 A Joanne, who worked for the
17 bank -- worked for the garbage company. I
18 knew her for a long time as a friend.

19 Q Do you remember her last name?

20 A Her maiden name?

21 Q Well, the name that -- I'm not
22 sure whether it's her maiden name or married
23 name, I think it's her maiden name,
24 DellaPena.

25 A That's her married name.

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Q Was she married, at the time?

A I knew her before she was married.

Q Was she employed at Valley?

A Yes, she was.

Q Did you have a conversation with her?

A Yes. Well, my wife was concerned because, you know, you hear things and stuff about garbage companies and stuff like that.

Q Had you heard that Valley might have some type of organized crime reputation?

A No. At that point, not at that point.

Q When you told me you heard about garbage companies, what did you mean by that; it's dirty work?

A Just garbage companies, because it is Italian and stuff like that.

Q I may be missing what you're telling me. Is it because they might do things in a criminal way or they --

A That's correct.

Q Is that correct?

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A That's correct. I was concerned.

Q What did you do to check that out?

A Well, I called Joanne, whose been here, I think, fifteen years. I don't know how long she's been here. She said, "I do my job, I don't know what's going on. I just pay bills," what her job is, you know.

And she says, "What kind of job will you be looking for?" I said, "I would be going on the road in sales." She said, "That's fine, nobody really bothers you, you do your job." I said, "Okay."

Q Did you discuss with her whether or not there was any basis to believe that this company had any type of criminal relationship?

A Yes. And she said no.

Q In her opinion, she didn't know of it?

A Right. Right.

Q Was there anything else of that type discussed between you and Joanne?

A No.

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Q So after your discussion with Joanne, did you tell somebody here, James Hickey or Toby D'Amico?

A I discussed it with my wife, who was right there listening to the conversation, and I don't know if it was the next day or two days later, I did call and accept the job. And I think I started working a week -- I know it was a week later than when I called.

Q Good. When you came here, could you tell me, you know, who were the people, who your bosses were, and what the job was like?

A When I came here, I already knew Mattie.

Q How did you know Mattie?

A He was also a bank customer.

Q This is Matt Hickey, when we talk about "Mattie"?

A That's correct.

Q Had you known Matt Hickey in any context outside of the bank?

A No. No. The same as Jimmy, they

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both were customers.

Q So when you started here, if you can, I don't know, tell me who were your bosses, who did you report to or who ran the company?

A At that point, when I first was hired, it was Matt Hickey.

Q Did Matt Hickey have an office here?

A Yes. He was right next door.

Q Right next door to where we are today?

A Yes.

Q Who else had an office here that was a boss?

A Toby D'Amico.

Q I should have asked you this first time: How -- this is when you first started, okay -- how would you describe Matt Hickey's title or job duties, either way?

A I -- you know, I wouldn't know. You know, just boss, I guess.

Q That's fine.

A I guess there were no titles.

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Q What about Toby D'Amico?

A He was the secretary.

Q What does that mean?

A I guess he is the one who paid me.

Q When you say "secretary," you're not talking about somebody typing?

A No. That was his title. And Jim Hickey was the president.

Q When you first started, Jim Hickey was the president?

A That's correct.

Q Matt Hickey was -- you used the word the "boss"?

A He was my boss. I don't know what title he was.

Q And Toby D'Amico, or whatever his name is, was the secretary?

A I believe he was also treasurer, secretary and treasurer.

Q Now, did James Hickey, at that time, have an actual office at this location?

A No. At the "small house," they call it, where Valley was.

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Q Is the small house at this location, I mean, right here?

A Yes. Yes.

Q And Matt Hickey had an office right next door to where we are today?

A That's correct.

Q And then how about Toby D'Amico?

A They were right next to -- around each other.

Q Based upon your experience in this early period, how would you distinguish what each one of those three gentlemen did? What did Matt do, what did Jim do, what did Toby do, as best you could tell?

A Toby wasn't here every day. I never dealt with him.

Q He wasn't here, at all?

A He came in, but I was gone. When I first started it was between 9:30 and 10:00. I don't know what he did. Mattie was here most of the time when I first started.

Q Okay. What about James Hickey?

A I never saw him.

Q In terms of business functions

1
2 that any of those three gentlemen performed
3 when you were here -- and you stop me or
4 correct me -- Matt Hickey was sort of your
5 supervisor, had direct interaction with you
6 about what to do and how to do it?

7 A Right.

8 Q What interaction did you have
9 with James Hickey --

10 A Nothing.

11 Q He didn't supervise you?

12 A No. I just reported just to
13 Matt.

14 Q What about Toby D'Amico?

15 A Never reported to him unless I
16 had a problem with my pay.

17 Q He controlled the money, Toby
18 D'Amico?

19 A He signed the checks.

20 MR. MACK: Why don't we take a
21 break.

22 (Short recess taken.)

23 MR. MACK: Let's go back on the
24 record.

25 Q I would like to get done, if I

1
2 can, today. And we are going to take
3 probably a half hour or forty-five minutes
4 for lunch and then go. There's a lot. I
5 know this is not something you would like to
6 hear, but if I asked every question I needed
7 your help on, we would be here a couple of
8 days. I have to pick and choose those areas,
9 so I want to get as much as possible that I
10 think is of significance to me.

11 A Okay.

12 Q I would also say this: That if
13 after you've thought about a question, we've
14 taken a break, you come back and you've
15 talked to Norman or something else has come
16 to your attention, you say: I thought about
17 something and I want to correct that. You
18 know, if there's something that at the moment
19 you said it that's not accurate or something
20 of that nature.

21 A Okay.

22 Q Shall we continue?

23 A Yes.

24 Q Now, if you would, just sort of
25 briefly describe your job duties when you

1
2 first arrived here at Valley. You were in
3 sales. What did that mean? What your
4 day-to-day was like.

5 A When I started, I would drive
6 around the area, Westchester, any accounts,
7 buildings that I saw, that maybe someone was
8 moving in, a new customer, I would approach
9 them, give them my business card, and ask
10 them if they needed garbage service, and then
11 take it from there. If an existing customer
12 called and they needed more service, I would
13 do that; or if they needed less service, I
14 would do that, also.

15 That's what I did in the
16 beginning, when I first started.

17 Q Did you, in your original or --
18 did you ever seek to deal with Englehardt
19 Manufacturing, or its predecessor name?

20 A No.

21 Q We'll get, eventually, to when
22 you first get involved in that.

23 A Right.

24 Q You did not visit them or seek to
25 sign them up?

1
2 A No. I basically dealt with
3 customers. Any big accounts would be handled
4 by -- at that time, it would be Mattie or
5 even Aaron.

6 Q When you say "Aaron," could you
7 just -- I'm talking about before Allied
8 acquired. This sort of initial period is for
9 me to get a setting for the situation before
10 Allied bought Valley.

11 When you say "Aaron," you're
12 talking about Aaron Deems?

13 A Yes.

14 Q What were Aaron's job functions
15 before Allied acquired Valley?

16 A At that point, he wasn't my boss,
17 but he did more experienced jobs for Mattie.
18 In other words, bigger jobs. You know, I
19 wasn't experienced, I did the smaller -- I
20 didn't do shopping malls at that point. I
21 was breaking in, to get little small
22 containers.

23 Q Whereas, Aaron Deems, he was in
24 sales, too, is what you're telling me; is
25 that right?

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2 A To be honest, I don't know what
3 title he had at that point, but I know he was
4 there for a couple of years before I got
5 there, and any questions that I would have
6 had, and if Mattie wasn't around, Mattie
7 would refer me to Aaron.

8 Q But Aaron did have sales
9 responsibilities, he would make calls on
10 larger possible customers; would that be
11 fair?

12 A That's right. Something bigger,
13 he would know more about the business.

14 Q Would Matt Hickey make business
15 sales calls himself, from time to time?

16 A Yes, true.

17 Q Was there anyone else, besides
18 Matt, Aaron and yourself, that had sales
19 responsibilities, before Allied?

20 A At that point, I would say -- I
21 don't know the time span -- since I was doing
22 so good with sales, they hired another
23 salesman.

24 Q Who was that?

25 A Well, he had two names. Bobby

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Benedetto and Bobby Brown.

Q Was Bobby Brown or Benedetto --
it's the same person; right?

A Yes, but had two different names.

Q What was the reason for that?

A I don't know.

Q Who hired Bobby?

A Mattie.

Q What was his job function? How
did it differ from yours?

A He was a salesman. He covered
probably the eastern part of Westchester, and
like the southern part. I covered basically,
like, say, maybe Greenburgh, Elmsford,
Yonkers, Shrub Oak, Yorktown. He maybe went
to Bedford.

When I first came here, I asked
him what areas I would cover, and he says,
"What areas are you more comfortable with?"
And I was more comfortable with the areas
that I worked in the past. He said, "I have
no problem with that." And I did the areas
that I knew, that I dealt with customers and
contracts, so he let me stay with that area.

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Q Aaron Deems had a sales function that dealt with what, larger possible clients? I want to make sure I get it right.

A If need be, he would send Aaron to see somebody with bigger containers and stuff like that. Or Mattie would go, or Mattie would go with Aaron, whichever.

Q I see. Now, what about other employees that were present when you first arrived. Anthony Cardillo was here; right?

A That's correct.

Q His job was what?

A He was a dispatcher.

Q And Joanne, who we've talked about, she was here. What would you describe her position as?

A She did the bills.

Q Now, what about anyone else? Was anyone else here in this period?

A In this office?

Q In this office. Let's say that had administrative responsibilities. I'm not going to be asking you about drivers or mechanics.

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Lombardo

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A There was Corito. I guess she was kind of like an office manager. I really don't know for sure. I'm assuming, because people went to her.

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Lisa Nichols was here.

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Q Lisa was here when you arrived?

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A Yes.

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Q What was her job?

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A She did roll-offs. I guess she did the -- what do you call it -- like somebody would call for a roll-off box, she would make out the tickets. She took care of the tickets for roll-offs.

15

Q Okay. Anyone else? I'm going to mention some names to you, but I want to ask you if you can come up with some. You may know things I don't.

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A This is the time I came here?

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Q When you first arrived.

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A Besides Jimmy and Toby?

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Q Right. The ones we've talked about. Any other -- I'm looking for, like, office personnel who dealt with the paperwork, or just worked in dispatch besides

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Tony.

A I can't think of anybody else, unless you have a name.

Q I'm going to mention at least some names, and see whether any of them strike a bell.

A Okay.

Q Let me ask this: What about John Costello?

A He was the mechanic, head of mechanics.

Q So what was John Costello's job when you arrived?

A I believe he was in charge of the mechanics that fixed the trucks.

Q Here at Valley?

A That's correct.

Q Did he have any administrative function that you were aware of, besides overseeing mechanics?

A The only thing that he dealt with as part of my job, he took care of compactors.

Q What does that mean?

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2 A He would order them, if we needed
3 the compactors. He would fix them. He was
4 very good at that, as far as mechanically.

5 Q You say "order;" buying them?

6 A He would buy them for the
7 company. He would know which ones to order,
8 and stuff like that.

9 Q If there was a need for, let's
10 say, a forty-yard compactor, would there be a
11 forty-yard compactor available on site, or
12 would you have to buy one?

13 A It depends if we had a few. If
14 we didn't, we would have to buy them. It
15 varies.

16 Q That was John's job?

17 A Right.

18 Q Did there come a time when there
19 was a woman by the name of Eileen Basilese?

20 A That was later on.

21 Q Tell me about how long you had
22 been here when she arrived.

23 A I don't know exactly when she
24 came.

25 Q You'd been here some time; she

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came after you were here for some time?

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A Right.

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Q I'm sure we can come up with Eileen Basalice's personnel records. When she was here, though, what was her job? What did she do, as far as you knew?

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A I know Lisa needed help because she was overwhelmed with the accounts, and they hired Eileen.

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Q When you say "Lisa was overwhelmed," she was overwhelmed with the roll-off accounts?

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A They were getting a lot of roll-offs in. Valley was here, too, before Allied, and she needed help, and Mattie hired Eileen.

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Q Would you say they were, Eileen and Lisa, Eileen Basalice and Lisa Nichols, were good friends?

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A I wouldn't know. Because of the age difference, I wouldn't know if they were friends.

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Q Did you ever see either of them socialize with each other?

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A No.

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Q Did you ever have reason to believe that Eileen used alcohol to excess?

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A No.

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Q Did you ever have reason to believe that Lisa Nichols used alcohol to excess?

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A I know she had a couple of drinks when she went out for lunch. I can't determine, one or two drinks, if they are drunk.

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Q Would she have a couple of drinks at lunch on a fairly routine basis, once a week or less than once a week?

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A I was on the road. The times when I was in the office, and if I was there after lunch and she went out, that's the only time I would see her, which was not as often.

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Q And the times that you did see her, would you say, when you were here -- I'm just asking you, personally -- would it be on the times you were here, did she frequently, when you were here, go out to lunch and return, in your opinion, having had a couple

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of drinks or a drink?

A Yeah.

MS. ROTHSCHILD: I'm going to ask for clarification. Words like "frequently," it is unclear.

MR. MACK: I understand your opinion.

Q The question is: When you were here --

MS. ROTHSCHILD: Which was often, on a weekly basis?

A It would depend on the weather. If it was a bad day, if it snowed, I would be pulled back in the office, you know, and do some paperwork, help them out. Frequently, I would say once every two, three weeks.

Q You would notice, when you were here, that, in your opinion, she came back having had something to drink?

A Right. Right.

Q You really don't have an opinion, obviously, as to when you weren't here, because you couldn't observe her?

A Right.

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Q Correct. However, of the people that were here, who were your colleagues, did they -- was it ever a topic of discussion as to whether Lisa Nichols did drink on occasion, or to some degree?

A No.

Q Was that something discussed in the office, or was apparent to you?

A No. It was just -- you know, I guess it was okay. I mean, I don't know. It was a laid back office kind of a thing, where you go out to lunch, you have a drink, it's a drink.

Q The same question as far as Eileen Baselice, did it ever come to your attention that -- when you were in the office, you came back from lunch or what have you, that Eileen would appear to have had something to drink?

A No, I never saw Eileen drunk.

Q Now, is there anyone else in the time period before Allied acquired Valley that had administrative duties that we haven't discussed today, work in the office

1
2 or had a responsibility for billing or
3 paperwork, aside from the people we've talked
4 about already, John, that you can remember?

5 A Not that I can think of.

6 Q If we come upon somebody or your
7 memory gets jogged, let me know.

8 Do you have a recollection of
9 being told that Allied Waste would, in fact,
10 or was going to acquire the company, Valley
11 Carting, and Mid Hudson?

12 A No. Actually, the only thing
13 that was mentioned was Waste Management, I
14 understand, was looking to acquiring Valley.
15 You know, it was kind of like through the
16 grapevine. In other words, nobody came out
17 and made an announcement that says: Waste
18 Management is looking to buy us. You would
19 hear from the drivers and stuff like that.
20 And I heard that fell through.

21 Months later, or whatever it was,
22 Allied kind of popped up into the thing.

23 Q The mix. Do you remember how it
24 first came to your attention that Allied was
25 going to buy Valley, and the companies that

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are here at this location?

A Probably just through rumors.

Q You don't have a positive recollection, for instance, of being told by James Hickey or Matt Hickey or Toby or anybody?

A No, they wouldn't mention anything to anyone.

Q Why do you say that?

A Nothing was ever mentioned at my level.

Q How did it first come to your attention, that: Hey, this company has been sold, I have a new corporate structure or a new boss? How did it first come to your knowledge?

A It's probably not the right answer, but Bob Boucher had a meeting when Allied took over Valley, and we had a meeting at, I think it was Torschia's, and he introduced himself and human resources people, saying everything was going to be the same, you're going to run the same way, that Matt Hickey was going to be the GM.

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2 That was probably the first
3 official time I heard that Allied took over.
4 That was with all the drivers, that's with
5 the whole staff.

6 Q Do you have any idea when that
7 occurred?

8 A Well, I know that Allied --
9 Allied acquired Valley in May, so I would say
10 around May.

11 Q Around May. Do you have any idea
12 what year that would be?

13 A Probably 1999.

14 Q Okay. Did you notice any change
15 in operations or procedures before Bob
16 Boucher had this meeting that you have
17 described, at Torchia's?

18 A Repeat that?

19 Q Was there any operational changes
20 to your daily routine, before this meeting at
21 Torchia's?

22 A No.

23 Q After that meeting, were there
24 any changes or new ways of doing business,
25 that affected you?

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2 A No. I just -- actually, I worked
3 harder, because I had to get the customers to
4 sign again. Because Allied acquired these
5 three new companies, we had to get contracts
6 signed with Allied's contracts, so that gave
7 more work, but that's what I normally do.

8 Q Basically, did your reporting
9 relationship to Matt Hickey change, in any
10 way, from the way it was before Allied, to
11 after Allied?

12 A At one point after that, Aaron
13 was appointed as the operations manager, and
14 Mattie was the GM, so I had to report to
15 Aaron.

16 Q Now --

17 MR. BLOCH: But? But? That was
18 on paper, but who did you actually
19 report to?

20 THE WITNESS: Mattie.

21 Q Let me deal with that. I'm going
22 to pursue that, because it is important for
23 me to understand the structure.

24 A Okay.

25 Q How did it first come to your

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attention that Aaron Deems' position would change, as far as his relationship to you?

A It just -- I just found out that Aaron is the operations manager. There was no -- I didn't get any paper saying: Congratulations, Aaron got promoted.

Q Was that Mattie who told you that?

A Yes.

Q What is your best recollection of what Matt said to you about this topic?

A I really don't know, exactly.

Q The gist of it was -- did Matt explain to you how your job function would change?

A No, there was no changes. I would go through Aaron instead of going to Mattie, because Mattie would have more responsibilities now that he was an Allied employee. That's the only change.

Q Do I understand that he -- you tell me, did you start reporting to Aaron? Did you start changing your routine and go to Aaron instead of Mattie?

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A As little as possible.

Q Why was that, John?

A Well, I just wasn't, you know -- in my opinion, he was a favorite of Mattie, a young fellow, twenty-four years old. I was kind of jealous that he was making a lot more money than I was.

Q How did you know that?

A It was a known fact. I know he was making more than I was.

Q I'm trying to understand.

A The title, operations manager, you know.

Q But you didn't really know what his salary was?

A No. No.

Q So how did you conduct your business affairs then, given your feelings about Aaron? Did you go around him? How did things work out?

A I tried to do things on my own; unless I needed help, and then I would have to call him.

Q Did you bypass him, at times? I

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may not have understood what Norman said here. Did your behavior change in any significant way?

A No. Regardless of whether he's younger than me, whether he was a female, male, if he is the boss, I respect him regardless, and I do what I'm told to do. Since I wasn't happy with the issue, I would try and solve a problem by myself, without going through him, unless I had to see him.

Q Did your relationship with Matt Hickey change as a result of this promotion of Aaron?

A No. There was really no relationship. He was my boss and, you know, I guess I saw him less.

Q Saw Matt less?

A Right.

Q What about Toby D'Amico, was he in evidence, at all, after Allied?

A He was out. Him and Jimmy were out.

Q Did they come back, at all, to the location, as far as you know?

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A Not as far as -- I never saw them.

Q Now, when was the first time that you learned that Valley was under the oversight of a Federal Monitor?

A I really don't know. I don't know if you appeared or when it happened.

Q Do you have a recollection of the first time it came to your attention that I had some role with respect to this location?

A I really don't. I just remember seeing you. You were introduced to us. You met everyone in the garage, but that probably wasn't the first time.

Q But the first time that it came to your attention that there was a Federal Monitor was when I came to the location; would that be fair?

A That's correct. That's correct.

Q Now, when was the first time that you became aware that there was a compliance plan, that there was, in fact, a piece of paper that set forth certain rules and guidelines as to how business behavior should

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be done, and what the ethics and rules were?

A I think -- I shouldn't say "I think." Bob Boucher -- we got a memo, I'm assuming it's from Bob Boucher, about the compliance.

Q Do you remember when that was, or where it was?

A No, I don't remember, exactly.

Q Did you read the compliance plan?

A Yes.

Q Was there any training given to you about what the compliance plan said or how to interpret it or what it meant? If it was, when was it?

A Well, there was no training, but working for the bank, they have a compliance of their own, if you find any miss doing in the office, report it to your supervisor. I read it, but I don't remember the whole thing. Basically, the main point is, anybody that's doing any miss doings, report it to your supervisor.

Q But you don't recall receiving training on the compliance plan, or what it...

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meant, while you were here?

A No.

Q Did you ever receive any training on the compliance plan here, that you can remember?

A No.

Q Did Matt Hickey ever discuss with you the compliance plan, and what it meant to the conduct of business?

A He made sure, he says, "Did you read it?" He says, "Do you understand it?" I told him, "Yes."

Q Did you sign anything or date anything when he asked you to do that?

A To be honest, I signed a lot of things. I don't remember what I signed, at this point.

Q I don't know whether you were present or not, but there was a very early morning session up here in which Bob Boucher attended, and what have you, in which the compliance plan was discussed. I was here.

A In the garage; right.

Q You were present for that?

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A I wasn't at the early one, I was at the later one. You had two.

Q Right. Was that the first time that the compliance plan was explained to you in any detail?

A I really don't know. I don't want to say it was a first or if I saw it before. I don't remember.

Q I'm asking a little different question: Was that the first time somebody went through the compliance plan and explained the meaning of the compliance plan and how it applied, in that early morning meeting?

A Yes.

Q I'm skipping over things that I don't want to tax you with, okay?

A Okay.

Q Was there anyone that you looked to, to train you, to describe how you should do your business, how you should make your calls on the customers and things of that nature?

A Yes.

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Q Who would that be?

A Matt Hickey.

Q How was that training conducted; was it sort of on-the-job training, or were there like a couple of days when he went through and gave you materials? You tell me how the training went.

A It was sort of, we just talked, you know, he explained to me, "I know you're a gentleman, because you worked for the bank. When you get out there, present yourself." He says, "I know you're good at that, talking to people," you know.

If I had any questions, I would contact him. He would give me my parameter, as far as for garbage. Like if it's glass, if it's paper, as far as prices, you know.

Q Right.

A Stuff like that, he was very helpful.

Q Good. Did he ever discuss with you any of the Department of Environmental Conservation regulations about where waste should go and what types of waste are

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accepted at some locations and some is not?

A No, we never discussed any disposals, any of the landfills. I was just hired as a salesman to bring new accounts in.

Q I think I know the answer, but I want to ask: Did he ever explain to you the difference between industrial waste and medical waste and hazardous waste; you know, basically MSW or other waste, did he ever go through that there were distinctions between forms of waste?

A The only thing he discussed -- well, going forward to Englehardt, that's why I brought him along, to discuss industrial waste. He discussed regular garbage, and he says not to accept anything that's hazardous. That's as far as we went.

Q I want to make sure, because we are going to go into Englehardt, we are going to take time on it, but, I mean, before the Englehardt business, whatever that was, did he, before Englehardt, ever explain to you the different categories of waste and the needs to categorize waste and be able to tell

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the different kinds of waste that needed to be processed in a particular way?

A No. Except for the hazardous waste, we don't handle hazardous waste, we just do garbage. At that point, it was cardboard and commingle.

Q The time the subject of industrial waste came up, was the time dealing with Englehardt as a customer; is that a fair way of saying that?

A That's going forward with Arow, though.

Q We are going to get there. I think I understood you to say that when the topic of industrial waste came up for the first time, it was Matt Hickey who explained that to you in connection with Englehardt?

A Right. That's why I brought him.

Q We'll go back on that topic to make sure I haven't misunderstood what you said, okay?

A Okay.

Q Now, maybe before we get into Englehardt, I would like to get some idea of

1
2 the operation of when you got a customer and
3 got them to agree to a contract, how did the
4 paperwork flow? What did you do?

5 Let's take any customer that you
6 want, that you paid a call on, and they
7 decided that they wished to have their
8 garbage picked up. What would you do and how
9 would the paperwork flow? What would happen?

10 A I would carry a contract with me,
11 of course, give the customer -- it would be
12 filled out, what we agreed on, the customer
13 would sign his part of the contract, my name
14 was also on there, I would give him his copy
15 or her copy, at the end of the day, between
16 four and five o'clock, I would come back to
17 the office, give any new accounts or any
18 increases in service, or decreases, I would
19 give that contract to Joanne, and the next
20 day, or the same day, she would put that in
21 the computer.

22 Q I see. And so did you have, in
23 terms of determining what the appropriate
24 price was for a particular customer, did you
25 have a role in making those decisions,

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yourself, or how were those decisions made?

A No. What I was told was to go -- well, if it was feathers it would be lighter. If it's light, you don't have to worry about. If it's heavier, of course, it cost the company more money. There was a parameter between \$8 a yard to \$12 or \$13 a yard.

Q Were there occasions where you felt it was important -- and I think I want to talk now about -- I was unclear about this. I'm talking about the period now after Allied has acquired the assets, okay?

A Okay.

Q You have been through it, you've explained, and now you've had the meeting at Torchia's, and you're now an Allied employee, and that's the period and the subject matter I want to ask about. If I didn't make that clear, I want to make it clear.

So when you are an Allied employee, and you're seeking to sign up new customers, were there certain topics, in terms of prices or service, that you felt you had an obligation or would talk to Matt

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Hickey about?

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A Well, at that time, everybody was out there trying to get as many accounts away from us, that was the process, because Allied just bought all these accounts. If a customer was doing, you know, a price that was really low, I wouldn't make a decision and say: Well, I'll meet the price or beat the price, I would clear with Mattie.

Q Did you ever interact with Aaron on topics of price?

A Yes. Yes.

Q And they, either Aaron or Matt Hickey, would make the final decision on price?

A Yes. He would either say let it go, or meet the price.

Q Did you, yourself, have any role in billing? Did you have any responsibilities with respect to seeing that billings went out, and the right amounts were there and it went to the right person?

A No.

Q Did you have any

1
2 responsibilities, yourself, with respect to
3 collection and keeping track of moneys that
4 were paid?

5 A Yes.

6 Q Tell me about that.

7 A Well, in the beginning, when
8 Allied came here, there was a lot of
9 outstanding bills, and they needed someone to
10 go out and collect money. I did that in
11 between doing new accounts, when I was on the
12 road. Like if I went to see you for an
13 increase and you owed us money, I would bring
14 the invoice and say, "You know, Walter, you
15 owe us money," and I would collect the money
16 that way. I would go to maybe four, five
17 customers.

18 Q Were there a lot of accounts,
19 when Allied took over, that were late or had
20 not paid their bills?

21 A That, I wouldn't know.

22 Q How did you get assigned a
23 particular account to go out and try to
24 collect?

25 A Well, it was just the area I was

1
2 going to. If I was going to Yorktown and we
3 had five customers in Yorktown that owed us
4 money, since I'm in the area, I would see the
5 customers.

6 Q Did you have problems collecting
7 sums at times, or was there -- were the
8 records that you had made available to you,
9 were they accurate, so that you felt
10 comfortable that the amounts that were shown
11 were owing?

12 A Yes, Joanne would give me a copy
13 of the invoice, I could show it to the
14 customer, why we charged and what the charge
15 was for.

16 Q Would you say you were successful
17 collecting those amounts all the time,
18 frequently, occasionally?

19 A Occasionally, I would say.

20 Q If there was a problem, what was
21 the nature of the problem? Do you know,
22 could you generalize about them? Are they
23 different problems?

24 A If a customer owed \$2,000 and
25 they couldn't pay us the \$2,000 up front,

1
2 they would say, "I'll give you \$50 a week,"
3 so I would call Mattie and ask him if that is
4 okay with him.

5 Q So would Mattie make the decision
6 on those --

7 A If the company is going to pay
8 \$50 a week, he would say, "That's fine, as
9 long as we are getting money."

10 Q Did it ever come to your
11 attention that you felt there were customers
12 that were not getting billed, or had sort of
13 special arrangements that basically permitted
14 them to get service in an unusual way?

15 A No. No.

16 Q There's a list of various
17 accounts we are going to go through if we
18 have time today, to see whether you have any
19 knowledge about it.

20 Let me ask you this general
21 question: Do you remember being interviewed
22 by Don Sobocienski in 2002? I think it was
23 earlier in the year, is what it boils down
24 to.

25 A Yes.

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Q Would it be fair to say that you made your best efforts to listen to his questions, and answer those questions as accurately as you could?

A Yes.

Q Would that be fair?

A Yes.

Q As you sit here today, was there any topic in those interviews, or that interview, with Don, in which you felt that you were not accurate with him, or you withheld information from him, in which you didn't think you were completely candid and didn't do your best to give an accurate answer?

A No. I have the same list.

I'm a little confused. You said did I know that customers had deals, but I didn't until we started routing. Prior to that, we never routed, so I'm trying --

Q That's helpful.

A Once the drivers were picking up at all the stops, and we wrote it down, and we matched it with the computer and the

1
2 contracts, then we realized that these
3 customers, they were contracts for years and
4 we weren't charging them.

5 Q It's important to challenge my
6 questions and come back to me and say so.
7 That makes it easier for me to understand.

8 Until that process was done,
9 about going through and making route sheets
10 and figuring out where the drivers were going
11 and matching them up with the billing and
12 what have you, you had no idea that some of
13 these customers were getting service and not
14 being billed?

15 A The guys would know exactly where
16 to go every day, from memory.

17 Q Do you remember why that audit
18 was undertaken, why that effort was made to
19 match, go to route sheets and then compare
20 route sheets to billings?

21 A The only thing I can think of,
22 whether it's right or wrong, if they were
23 going to sell the routes, and they could
24 always give it -- in other words, instead of
25 using the same driver, they can give the

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sheet to another driver and he could follow
3 the route by the sheets.

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Q But until that audit was done, I
mean, there didn't seem to be a way of
knowing whether or not the billing was proper
or certain accounts were getting free service
our getting service and not being billed or
not paying for it; isn't that fair?

10

A Right.

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Q Now let me ask you -- we are
going to break for lunch in about ten
minutes, okay, and then we are going to start
off after lunch with one of my favorite
topics, Englehardt. After that, we'll work
on little odds and ends that I have concerns
about, and questions. Let me deal with a
couple of my favorite topics.

21

22

23

Erina Hickey, when did she first
become employed, if you remember?

24

25

A That's difficult, because she
came, she quit and was rehired, so I don't
know the dates.

Q When she first came, did she come
when Allied was first here, or not? When she

1

2

first was hired, did Allied own the company

3

or not?

4

A I believe so.

5

Q Why did she quit, if you know?

6

A She went to another job.

7

Q What was that other job?

8

A Retail.

9

Q Retail what?

10

A I'm trying to think what they

11

call it.

12

Q Was it clothing?

13

A It's clothing where -- when you

14

shop for people, for clothing.

15

MS. ROTHSCHILD: A personal

16

shopper.

17

THE WITNESS: That's it.

18

Couldn't think of the word, "personal

19

shopper."

20

Q How long was she gone?

21

MR. BLOCH: We all have

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contributions to make.

23

A Like I says, I may not be right,

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maybe six months. I don't know, exactly.

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Q What were the circumstances, as

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far as you know, in her coming back?

A They had promised her a lot of stuff and didn't come through, so she quit.

Q And then she came back to work here at Valley?

A That's correct.

Q Who was her supervisor?

A Matt Hickey.

Q What was her job when she was here? What did she do?

A I really don't know.

Q Was she, in your opinion, a hard-working, competent employee?

A I thought she was.

Q Okay. What did she do?

A I'm trying to think. If we were at the other office, she was doing the billing. I'm trying to get my time frame. I know she did the billing over there, when Allied was in the process of selling.

Q Of selling itself?

A Selling Valley. She did the bills, the billings, for Valley, the Valley part.

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Q What else did she do?

A That, I don't know.

Q Your opinion that she was a hard-working, competent employee was based upon what, observation? How did you observe her?

A When I saw her, when I came in for the time I was there, she worked, she supposedly knew what to do. I'm not going to say "You're doing the wrong job." I don't know what she did.

Q Other than this billing when Allied was seeking to sell those routes, there was some order, right, in which they had to separate the commercial accounts from residential and roll-off; right?

A She just did all the commercial billing and did my contracts. She inputted my contracts.

Q Any other job functions that you know about, that she had? She might have had all kinds. I'm asking you about your knowledge.

A I don't know. You know, that's

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the only thing I can think of.

Q Did it ever come to your attention that she was associated with some controversy about missing documents or things being destroyed, documents being destroyed, or some controversy about her performance? Did it ever come to your attention that she was associated --

A From Allied.

Q When Allied was here, was there any controversy about her performance, having to do with documents or loss of documents or misinterpreting documents? Did it ever come to your attention?

A Not to my attention, no. She was the boss' daughter, so, you know -- I wouldn't know anything what's going on.

Q I want to make sure the question is clear: Did it ever come to your attention -- I'm not saying did you see it, interact with it -- did it ever come to our attention, it may have been just a matter of office gossip, or a question of speaking out in your presence, having coffee, that there

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was at least a controversy or an issue about her either losing documents, destroying documents or making a mistake?

A Well, that could be the gossip, because a lot of the older girls didn't like her because she was young and she came in for the second time, but I don't know it as a fact.

Q Did it ever come to your attention that there was at least some tension between the older women and Erina?

A Yes.

Q You don't know what the real subject of that tension was?

A No.

Q Did it ever come to your attention, in the course of your work here, that documents were destroyed?

A No.

Q You never knew there to be a situation where documents, business records, let's put it that way, were misplaced or lost or destroyed or removed from the property, so that they were not available?

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A No. No, I don't know anything about that.

Q It never came to your attention that that might have occurred?

A No.

Q Did it ever come to your attention that there might be complaints about missing money, or that money that was supposed to be collected and given to Allied because it was for services that Allied rendered, were misplaced or mislaid or diverted or taken?

A The only time that I heard anything about it was with Eileen. I don't know if it's the same question.

Q We are going the talk about that.

A That's the only time I heard.

Q That's a pretty weighty topic, and I want to spend time on it. I want to make sure there's no other situation, other than the one with Eileen, in which somebody expressed to you concern that money was missing. That could have been Joanne, that could have been Tony, it could have been

1
2 Lisa, it could be anybody. I'm not asking
3 you to be sitting there, watching someone
4 walk out with money, but did it ever come to
5 your attention, as an employee, that there
6 was at least rumor, concern, anger, whatever,
7 you know, gossip that, in fact, money was
8 going missing or didn't seem to be accounted
9 for?

10 A Yes.

11 Q And that was with Eileen?

12 A Yes.

13 Q Any other occasion?

14 A That's the only time I heard it.

15 MR. MACK: Why don't we take a
16 lunch break right now, and we'll start
17 with Eileen when we come back.

18 THE WITNESS: Okay.

19 MR. MACK: Let's take forty
20 minutes. Let's shoot for 1:30, if we
21 can.

22 (Whereupon, at 12:50 o'clock
23 p.m., a luncheon recess was taken.)

24 (A F T E R N O O N S E S S I O N)

25 (Time noted: 1:35 o'clock p.m.)

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MR. MACK: On the record.

3

CONTINUED EXAMINATION

4

BY MR. MACK:

5

Q Is there anything you wanted to

6

add or subtract or modify from what we've

7

talked about this morning?

8

A Not that I can think of.

9

Q Let's move on to where we left

10

off, and that is the -- I'll term it, as

11

such, the "Eileen Basalice situation." I

12

don't want to ever characterize it, because I

13

need to hear your evidence, your information

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on the subject. Let me re-ask my question,

15

which was: Did it ever come to your

16

attention that there might be missing,

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misplaced or in some way, funds that were

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unaccounted for, appropriately?

19

A Yes.

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Q If you would, start from -- just

21

take me through, if you would, the very

22

beginning, how the subject matter first came

23

to your attention, who told you, how you

24

found out about it.

25

A Joanne and myself are friends. I

1
2 went to her office to drop off a contract,
3 she closed the door and she says, "You know,
4 they think that Eileen may be taking checks
5 and cash." I says, "Really?" She said,
6 "Yes. Don't say nothing, we don't know
7 what's going on."

8 Q You say "they" and "we."

9 A As far as "they," I'm assuming,
10 which I shouldn't assume, meaning Allied, you
11 know, the staff or whatever.

12 Q You didn't stop Joanne and say:
13 Look, when you say "they," who are you
14 talking about, who is that, try to find out
15 the people who were aware of this?

16 A I think she used the word "they"
17 as a -- I'm trying to think of what I'm
18 trying to say --

19 Q I'm trying to figure out whether
20 or not -- would she be referring -- you may
21 not know. You can say you have no idea who
22 she's talking about. If she had a code for
23 talking about Mattie, or a code for talking
24 about Bob Boucher, I would like to try to pin
25 down what she had to say.

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A I would say when she said they think she's taking money, "they," meaning the company, which could be anybody.

5

Q Any position?

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A Yes.

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Q That's the best you can do?

8

A Yes.

9

Q The conversation --

10

A She said, "Yeah, there's tickets that are not being presented, you know, for the roll-offs. There's stuff missing." That was -- that was the total end of the conversation.

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Q Did you say anything, at all?

16

A To her?

17

Q Yes, to Joanne.

18

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A No. I didn't know anything about it at that point, until I went to the bank.

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Q Take me step by step. After your conversation with Joanne, what was the next thing you did or said, that had anything to do with the topic?

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A I went to the bank. I don't know if it was the same day or two days after, I

1
2 the way back, I called Joanne and I asked if
3 Mattie was there, and she said, yeah, he's
4 there. I said, "Tell him I'm coming back."

5 I went to see him and says,
6 "Could I talk to you?" He says, "Yeah." I
7 closed the door, I said, "I just came back
8 from the bank." I said, "I understand
9 there's something going on with Eileen." He
10 says, "Yeah, we think she's taking money,
11 checks."

12 I said, "I had to go the bank to
13 cash a check, and they told me that Eileen
14 was in, it was a check from a customer to
15 Mount Pleasant, payable to Mount Pleasant,
16 that she crossed it off and told the girl
17 they made a mistake, that check was supposed
18 to be for me."

19 Q Was this a roll-off check?

20 A No, it was \$115, 110. It seems
21 like it was an off-road payment for a
22 resident. "Off-road" means the truck goes
23 into the person's driveway, because some
24 driveways are long, and they take the
25 garbage. They pay extra for that.

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whether there were other occasions where they remembered Eileen coming in and cashing a customer check, or a possible customer check?

A They didn't remember. It was a six-month period, so they get so many people every day, so they don't remember.

Q Let me ask the same question in a different way: If Eileen were cashing checks that she didn't deposit into her account, she simply was cashing a customer check but not depositing it, she just wanted the cash to walk out with, maybe she waved to your wife, or whatever she did, would that have shown up on the records that you requested?

A No.

Q So you really don't know whether she cashed checks that, you know, the bank had no copy of or record of; isn't that correct?

A Right.

Q I'm correct on that?

A Yes.

Q Did you ask, at all, of any of the bank personnel, about whether Eileen came

1
2 in and cashed checks without deposits,
3 without depositing them, on how many
4 occasions, or was there only one check that
5 they told you about when they asked you
6 whether she worked on a Saturday?

7 A No, because after that incident,
8 I asked them to tell me, and she did come in
9 lots of times after, but she came in with her
10 husband's check payable to her. They told
11 me, "John, she came in a couple of times, but
12 it was nothing from your company, it was from
13 her husband.

14 Q Okay. Let's go back to your
15 conversation with Mattie. You've come back
16 and had the conversation about you can't
17 produce records. Is there anything else that
18 Mattie told you or said? I mean, did he have
19 information about if there was more than one
20 check, if there were other checks?

21 A He says, "There's a lot of stuff
22 missing." He didn't give me a figure.

23 Q That's what he said, there's a
24 lot of stuff missing or a lot of money
25 missing? What did he say?

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2 A Money is checks and cash. Cash,
3 I can't account for. When they do the
4 roll-offs and a customer pays by cash, if
5 there's a receipt, it's a three-part receipt,
6 okay, the customer gets a copy, you get a
7 copy, and then the office gets a copy, so if
8 I come in with cash for \$500, okay, the
9 customer pays \$500, because a lot of
10 customers used to give it to the driver, the
11 driver will give it to the staff at the
12 office.

13 Q But they wouldn't give it to
14 Joanne. Who would they give it to?

15 A They are supposed to give it to
16 Joanne. There's a lot of money coming in the
17 office. Joanne is over here, they get the
18 money from the roll-offs over there.

19 Q "Over there." Who are the people
20 "over there"?

21 A The outside. That would be Tony,
22 Lisa and Eileen.

23 Q Those are the three people who
24 are in that office where the money would come
25 in from the drivers; correct?

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A That's correct. They would take the money, towards the end of the day they would walk over, give the whole stack to Joanne, and Joanne would post it on the computer.

Q Did you ever hear from Joanne that, in her opinion, there was money missing, or failure to account for?

A The problem is, you can't account. The way the system is set up, it's done for the roll-offs --

Q Three people?

A Three people -- there's no way that Joanne would know how many boxes went out and how much money went in, until she got it.

Q She would have had to have gotten the money and the record from one of those three people?

A Right. There was no log, because the tickets were like this big (indicating), maybe four by five, and there was numbers on it. But they weren't logged in. In other words, if there was fifty tickets, and I took

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the ticket and ripped it up, took it home with me, and then took the \$500, that ticket would not -- there's no record of it, there's no record of that ticket anywhere, and the 500 is gone; there's no record of \$500 being anywhere, because the customer paid cash.

Q The customer would have a copy of the ticket; right?

A How do you know who the customer is? There's thousands of customers; roll-offs, that's a one-shot deal.

Q If someone were bent on stealing money, if someone were, that would be one way to do it?

A That's correct.

Q Did there ever come a concern that Aaron Deems might not be accounting for his money appropriately? Did that ever come to your attention?

A Well, I should mention he was there, also. There was four people. I left him out. The assumption was, and I think it was poorly figured out, because she was the newest person there.

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Q Eileen?

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A Eileen was the newest person there. There was no problem before. Now, all of a sudden, they have a problem, she's the newest person there, now we have a problem.

8

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Q When you say, "the assumption", you mean Mattie's assumption it was Eileen?

10

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A No one has any real proof. I didn't. I don't know if there is any.

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Q Just so that I have a clearer idea, if there was diversion of money from cash payments, that basically, in your opinion, it could have occurred over at the outside building in which the four people who would have been there, who could have received money from the drivers, would be Eileen Baselice, Lisa Nichols, Tony Cardillo and Aaron Deems, while he was there?

21

A Yes.

22

23

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Q Did Joanne ever complain to you about anyone, other than Eileen, in terms of accounting for money?

25

A No.

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Q What Mattie said to you as best you recall is that there is a lot of money missing; is that correct?

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A That's correct.

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Q Did he say anything more about that topic? Did he say what his theories were, what he had done himself?

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A What he did at the moment was, he put a lock box where, when the cash comes in, the drivers put it into the slot. And two people have the key, so the money is in the box. At the end of the day, Joanne and Mattie put the key in and take the money out, so it is all accountable.

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Q Let's go back to the Eileen situation. I think I understand what you've done. After the conversation with Mattie, which you've just described, what happened next in that story? Did you, yourself, ever talk to Eileen about the subject?

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A No.

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Q Did you ever hear anyone else in your presence talk about the subject with Eileen?

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A Talk with Eileen?

Q Yes.

A No. No, I never discussed anything with her.

Q Did you ever see someone talk to Eileen about this topic, and be present at the time it occurred?

A No.

Q Did you ever learn what happened next, after -- you know, what happened further with respect to Eileen?

A No. The story I heard was she left and she went to work for another company.

Q Do you know who told you that?

A Joanne.

Q Did you learn, from anyone, about how that came to pass, whether or not she was confronted or whether there was an investigation or what?

A Oh, for the money?

Q Yes.

A I thought you meant for the job. Oh, that, I don't know.

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Q All you know is some day you came in and Eileen was gone; is that right?

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A She left. She went to work with one of our customers, who we used to deal with.

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Q Who was that?

8

A Mackamie Construction.

9

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Q What is it that Joanne told you about the circumstances of her departure?

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A That she went to work for Mackamie Construction.

13

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Q To your knowledge, John, did anyone ever confront her about missing money or missing checks, or conduct that she did at the bank?

17

18

19

A No. The only person that I think would talk to her, would be Mattie, or someone above Mattie.

20

21

Q To your knowledge, you don't know of anybody who actually did so?

22

A No.

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Q Nobody told you that that had happened, that she had been confronted, or that an investigation had been done?

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A No.

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Q You don't know whether or not

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Mattie reported the subject to anybody,

5

himself, the problem of missing money?

6

A I really don't remember, you

7

know, if he called anybody up and told

8

anybody about that.

9

Q Okay. That's fine. Did you talk

10

to anybody about the Eileen missing checks or

11

misappropriation, other than the people

12

you've mentioned today?

13

A No. Besides my wife, no.

14

Q And the people at the bank?

15

A No.

16

Q You never brought any of the

17

banking records back here; they all stayed at

18

the bank?

19

A Right. Then you and I spoke and

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I asked you if you wanted -- not to say

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anything to the people, because I didn't want

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to get them in trouble, I said subpoena the

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bank, that's what we did; which is exactly

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what we did.

25

Q Did it ever come to your

1
2 attention that there was at least an
3 allegation or an instance of fuel, or diesel
4 fuel, being taken by unauthorized people at
5 this location?

6 A I heard through one of the
7 drivers mentioning it to me.

8 Q Do you remember the name of the
9 driver?

10 A The answer is no. I'll tell you
11 why. They all have nicknames. I never knew
12 anybody's real name.

13 Q What was the nature of what you
14 learned? What did this person say to you,
15 this driver, who you don't remember his name?

16 A He said to me, "Did you hear that
17 he's been fueling up his friend's truck," and
18 stuff like that.

19 Q What did you say?

20 A I says, "Really?" I was like
21 surprised. I says, "Does Mattie know about
22 it?" The answer was, "I don't know."

23 Q Did you, yourself, ever have
24 reason to believe that that was occurring?
25 Did you ever see anything that, to your

1
2 knowledge and belief, made it appear as if
3 maybe unauthorized people were taking fuel?

4 A No. The only thing is, I used to
5 leave at five o'clock. Aaron would stay
6 later, till the trucks came in. They came in
7 most days 6:00, 6:30, depending what day. He
8 had a lot of visits from his friends that
9 would come and visit him.

10 Q As far as you know, you,
11 yourself, did not see any of those friends
12 taking anything that belonged to Allied?

13 A No.

14 Q The only knowledge you have that
15 possibly fuel was being taken was this one
16 conversation with the driver whose name you
17 can't remember?

18 A Right.

19 Q Did you become aware of whether
20 there was ever any investigation, any efforts
21 by someone, to find out whether fuel had been
22 taken, or to document how much fuel had been
23 taken, if it had?

24 A No, because, actually, the guy I
25 spoke to was a mechanic, not a driver. He

1
2 left. He left the company, went to another
3 company. So he was kind of like the one that
4 used to talk to me. You know, once he
5 left --

6 Q All right. Do you have an
7 opinion as to whether Aaron Deems, when he
8 was here, did a good job, a fair job or a
9 poor job?

10 A Well, you know, I wasn't his
11 supervisor, I didn't watch him all day long,
12 you know.

13 Q I understand that, but you did
14 interact with him, he was, in a sense, by
15 title, your boss?

16 A Right.

17 Q And we've talked about how you
18 felt about that?

19 A Right.

20 Q But I'm asking, you know, if
21 there was any conduct or business behavior on
22 his part that, in your view, might not have
23 been of the highest professionally or highest
24 competence?

25 A I didn't like the way he spoke to

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people, the drivers.

Q You didn't like it? Was he demeaning?

A Yes.

Q Did you have an opinion, or do you have an opinion, as to whether he treated people in a certain way for any particular reason, or was he just difficult with everybody, talking about Aaron?

A You're talking about the staff, or outside the staff.

Q The staff.

A Oh, the staff? Repeat that again.

Q What I want to make certain is that if Aaron acted improperly or inappropriately, in your view, in his business conduct, I want to make sure that I've asked you a question to bring that out. So was there conduct by him, business conduct -- he wasn't a person you socialized with?

A No.

Q -- in his business conduct, were

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you critical of it when he was here?

A Yes.

Q What were you critical of?

A The way he spoke to the drivers.

Q Just to the drivers?

A Well, the staff, itself, in general. Most of them -- the drivers, he was really in charge of drivers. Most drivers were older than him, or his age or whatever. I just didn't like the way, as a boss, to talk to people like that.

Q Was there any particular defect, did he treat everybody equally poorly, or were there some he treated better than others, and what was your opinion on that subject?

A He treated everybody poorly.

Q Did you ever have reason to believe that he did not give a full working day to Allied?

A Well, if he was not around, I don't know where he is. I can't just say: You're working, not working. I'm doing my job and I work for the money I'm getting

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A A fuel company that Jim Hickey owned.

Q When did you first become acquainted with IPPI as a company that Jim Hickey owned? How did you first learn about IPPI?

A They used to deliver the fuel in the yard.

Q Did they do that before Allied, or only after Allied --

A I don't want to say it's Valley or Allied. I'm not sure.

Q How did you know, or why do you believe IPPI is a Jim Hickey company?

A He had mentioned that's his company; you know, when it was Valley, he had bought IPPI.

Q If you have knowledge about this, is Aaron Deems currently working for IPPI, if you know?

A I couldn't give you an answer.

Q Did you know that Aaron Deems, at one time, did work for IPPI, after he left here?

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A I heard that he did, but I have no proof to say that he did or did not. I've seen him on a truck.

Q Did you see him on an IPPI truck?

A Yes.

Q Do you have knowledge as to who was responsible for, shall we say, operations at IPPI?

A Present or before?

Q Either time.

A I would say Jim Hickey, himself.

Q Why do you say that?

A Because he would take care of his own stuff. After he passed away, I don't know who else got the business.

Q Do you have any information, at all, about after Jim Hickey passed away, who took his position or bought him out or succeeded to his position?

A The only thing I heard through people in the bank is his son-in-law.

Q His son-in-law is?

A I don't know. They were both married. I don't know if he has a son-in-law

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with the first marriage or the second marriage. I don't know.

Q Let me ask you the same question: Have you heard of a company call Corsi Tire?

A Yes.

Q What can you tell me about Corsi Tire?

A That was owned by Jimmy Hickey's second wife, Betty.

Q Jim Hickey was only married twice; he didn't marry a third time?

A Twice is all I know.

Q Before he died, that was his wife and they were still together, even when -- you know, at his death?

A Right.

Q Did Jim Hickey have any role, as far as you know, with the administration or management of Corsi Tire?

A He was there to make sure the place was clean. He was very particular about keeping his shops, even the office, keeping everything clean, making sure the guys are doing their work. His wife had

1
2 another business in Thornwood, another Corsi
3 Tire in Thornwood.

4 Q Was his wife an operations
5 person; did she have a role at the company,
6 if you know?

7 A I couldn't tell you. I don't
8 know where she would be.

9 Q Did you ever hear the name James
10 Ida?

11 A No.

12 Q Did you ever hear the last name
13 Ida?

14 A No.

15 Q Do you have any personal
16 knowledge of the employees at IPPI today, who
17 works there today?

18 A I used to bring my car there for
19 an oil change. The only one I knew was
20 Billy, he was in charge of the mechanics,
21 setting up appointments for customers.

22 MR. SOBOCIENSKI: Are we talking
23 about IPPI or Corsi?

24 A Didn't you say Corsi?

25 Q I was going to ask either one.

1
2 MR. MACK: Thank you, Don.

3 Q Let me ask first Corsi. Is there
4 anybody at Corsi today that, basically, you
5 know?

6 A Billy. I don't know his last
7 name.

8 Q Let me ask you the same question
9 with respect to IPPI: Is there any employee
10 or person who works at IPPI today, that you
11 know by name or nickname?

12 A No.

13 Q You don't know whether Aaron
14 works there or not?

15 A Jim Hickey has a son. I don't
16 know if he is working in that business.

17 Q Jim Hickey's son is who?

18 A Ryan.

19 Q How old would Ryan be?

20 A Somewhere in the twenties. I
21 don't think he's in his thirties. He's a
22 young fellow.

23 Q Now let's go to the topic of
24 Englehardt. When I say "Englehardt," what do
25 you have in mind? I may not be using the

1
2 term or name you are familiar with, with
3 respect to this customer. Is there a name
4 that I should use, that's more representative
5 of the topic as you know it?

6 A Englehardt is fine. It used to
7 be Mearl. I guess they changed names.

8 Q Let me use the word "Mearl."

9 A You can use Englehardt.

10 Q I don't want to use a term that
11 basically, in your mind, cuts out thinking.
12 Do you know how to describe or how to spell
13 Mearl, when you say Mearl?

14 A Mearl is M-e-a-r-l-e.

15 Q When we say Mearl, and I include
16 Englehardt within Mearl for the question,
17 what are the locations that come to mind, the
18 locations that are covered by that account,
19 if you know?

20 A I know there's a location in
21 Ossining, but I don't know if we do the
22 garbage there or if we did in the past. That
23 used to be Mearl, now it's Englehardt. The
24 one that's up in Peekskill is called
25 Englehardt.

1
2 Q How many different pick-up
3 locations, in your mind, exist for Mearl,
4 I'll say, slash Englehardt?

5 A In all the areas?

6 Q In all the areas, if you know.

7 A I really don't -- I don't want to
8 say a number that's going to be wrong, I
9 really don't know, that was already a
10 customer of ours with Hudson, because --
11 anything that has compactors is a Hudson
12 Waste Company. Usually, the small containers
13 are usually Lee Valley.

14 Q I have custody of the vast
15 document repository system that Allied Waste
16 has available, documents that were produced
17 to me recently, that I am told came from
18 Valley. So I have these here. I actually
19 have Ilissa's letter to me of August 19th.

20 MR. MACK: So what I'm going to
21 do, just for the fun of it, is mark this
22 collection as Englehardt 10.

23 (Group of documents marked
24 Englehardt Exhibit 10.)

25 Q From what I understand, that

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Ilissa told me in the letter, is that these were found by you?

A That's correct.

Q With Joanne's help, here at Valley?

A Right. You were with Joanne and told me to come -- she needed more time to go through Mearl Corporation, the folder.

Q So what I'm going to do, because I may not appreciate their full value -- and Mearl, for Mr. Nissenbaum, is spelled M-e-a-r-l -- I'm going to make these available, because my reading of them is, except for one letter which we will talk about, most of them appear to relate to earlier time periods than what I'm focusing on, because I'm focusing on, really, almost exclusively, the time period when Allied was responsible for Valley, and many of these purchase orders and other documents are prior to that, with the one exception of a letter which we will talk about, which was produced before, but may have been misfiled, which is dated July 3, 2001.

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2 What I want to do, to be fair to
3 you, is that if any of these documents would
4 help you answer my questions, I want to make
5 the file available to you, because that's
6 what I most recently received, and it may
7 assist you in answering some of my questions.

8 You may review that, John, just
9 to be comfortable with it.

10 (Pause.)

11 THE WITNESS: This is the one
12 that I sent to you, the first one?

13 MS. ROTHSCHILD: Yes.

14 Can we go off the record?

15 MR. MACK: Sure.

16 (Discussion off the record.)

17 MR. MACK: On the record.

18 A These are old purchase orders or
19 invoices.

20 Q Right. That's my reading of it.

21 MR. BLOCH: He didn't finish?

22 MR. MACK: I really want him to
23 know he has them available if he wishes to
24 look at them.

25 MR. BLOCH: Okay.

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MR. MACK: I'm not going to ask him any specific questions with respect to any document in those packages, except, I think, the top one. But they are available if it helps him to answer the questions, which will be:

Q When did you first get involved, either on the telephone or by direct visit, with any of the Mearl/Englehardt locations; you, personally, John?

A I don't know the month or the time, unfortunately. Aaron called me up on the phone, this is probably when he was ready to leave, he was going to go into his own business, he said, and leaving the company.

Q Would it be fair to say that you had no contacts, either by telephone, correspondence or in person, with anybody at Mearl or Englehardt?

A I didn't know they existed as a customer, at that point.

Q At about the time that Aaron Deems was leaving; would that be fair?

A Yes.

1
2 Q You can give me all those
3 documents back.

4 Now, bear with me while I confuse
5 myself.

6 Let's go to the first
7 conversation with Aaron. I believe I
8 understand your answer to my question is that
9 the first time you heard or became personally
10 involved with anything to do with
11 Mearl/Englehardt, is when Aaron Deems had a
12 conversation with you. Tell me what that
13 conversation was.

14 A He called me up from his car, he
15 says, "Look, Jim, one o'clock, we have to go
16 to Englehardt, I have to introduce you to
17 Daren Miley."

18 Q We have his name here, spelled
19 out, but if you know his name, how to spell
20 it, because we have documents here with that
21 name in it, but, you know, you can take a
22 shot at it if you know it.

23 A Probably D-a-r-e-n M-i-l-e-y.

24 Q Whatever. So, in other words --
25 his name will be here. This is not a

1
2 spelling contest. I just wanted to know if
3 you knew it on your own. Tell me, he calls
4 you up from his car?

5 A He says, "We have to meet with
6 this guy Daren." I don't know what day it
7 was he called, but I said, "I can't, I got my
8 customer, I can't drop my customer to meet
9 one of your customers."

10 Q When he talked to you, when Aaron
11 is talking to you -- did he use Englehardt or
12 Mearl?

13 A Englehardt.

14 Q -- when he mentioned that, did
15 you know what he was talking about?

16 A No.

17 Q Had you ever heard the name
18 Englehardt before?

19 A No.

20 Q Did you have any personal
21 knowledge, just in driving around, et cetera,
22 what Englehardt was, what kind of a company
23 it was, or anything of that nature?

24 A No.

25 Q So you told him you had your own

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customers. Take me through the conversation.

A He wanted me to cancel my appointments, to meet him at one o'clock at this address that he gave me, 1057 South Street, in Peekskill.

Q Do you remember that to be what he told you?

A My office is right across from there now. I can't forget that address, especially with all this going on.

Q Is it your recollection that he gave you that address in this first telephone conversation?

A He says, "You have to meet me one, one-thirty." I know it was after lunch. I said, "Aaron, I can't go there, I have companies that I have to go south. I can't go south and make it there at one, one-thirty."

So he wasn't happy. I said, "Make it another day."

Q Did he explain to you why this was important or what this was about or what the subject was?

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2 A No. No. He says this is his
3 customer, he was handling it, and before he
4 leaves... So I says, "make another
5 appointment, make it another day that I can
6 go." So I checked to make sure that my days
7 are, you know, okay, for him to set it up.
8 He set up another day, the time span, he set
9 up another date, and I met him there.

10 Q We have some correspondence here,
11 so we are not going to guess, we have a
12 pretty good idea when they were. I'm going
13 to show you some of these documents, some you
14 have seen already, but why don't you tell
15 me -- was it at 1057 that you met Aaron?

16 A Yes.

17 Q Definitely 1057?

18 A I went to the wrong building, I
19 remember that. There's two buildings,
20 there's one across the street and one on the
21 other side. I went to the one, I guess,
22 closer to the river, maybe 1057, and the
23 other one is inward, towards 9A.

24 Q Just because I nod, I happen to
25 know which one is where. I just want you to

1
2 do the best you can. I'm not going to tell
3 you. I'm interested in what your knowledge
4 is. I'm going to show you all this
5 correspondence. That may help you with some
6 things. In terms of -- you went to the wrong
7 one. O.K?

8 A I went to the wrong building.

9 Q What did you do?

10 A I'm beeping Aaron, and I says,
11 "Aaron, where are you?" He says, "Where did
12 you go?" I said, "I'm at Englehardt." He
13 says, "No, go to the other side." And I went
14 and we parked in the parking lot.

15 Q How would you describe that
16 location? What did it appear to you to be?

17 A The company?

18 Q Yes.

19 A Industrial, all kinds of --

20 Q Like a factory?

21 A Yes, like a factory.

22 Q What happened? What did you do
23 next?

24 A We went in. He went to the
25 receptionist and said, "Aaron Deems to see

1
2 Daren Miley." We had to sign in. We waited
3 for a while. There was a picture of the
4 building in the past and a picture in the
5 future, and I says, "What kind of building is
6 this? What do they do?" He says, "They make
7 makeup." They have a big enclosure, and it
8 has all kinds of different makeup stuff on
9 it.

10 Then Daren Miley came down, we
11 signed in, he let us come in, and we had to
12 put helmets on. We went out to the yard. We
13 walked around. Apparently, Aaron either --
14 they were talking about clubs and drag racing
15 and girls and stuff like that, you know. Of
16 course, I wasn't interested in that. I'm an
17 older guy. These guys talk about, "Did you
18 go see this guy?" They were BS'g for twenty
19 minutes, half an hour.

20 Q While you're walking around?

21 A Yes.

22 Q Could you tell whether or not
23 they had socialized together, themselves, or
24 were they just talking about individual
25 experiences they had?

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2 A I don't know if they had been to
3 a bar together in the past, or what, but they
4 seemed pretty buddy-buddy. In sales, you do
5 have to be buddy-buddy to make a sale. The
6 guy had a picture of a girl, I don't know,
7 she's a Playboy Bunny, with the boyfriend,
8 who is a driver. They were passing pictures
9 around.

10 Q Was it your belief, as you were
11 listening to that conversation, that they,
12 Daren and Aaron, had socialized together
13 before that meeting, or were they just
14 recounting similar types of experiences?

15 A No, I'm sure they met before,
16 whether it be business or pleasure.

17 Q Continue and describe this
18 occasion for me.

19 A Aaron was talking to Daren, you
20 know, picking up the garbage, compactors,
21 they were walking around, and I've -- I stay
22 back, because that's how Aaron was trained by
23 Mattie, you know. What I'm trying to say --
24 I don't know how to say the word, like when
25 you're a boss -- I was a peon. I shouldn't

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use that word. I was two feet away so they can carry on the conversation.

After they have their conversation, he told Daren that I would be taking care of his account.

Q Aaron told Daren?

A Right.

Q That it would be you, John Lombardo?

A That he's leaving, going on to his own business or whatever he is going to do.

Q Had the terms of service been resolved before this meeting, during this meeting or after this meeting?

A Probably before, because Aaron handed me -- you probably have it -- a letter that Aaron sent to Daren Miley with the prices. That's what was handed to me.

Q Let me come over and sit beside you, not only because I'm an old person but I need to show you these documents as well, so that I'm clear as to how this meeting transpired.

1
2 Now, I have marked, with these
3 little orange markings -- they have no
4 independent significance other than to me to
5 keep track of what documents have been
6 marked, and I've tried to number them fairly
7 closely to chronological order, but the
8 numbers mean nothing.

9 So I show you what I marked as
10 ENG-1, I've just done that, a letter, on
11 Hudson Waste Haulage, dated February 16,
12 2001.

13 (Group of documents marked
14 Englehardt Exhibits 1 to 4.)

15 Q Okay?

16 A Uh-huh.

17 Q Take a look at it, tell me what
18 you can remember about this letter.

19 A He gave me this letter.
20 Actually, he gave me a folder, like this
21 (indicating).

22 Q "He," being Aaron?

23 A I'm sorry, Aaron. And there was
24 other documents in there. He handed it to
25 me. I went in my car with the documents, he

1
2 went in his car, wherever he went. I don't
3 know if it was the same day or a day after, I
4 showed it to Mattie. This is Aaron's
5 proposal. It says "Service Proposal."

6 Q Let me stop you here. I don't
7 want to get ahead of myself. In the folder
8 that Aaron gave to you, he gave you the
9 folder with documents in it prior to your
10 meeting with Daren that you've talked about?

11 A He gave --

12 Q When did Aaron give you --

13 A After we left Englehardt, at the
14 car, he gave me his folder with these
15 documents.

16 Q Let me try to find out what was
17 in the folder at the time.

18 A Okay.

19 Q ENG-1, ENG-2?

20 A Right.

21 Q I just want to know what's in the
22 folder. I think I took a shot at pretty
23 close to -- no, not yet. Bear with me. How
24 about this one?

25 A I'm not sure.

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Q Let's just do the ones that
you're sure of. ENG-1?

A Right.

Q ENG-2?

A Right.

Q Was there anything else in the
folder that you can remember, besides those
documents?

A Just those two, at this point.

Q He, Aaron, gives you the folder
with ENG-1 and ENG-2, right after the meeting
with Daren, and what happens next; what do
you do next?

A The next day, or a day after, I
gave --

Q ENG-1.

A I showed this to Matt Hickey.

Q ENG-1 and ENG-2, or just 1?

A I was looking for the 1.

Q With the notations. This is also
in the thing?

A This is also in the thing.

Q Let's be careful. We are
referring to ENG-4. There are handwritten

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notations on ENG-4. Do you recognize whose handwriting that is?

A That's mine.

Q This is John Lombardo's writing?

A Yes.

Q What were the circumstances under which you wrote in these handwritten numbers and entries on ENG-4?

A I went over to Mattie and I says, "These are the proposals that Aaron gave to Englehardt." He looked at it, he didn't like the prices.

Q Tell me why didn't he like the prices. What was he recommending to you, what was Matt Hickey telling you that he didn't like?

A He just said, "I don't like the price." He said, "This should be 903, this should be 240." I guess the prices were low. 10-yarder on call, \$70 a month, he changed it to -- he says, "Make it an 8-yarder, 240."

Q Let's talk about -- that's for Buchanan. When you say Buchanan, do you know what was produced a that location?

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A No.

Q Let's talk about the first one on
ENG-4, where it says "Peekskill."

A Right.

Q Did you know what location that
referred to?

A I assume that was 1057 South --
sorry -- South Street.

Q Because that's how it is
addressed?

A It says "Peekskill." I assume
that was for that address.

Q Looking at the notations in your
writing that came about because of Mattie's
direction, was the price being raised or
lowered?

A May I have a calculator?

Q You and I can look at it.

A The thing is, he put down five
times a week, Mattie says, "No, we do it
Monday, Wednesday and Friday."

Q The frequency?

A Was less.

Q And the price was less. We can

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do the math.

A Okay. This is the yardage that he charged.

Q \$7 a yard?

A Right. Right.

Q Do you have an opinion as to whether that was more than Aaron said, or less?

A Without calculating, I don't want to --

Q You can calculate on a brake. You can do that.

Let's go down to the third entry, Peekskill, I'll call it 2. In other words, the second reference. What is that location?

A I'm still assuming it's the same place.

Q You don't really know whether there was a difference between the two Peekskill locations?

A No. I only went to one location in Peekskill.

Q You don't know the answer to that question?

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A Right.

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Q What is Mattie suggesting be done with respect to this second one?

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A We had no 40-yarder compactors, so we changed it to a 30-yarder roll-off, which is an open top, and on call, so that price would be different, because cardboard is different than a compactor, a lot heavier, a lot bigger.

11

Q So the price would increase?

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A No, actually, this is a good price for cardboard. We gave him a better price. \$7 a yard, at the time, was a really fair price.

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Q What I'm going to ask you, as soon as we come back from our break, is what was Mattie doing to this offer by Aaron, how was he changing it, was he changing it -- and why was he changing it?

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A He was changing it to fit what we had, and Aaron just giving the customer something that we don't have. We didn't have any 40-yard compactor, we had to go out and buy it. It cost like \$35,000.

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MR. MACK: Let's stop there and give Mr. Nissenbaum and us all a break, and we'll resume with this subject matter when we come back.

THE WITNESS: Okay.

(Short recess taken.)

MR. MACK: Let's go back on the record. Let's continue.

Q You know, I don't know, because you're much more expert on this, John, than I am, are you able to tell by looking at ENG-4, what was the general purpose or theme of Mattie's direction to you to change?

A All right. First of all, the price is exactly the same.

Q Okay.

A And the reason why -- let me explain how Mattie works. Mattie is the boss. If I give a customer a 2-yarder twice a week for, say, \$100, he would come back and say, "Why don't you give them a 4-yarder once a week, it would be better, we won't have to go there twice. Do a 4-yarder, because --"

Q It will cost less?

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2 A No, because he's the boss, that's
3 his decision, he made the deal. This is why
4 he did this. At this point, Mattie and Aaron
5 were on their outs. They were good friends,
6 but they had their words, so he had to do
7 this to show he's the boss, to Aaron and to
8 me, that, "This is my decision, this is what
9 I want."

10 Q We are talking here about the
11 changes that Mattie directed you make, shown
12 on ENG-4?

13 A Yes, that's correct, up to this
14 point. At this point, we had no 40-yarder
15 compactors, so that was a good call on
16 Mattie, because he saved money, because
17 Hudson Waste, at that point, or Allied,
18 whoever, would have to go out and buy a
19 compactor for Englehardt.

20 Q What you're telling me is that
21 these directed changes by Matt Hickey did
22 change the numbers that Aaron quoted.

23 A These are exactly the same. What
24 do you have --

25 Q Buchanan.

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2 A This is a higher rate, but I
3 don't think -- I think he is doing this -- he
4 is doing it for the same price, but instead
5 of on call, he is doing this for once a week
6 pickup. You can't do it \$30 or \$40. This is
7 a once-a-week pickup. Aaron was doing on
8 call, where the customer had to call up every
9 time the container is filled up to pick up
10 garbage. If a customer calls on a Friday,
11 the next time we are going to get there is on
12 a Monday.

13 He said: Let's pick it up once a
14 week, let just do it, and meanwhile, we are
15 still making good money on it.

16 Q I understand your interpretation
17 of this letter. It is your writing, and
18 Mattie is basically making some service
19 decisions, but he's not really, in your
20 opinion increasing the price of the service?

21 A No. \$7 a yard is a good price.

22 Q To your knowledge, was Englehardt
23 or Mearl receiving service from a Valley
24 company on this date, February 16, 2001?

25 A That, I don't know. That's the

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question. I don't know.

Q Do you have any information as to whether or not the service was being provided, and had any relationship or there was any dumping going on at Westchester Resco, at this time?

A At this time?

Q February 16, 2001.

A No.

Q Do you have any information about what type of material and waste was being produced at -- there are two Peekskill references, and a Buchanan reference. Do you have any idea what kind of waste it was?

A From the proposal, it's indicated trash. It doesn't say what it is for, doesn't say it for cardboard, industrial. I put down trash. Trash is trash.

Q Is that MSW?

A Trash to me is garbage, food.

Q What about chemicals?

A That's not trash.

Q What about plastic materials?

A Plastic would be commingled.

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Q Let's talk about industrial plastic.

A You would have to ask somebody else about that.

Q At the time that ENG-4 was written, did any of the topics of what specifically was being serviced here, come into question?

A No.

Q Was there any concern on your part, at the time, to cause -- one facility was clearly a plant -- that there might be materials being produced at these locations that were not trash?

A After this, Tom Taverna, Daren's boss, mentioned to me at one point, film.

Q Let's stop there. Let's proceed. We've dealt with ENG-4. You made these changes in your own writing as a result of Mattie's direction?

A Right.

Q You don't know whether there was prior service, there was increased service here?

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A No. This is what I'm assuming:
This is a proposal that Englehardt could not do the garbage anymore, they were dumping at Resco, they weren't allowed to, they were looking for service, that Daren Miley was friends or knew Aaron, and wanted a proposal for that garbage, to give him the account.

Q Why do you have that opinion? Is that because of things you've learned subsequently, or later, or is it because of what you recall was going on at the time?

A No, just an assumption. As I'm reading this and going over the conversation, that's what it looks like to me. I could be wrong. This is how I'm feeling about it.

Q I want to make certain here: Do you know that there were some problem or issue back in February of 2001, with Englehardt/Mearl garbage going to Resco?

A Not at that point.

Q So that was not a part of your knowledge --

A No.

Q -- in this period of February

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2001?

A No.

Q Matt Hickey didn't say to you, in or around February 2001, that Englehardt can't take it, the garbage or waste, to Resco anymore?

A No. I found out later on that's why they wanted somebody else to do the garbage.

Q Let me ask you next, and feel free to refer to these: You got this information from Mattie --

A Right.

Q -- reflected on Englehardt 4?

A Yes.

Q What did you do with it? Did you change something, did you take the information here, that you had written down, and do something with it?

A Well, Mattie made me change that. I did this form for Tom, because Tom Taverna was Daren's boss.

Q How did you come to know Tom Taverna?

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A Tom Taverna or my boss -- Daren Miley says, "My boss, Tom, has to make decisions on any proposal."

Q Let me get that right: Your recollection is that Daren --

A Miley.

Q -- said to you that Tom Taverna was his boss?

A Makes a final decision on whatever.

Q Did Daren say that at your meeting that included Aaron, when you went to the plant? How did you learn about Tom Taverna?

A Through Daren Miley, when I spoke to him over the phone after Aaron left.

Q What's your recollection of what Daren said to you in that conversation?

A Any proposal, Tom Taverna has to make the final decision.

Q What did you do?

A I mentioned it to Mattie and -- the conversation goes a little further, because when I called up Tom to set up an

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appointment to talk about the proposal, he says, "Well, we have film." Now, maybe I'm stupid, but I thought he meant film for cameras, so I'm saying, "Well, all right, I'll get back to you."

I said, "Mattie," I says, "Well, he's got film." Even Mattie said, "What kind of film?" "Film for a camera." He says, "Film?" "Let's set up an appointment, you come with me, you know more about this than I do.

Q This is Mattie talking?

A Me talking. We set up an appointment and met with Tom, at some point between February and April.

Q Between February and April 2001, you and Matt Hickey went back to Englehardt?

A That's correct.

Q Tell me about that occasion. What happened then?

A We went to Englehardt, we met with Tom.

Q Tom Taverna?

A Tom Taverna.

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Q Was this at the same location as you had been with Daren and Aaron before?

A Yes. Yes.

Q Tell me what happened at this meeting.

A Daren was there, introduced myself and Matt Hickey to Tom. We put our helmets on, goggles, we strolled out. I hung out with Daren, and the two bosses walked a couple of feet ahead and talked.

Q What did you see? Did you see what the plant was producing?

A It was outside. It was in containers. I didn't see what was in it. I didn't ask, because Mattie was doing all the talking. If he is the boss, I'm in the back, to say what's in it.

Q Do you know that he asked what was in it?

A No. I'm assuming, since he's the boss and he went there for that reason, that he knows what to talk about.

Q Did you, yourself, receive any knowledge, on this visit, as to what this

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plant produced?

A No.

Q So it --

A Sorry. Let me correct that for a minute. After he finished with the conversation, when me and Mattie left, I says, "What does he mean by film?" And I guess -- I don't know how to explain this, but when they are making the makeup in these drums, I guess maybe it spins, I don't know, there's like a layer of film, that's what he meant by film, around the drum.

Now, whether that's hazardous, whether it's industrial, that, I don't know.

Q Did Mattie know?

A Apparently, he did. I'm assuming. I don't know. I mean, I didn't ask him, "What does that mean?" He is in the business for thirty something years. I'm not going to question him and say, "What does that mean?"

Q So you assumed that Mattie understood or was knowledgeable about what type of waste this was?

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A Right. When he said film, Mattie explained to me what he meant by film.

Q Was there any discussion, between you and Matt Hickey, as to what type of waste this was, or where this waste could or should be taken?

A No. No. All I knew is that he says that they didn't want it to go to Resco.

Q "They," being who?

A Englehardt. Because they have their own garbage trucks -- apparently, somewhere in their lifetime, they had their own trucks and used to bring it to Resco, and Resco didn't want them to bring it there.

Q So did Matt explain to you -- and this was sometime between February and April -- did he explain to you what the Valley companies, what he or his companies or the companies that you worked for, were going to do with this waste?

A He didn't tell me where he was going to dump. He told Tom, "We'll take care of it, we have our own places to dump it. Wherever that is, it's fine with me."

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Q You, yourself, didn't participate in the decision-making as to where this waste should be taken?

A No. No. At that point, I would know where any landfill was, or what would be suitable for something like that.

Q In terms of you made the assumption, if I understand your testimony, that Matt Hickey would know where was the right location for this to go; is that correct?

A That's correct.

Q Now, ENG-3A, which is this April 4, 2001 --

A That's after the meeting.

Q This is a letter that you --

A Typed up.

Q You typed it up on your own typewriter?

A Right.

Q Right. And there's something written in longhand that looks like your writing?

A That's my handwriting, that's

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right.

Q This was a letter you sent to Tom Taverna?

A Right. This picks up the previous one, ENG-4. See the price? I'm trashing Aaron's proposal, putting in the proposal that Mattie told me to put in.

Q You write this letter and you mail it to Tom Taverna; correct?

A Correct.

Q Let me show you this letter, 3-B. Can you explain to me why ENG-3A and 3-B were written, one is written on April --

A This is typewritten, this I did, this probably was done --

Q ENG-3A, you did?

A On the typewriter.

Q Tell me about ENG-3B.

A This looks like it was done on computer. There's my initials, though. That's on computer. We made another proposal somewhere along the line, because there was something that changed. I don't know what changed.

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2 Q Take your time and look at it. I
3 would like you to explain to me why ENG-3A
4 and ENG-3B were written.

5 (Pause.)

6 A The only thing I can think of, I
7 wrote up two proposals and only one went to
8 Tom. There's no way I would give the guy two
9 proposals and look like an idiot. It's the
10 same price. This is 175 for the cardboard.
11 This one doesn't have the price for this
12 10-yarder, three times a week.

13 Q It looks like you signed both of
14 them?

15 A That's me. It's me. Definitely
16 mine.

17 Q I'm not saying it is particularly
18 consequential. I would like to understand if
19 you can explain it to me, and if it refresh
20 your recollection about your interactions
21 with Tom Taverna or Englehardt.

22 A I'm confused myself.

23 Q Take your time. Just take a look
24 at it. Maybe there's no explanation that you
25 can remember.

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(Pause.)

A The only thing I'm coming up with, as far as a clue, this says April 4th --

Q ENG-3A?

A 3A -- and then the other one says -- on April 5th, says the same thing, "Reference to your meeting this morning." I know we didn't meet twice in two days. The only thing, this supersedes this one, or maybe Mattie didn't like this one and we kept it. I don't know which one was sent. That's the only thing I can think of, to be honest with you. I don't know.

Q If you would look at ENG-3B, look up in the upper left-hand corner, the name "Tony" is written in. Is that your handwriting?

A That's correct.

Q Can you tell me what that means?

A Any kind of a proposal that I do, I would show it to Tony so when Mattie says: Do this, he'll know exactly what kind of service we'll be doing for the customers.

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2 Everything was sent over to Tony. There was
3 no contract written. Normally, I would give
4 Joanne a copy of the original contract and
5 Tony would get a copy of the original
6 contract. In this case, there was no
7 contract, so I would send this over to Tony.

8 Q Why isn't there a contract?

9 A Well, sometimes in the past we
10 did written proposals, and the customer
11 wouldn't want to give us a written contract,
12 would give us a PO.

13 Let's say we are going to charge
14 this guy \$5,000 a month, he would give you a
15 PO, a number, I would attach the PO number to
16 this and use that as a contract, that would
17 be sufficient, put that in the folder. That
18 could have been the reason. I don't know.

19 Q Unless I'm mistaken, there has
20 been no purchase order provided us in our
21 request for documents from Allied Waste, with
22 respect to this client, for the time period
23 involved here. I think I'm correct in that.
24 I mean --

25 A The last time I spoke to Daren

1
2 Miley, he says they sent POs. That was, you
3 know, a while ago.

4 Q We are going to keep going here,
5 but if this is a failure on our part to make
6 sure that we got the purchase orders from
7 Allied, we don't have them, so -- I mean,
8 that may be documents that, for some reason,
9 haven't been produced to us. I look at
10 Ilissa because, presumably they have not been
11 produced. We are going to ask that if they
12 are available, that they be produced.

13 In any event, I'm interested now
14 for you to explain to me why there was -- in
15 2001, there was no contract presented to this
16 commercial customer.

17 A Mattie would use this as a
18 contract, with a PO.

19 Q Do you know whether or not that
20 would be adequate with respect to the
21 Westchester Solid Waste Commission's own
22 rules?

23 A I'm not familiar with Westchester
24 Solid Waste Commissions rules. In the past,
25 a lot of people, a lot of brokers, don't sign

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2 our contracts. What they do is, I'll send
3 them a proposal, they will agree to the
4 proposal, award me the contract with the fact
5 that I sent them a proposal, and give me a
6 PO. That's been like that since I've been
7 working here.

8 Q It is certainly something we are
9 going to be looking at.

10 There was no contract here?

11 A No.

12 Q Is there any question in your
13 mind that one of the conditions of performing
14 for Englehardt, was that its waste was not to
15 go to Westchester Resco?

16 A Repeat that?

17 Q I'll say it another way: Was it
18 clear to you that, in the service to be
19 provided to Englehardt or Mearl, at whatever
20 locations, that the service was not to take
21 the waste, whatever the waste was, to
22 Westchester Resco?

23 A That's right, because that was
24 Tom Terverni's message, you know, that we
25 wouldn't bring it to Resco ourselves. That's

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what we'd told Mattie.

Q There's no question in your mind Allied Hudson Waste, whatever is the company performing the service, an Allied company, that that waste was not to go to Westchester Resco; correct?

A That's correct.

Q And where it was supposed to go, and what the specific requirements of the waste set forth by the regulators, et cetera, it was not a topic that you had information about?

A No, I wouldn't know where you would put something like that.

Q You made the assumption that Matt Hickey would know where the appropriate place should be; is that correct?

A Yes.

Q Did you ever discuss the appropriate location for disposal with Tony Cardillo?

A Say that again?

Q Let me make sure. I'm trying to be careful, but I may have not been.

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A Okay.

Q We are going to get into the topic of concern by Englehardt as to where their waste is going, and you were involved in that to some extent, so we are going to get there.

But did you ever have a discussion with Tony Cardillo, the dispatcher, as to the proper place for this waste to be transported, the Englehardt waste to be transported?

A No. I thought, at this point, it was going where it is supposed to go, besides Resco.

Q You're relying on Matt Hickey communicating that information to Tony?

A He would tell the dispatcher where the garbage has to go, he would tell the driver where to bring it.

Q Tony would?

A Right. Up until the point where I wrote the letter that it goes to that place in Pennsylvania, I assumed that it was going to the right place.

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Q Because you relied on Matt Hickey?

A Right.

Q And you relied on Matt Hickey to tell whoever was responsible for the drivers, that would be Tony, to deliver it to the right place?

A Deliver to the right place.

Q There's no question in your mind that after you met with Englehardt, and having spent time at the facility and talked to Tom Taverna, that Westchester Resco would not be the right place?

A That's correct.

Q So it is your belief that Englehardt 3-B, dated April 5th, was the correspondence signed by you that eventually went out to Tom Taverna?

A I'm assuming that went out, because I couldn't have written two letters and met the guy twice within a day.

Q So after you sent 3-B, and let's proceed on the basis that you're correct, what happened next? You sent this

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correspondence?

A That was sent, I don't know how much after, but we got a phone call from -- I got a phone call from Tom Taverna and --

Q So what is your recollection that happened after 3-B, which is what we are -- you're saying is your best effort, to figure out which of these two were sent? What happened?

A There's a time span after that, from April to August. Between April and August, I don't know what happened, until August, when Tom called and asked me, he says, "John, I got a problem." I says, "What's the problem?" He says, "I got inspectors following your truck, and you're dumping your stuff at Resco."

Q That was a telephone call? He called you?

A Right, he called me.

Q What did you do?

A I says, "Tom, I have to get back to you." I didn't know what to tell him. I said, "Mattie, Tom called and he says he's

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2 got inspectors following our trucks and they
3 are dumping at Resco."

4 Q What does Mattie say?

5 A He was kind of shocked, you know.
6 He says to me -- I'm sorry, let's go back.

7 Tom says to me, "I need a letter
8 from these people to tell me where you guys
9 are getting rid of your garbage." I said,
10 "Let me check with Mattie, I'll get back to
11 you."

12 Mattie says, "He wants a letter
13 to the DEP," or whoever these people are,
14 "saying where we are dumping his garbage."
15 He says, "Write a letter and tell him it's at
16 this place over here." I don't know how to
17 say it.

18 Q Let's go to the document. I want
19 to make sure -- is this the letter you're
20 talking about?

21 A I walked in my office, typed it.
22 While he was there, he got on the phone and
23 he says, "Tony." That's all I heard. He was
24 going to tell him to correct it, not to dump
25 it at Resco.

1
2 MR. MACK: I'm going to mark this
3 document ENG-7.

4 (Fax document marked Englehardt
5 Exhibit 7.)

6 Q ENG-7 is a document that you
7 signed?

8 A That's correct.

9 Q Did you type it, as well?

10 A Yes, I did.

11 Q You typed this document?

12 A Right.

13 Q Shortly after your conversation
14 with Mattie?

15 A Right.

16 Q Is that correct?

17 A Right.

18 Q And if I read ENG-7 accurately,
19 it says that the waste being picked up at
20 Englehardt, and I'm just paraphrasing, is
21 being brought to a landfill in Conestoga, PA.
22 Where did you get that information from?

23 A From Mattie.

24 Q Was that accurate?

25 A This place?

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Q Yes.

A That's what he told me. I assume if that's the address he gave me -- I wouldn't know --

Q When you wrote this document, since you're signing this and dating it, you are relying entirely on Matt Hickey --

A Right.

Q -- with respect to where the waste is being dumped; is that correct?

A That's correct. That's why I faxed this, the letter, ENG-7, to Tom Taverna.

Q Do you have reason to believe that you were being accurate or inaccurate, with respect to this letter?

A When I did it?

Q Now.

A I thought I was doing the right thing.

Q But you were relying upon what Matt Hickey told you?

A Right. He says that's where the garbage is going.

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Q Today, as we sit here, do you believe it is still accurate?

A I don't know. I don't know if this is a landfill or not.

Q Okay. Do you know a particular facility that this was referring to?

A This one?

Q Yes.

A No.

Q I want to make sure I don't miss anything about your conversation with Matt Hickey. As I understand it, Tom Taverna talks to you about the problem, the record is there, you go into Matt Hickey?

A Correct.

Q Matt Hickey, basically -- are these your words, or are they, in fact, words dictated to you by Matt Hickey?

A No, all the words are mine, except for the place where it is going to be dumped. He -- Tom Taverna wanted a letter to give to these people so he can show the environmental people that we are dumping the garbage, not at Resco, we are dumping it at

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that place.

Q Where, you say Conestoga, PA?

A Yes.

Q You were telling me something about -- I don't want to miss anything -- that Matt Hickey said. If I recall what you just said to me, as you were walking out you heard him say, or heard him what, call Tony?

A Pick up the phone and call Tony.

Q Did you hear any part of that conversation?

A No, because he was in here, and my office is at the other end of the building.

Q "In here," the room we are actually at today?

A The next office.

Q Did you, yourself, John, take any further steps to determine where Englehardt/Mearl waste was going?

A No.

Q And so you relied upon Matt to tell you?

A That's correct. That's correct.

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Q Did you ever discuss with Tony Cardillo where, in fact, the waste was going?

A No.

Q Did this topic or subject -- you faxed this to Tom Taverna, ENG-7?

A Yes.

Q What happened next, if anything?

A I haven't heard anything since then, since, you know, this thing came up.

Q When you say "this thing," in other words, the investigation and the interviews?

A Because we were never getting paid in the past, like --

Q Did you ever go back to any of the Englehardt facilities to make a collection call, or to soothe the relationships, or in any way to service the account?

A No. At that point, they brought in a person to collect the money.

Q Who was that?

A Mattie's friend, John Conacessa.

Q Tell me about that.

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2 A He was brought in to collect
3 money, and Joanne would give him an aging
4 report, I guess, every week. He would come
5 here and collect money for at least three
6 days. He would get paid for collecting money
7 for Allied.

8 Q Let me see if I get the name
9 right. It's Conacessa?

10 A Yes.

11 Q What was his background, if any,
12 if you know?

13 A I don't know. I know he's
14 Mattie's friend.

15 Q Was he paid by Allied?

16 A Yes.

17 Q Do you have reason to believe
18 that he had an obligation to deal with the
19 Englehardt account?

20 A That, I couldn't tell you,
21 because Joanne was just giving him an aging
22 report, so whatever was on the report to
23 collect, he would collect it. After that
24 point, I was out of the collections.

25 Q Did you ever go back to

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Englehardt, for any reason?

A No. After that, I just assumed that everything was being taken care of, that it was straightened out after he sent him the letter.

Q Let me show you what's been marked as Englehardt 11, which was just -- which was provided to us as part of the Englehardt 10 package.

A Right.

(Letter, dated 7/01, marked Englehardt Exhibit 11.)

Q Have you had a chance to take a look at Englehardt 11?

A This is the forms that I gave to --

Q Ilissa?

A That's in Mearl.

Q This is the only document in that packet that is dated, as far as I can tell, after Allied acquired Valley?

A Right. That's July; correct.

Q My first question is: Why is this letter -- do you have any reason to know

1
2 why this letter, which is dated in July of
3 2001, basically right in the midst of all of
4 the correspondence concerning Englehardt's
5 concerns about its waste, why is it in an old
6 dated Mearl file?

7 A I only saw this letter the first
8 time when I came here.

9 Q Did you have any reason to
10 believe, after your fax, which we have marked
11 as ENG-7, that there was continuing
12 controversy with respect to where the waste
13 was going?

14 A No. Once I sent the letter, I
15 figured that was a done deal.

16 MR. BLOCH: What is the date of
17 Englehardt 7.

18 MR. MACK: Englehardt 7 is
19 actually after.

20 THE WITNESS: This is August,
21 this is July (indicating).

22 MR. BLOCH: It's a little
23 confusing. I didn't see the document.
24 The document that you just references as
25 Englehardt 11 precedes --

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MR. MACK: It is dated, but what I'm interested in finding out is whether John ever saw it before, and he basically says he never saw it before, until the most recent document --

MR. BLOCH: It's not addressed to him; right?

MR. MACK: It speaks for itself.

MR. BLOCH: It's not speaking to me, because it is further than my glasses permit me to see it.

Q Just to reiterate here: We have Englehardt 7 and Englehardt 11. The first time that you, John Lombardo, knew there was an issue at Englehardt with respect to where the waste was going, was shortly before you wrote ENG-7; is that correct?

A That's correct.

Q And that was right after you received a telephone call from Tom Taverna. That's my understanding of your testimony.

A That's correct.

Q So is the fact that there had been, or appears to have been, correspondence

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to Erina Hickey, concerning issues about where the waste was going, was that a surprise to you? You had no knowledge about that?

A Until Tom called me.

Q Until Tom called you. So, therefore, this --

A That, I never saw.

Q -- Englehardt 1 --

A I never knew anything about that.

Q Let me ask you this: There's a stamp with what looks like a --

A "Posted." That means they post it on the computer. If I give them a contract or anything, you give it to the bookkeeper, they would stamp "posted," that it was posted somewhere on the computer.

Q Let's go with this, because this is a letter you haven't seen until very recently?

A That's correct.

Q I want to use the benefit of your experience to tell me what happened here. This "posted," with the marker or the pen,

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doesn't mean any particular person but it's in the computer?

A At this point, Erina could have put it in the computer. It is addressed to her. The only people that could do it, at that point, would be Joanne or Erina.

Q If I wanted to find out where this letter was posted, where do I go, where do I look, what am I supposed to see?

In other words, when you say "the computer," is there a program, is there a specific area that I should ask Allied to produce for me, that would tell me whether the posting of this letter here has any significance, whether it was posted or not?

A Well, the only thing I could tell you, on the system they had -- they had Info Pro. I'm not a computer whiz, but there is a spot on the computer where it comments, where you could put down: I received this letter regarding the invoices or the tickets, whatever it is, and they post it on a date in the computer.

That's the only thing I'm

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thinking of, and they posted it because it's indicated in the computer area, and they still stamped the letter.

Q One thing you're certain of is that posted stamp means somebody put it in the computer?

A That's what they did in the past. Anybody could have stamped any of those letters. That's what they use the posted for.

Q That letter that just surfaced, although we got it from another location, we got it from the author, what I want to find out is whether this letter was, in fact, entered into the computer system; and, if so, when and how.

MR. MACK: You haven't seen that, Don? Have you looked at the computer system?

MR. SOBOCIENSKI: I didn't see that. I don't know whether it's in the computer system. It is not something I saw.

MR. MACK: I think that's

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something important to resolve.

THE WITNESS: Here's a contract.

The contract I give to billing, they will stamp it "posted," meaning the information I put on the contract is in the computer.

I'm just showing you that's what they did with the posted stamp.

MR. MACK: Let me make the request of Ilissa, as a representative of Allied here, to determine whether Englehardt 11, which, up until its recent finding, was one of the so-called "missing documents," was, in fact, posted into the Allied system, which is what John is telling me could have happened.

*INSERT: _____

Q Now, to your knowledge, John, after Englehardt 7, which is -- I asked this, but I want to make certain here -- did you have any further interaction with anyone, either at Englehardt or at Allied, and at this location, about the Englehardt account;

1
2 in other words, in terms of where the waste
3 was going?

4 A After that letter?

5 Q After Englehardt 7, your August
6 2nd fax or -- I guess it's a fax, whatever it
7 was, that was sent in response to Tom
8 Taverna, which is dated 8/2/01. After you
9 did that, did you have any further
10 interaction with Englehardt, or on Englehardt
11 matters, concerning where its waste was
12 going?

13 A No. After that, I didn't hear
14 anything, at all.

15 Q Was there any discussion, in your
16 presence, about was the waste still going to
17 Resco, was it going to an appropriate place
18 or not?

19 A Like I said, I don't know
20 anything -- I didn't pursue anything after
21 that. After I sent the letter, I assumed
22 that's where it was going from that moment
23 on.

24 Q Let me ask the question: Did you
25 go to Mattie and say: Hey, remember that

1
2 problem, what happened, or how was it
3 resolved?

4 A No.

5 Q Never did?

6 A No.

7 MR. SOBOCIENSKI: Could I ask a
8 question?

9 MR. MACK: Sure.

10 MR. SOBOCIENSKI: John, when I
11 interviewed you in February, just to jog
12 your recollection, you had told me about
13 a trip you made subsequent to that
14 letter, with John Briganti, to the
15 Englehardt facility.

16 THE WITNESS: You're right. That
17 was after.

18 MR. SOBOCIENSKI: It would have
19 been when John Briganti arrived, which
20 was subsequent to August.

21 THE WITNESS: 2001?

22 MR. SOBOCIENSKI: Yes.

23 MR. MACK: We are going to get
24 there.

25 THE WITNESS: I'm trying to think

1
2 about -- I went with John because he was
3 having a problem with the drums.

4 MR. MACK: Shall we cover that
5 now?

6 MR. SOBOCIENSKI: Were you going
7 to cover it?

8 MR. MACK: I was going to cover
9 it eventually.

10 MR. SOBOCIENSKI: I didn't
11 realize you were going there.

12 MR. MACK: I definitely want to
13 get there. Why don't we deal with that
14 now, while it is current.

15 Q Now that Don, in his always -- to
16 be helpful, because you were interviewed and
17 talked about this --

18 A I forgot about that.

19 Q -- there was a time you went back
20 to Englehardt?

21 A With John Briganti.

22 Q Tell me about that.

23 A I don't know the time when we
24 went back.

25 THE WITNESS: You said it was

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August?

Q I don't want you to rely on Don. We can figure out when you went there. What we want to know is why you went there. You know, what caused you to go back?

A They said they were throwing drums in the roll-offs.

Q Who is the "they"?

A Englehardt, I'm sorry.

Q Was it a particular person at Englehardt?

A I don't know who it was, though. They had two people there from their office, like environmental people, from their own office. One was a woman, one was a man, and there was another person.

MR. BLOCH: Is this about paint cans?

THE WITNESS: No, something about barrels.

Q Take your time. I want you to think carefully about this. Take your time.

A I don't know what it was. I know it was drums. The only reason I went was

1
2 because John was new --

3 Q John Briganti?

4 A -- was new, he didn't know where
5 to go, so I went with John, and there was two
6 other people there. It was a day like today,
7 raining a little bit. There was a woman, two
8 men, John and myself. John actually went
9 into the container --

10 Q It's a container?

11 A It's a roll-off. He went into
12 the container, because he had jeans on. It
13 was like big barrels.

14 Q Tell me what the barrels looked
15 like.

16 A They were black. It was inside a
17 big roll-off container.

18 Q When you say "barrels," are we
19 talking about like drums?

20 A Drums. I call them --

21 Q Metal drums?

22 A Yes.

23 Q Was there anything written on the
24 outside about what they were?

25 A No. The part that I could see --

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don't forget, it's about six feet high, it's a 30-yarder, I couldn't see over it. John climbed up and went inside the container, and looked inside.

Q What did he tell you, if he did, he saw?

A He spoke to the people. He said he would take care of it.

Q He said he would take care of it?

A See, John was with Hudson, he took care of the roll-offs. At that point, I had nothing to do with Hudson.

Q Your purpose in being there was just to show John where it was?

A Or introduce him to whoever was going to be there.

Q The people you met there, would you recollect their names?

A One was a woman. She had something to do with the DEP, or whatever. There was two other men there. I can't recall. It was a rainy day. They had their slickers on.

Q Tell me if you can remember or if

1
2 you heard: Was there any expression, at that
3 time, by any of the Englehardt people, about
4 their unhappiness with -- I'm going to use
5 "Allied" -- Allied's services, at that time?
6 Was there any expression, by any of the three
7 that there was that something that they were
8 unhappy about Allied's service to Englehardt?

9 A No. I think the main concern was
10 getting rid of the barrels. And they wanted
11 to make sure they could get rid of the
12 barrels, handling it the right way. Since
13 John was the operations manager, he would
14 tell them or assure them where Hudson is
15 going to dump that container.

16 Q Containing those barrels?

17 A Containing those barrels.

18 Q Do you have any knowledge, either
19 direct or indirect -- when I say indirect, I
20 mean because John told you, or somebody else
21 told you, what was in these barrels or what
22 these barrels contained?

23 A No. You know, to be honest, I
24 don't think he told me, and I really don't
25 remember if he did mention it to me or not.

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Q But these barrels, the location of the roll-offs, was at a plant, at a factory; right?

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A The place that I went with Mattie and Tom.

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Q Right. It was a place, only a facility in which there were industrial products being produced?

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A Yes. Yes.

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Q I want to make sure I don't miss this, but when these barrels -- do you have any idea what function these barrels performed? Did they contain materials that were used in the process or -- I'm trying to get an idea what the description of these barrels were, anything that you may remember about them.

19

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A Actually, I could see the location where we walked, where it was, but I would assume --

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Q "Assume" is about the least helpful.

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A I would think that maybe that's the stuff they used -- I don't want to say

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that, because that's for the makeup.

MR. BLOCH: John, if you don't

know, say, "I don't know."

A I really don't know, because I don't want to say what I think it might be and I might be wrong. There might be milk in there. You know what I'm saying?

Q I'm trying to find out who did determine what it was. You didn't?

A No, I didn't. I just went there as the person to introduce him, to say: This is John Briganti, he's taking Mattie's place.

Q Is it your recollection that this location was at the pigment plant, if that means anything, or at the paint plant?

A It was at the first place I went with Mattie where they had the display of the makeup, so --

Q It probably would be pigments. I don't want you to assume. It was where the display was, showing makeup; is that correct?

A Right.

Q Now, do you have any recollection, John, about what -- when you

1
2 say John Brigante's conclusion, what advice
3 did he give to Englehardt, during the visit
4 or after?

5 A I really don't know. Like I
6 said, there were three of them. John was
7 there, he went to the barrel, he spoke to
8 them. I just stood there. That wasn't my
9 job. My job was doing sales. Whatever he
10 told them, to me it was fine, because, you
11 know, that's his job, he's been doing that
12 for a long time. I don't question people, if
13 you know --

14 Q That may be something you want to
15 evaluate in the future, whether there should
16 be more questioning.

17 A I think I'm going to have to.

18 Q I'll leave that to you and
19 Counsel to assess.

20 What I'm trying to figure out is
21 whether you have any knowledge about what the
22 result of that meeting was, as to where the
23 waste was going to go or what was to be done
24 with the waste or what was the right
25 classification of the waste.

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A No.

Q I think I know the answers to these questions, John, but let me ask this in an excess of caution: Did you ever discuss with Erina Hickey any of the issues with respect to Englehardt/Mearl?

A No.

Q As far as you know, did she have any role, that you are aware of, in servicing this client?

A No.

Q Okay.

A Not until I saw this.

Q Okay. We are going to go over these again.

MR. MACK: I'm going to mark these, although for Ilissa's purposes, these are Exhibits 1 and 2 of what we provided you with at an earlier time, and asked you where they were. I'm going to mark them today as ENG-20 and ENG-21.

(Document, dated 6/19/01, marked Englehardt Exhibit 20.)

(Fax marked Englehardt

Exhibit 21.)

MR. MACK: ENG-20 is the same as Exhibit 1 that we showed you.

MS. ROTHSCHILD: I can see them from here.

Q Now let me show you ENG-20 and 21, John. It is my understanding that it is your sworn testimony that on no occasion contemporaneous with these documents, did you see them?

A When you requested them.

Q Not until I requested them?

A That's correct.

Q So looking at ENG-20, which looks like it is dated June 19, 2001, and I'll let the document speak for itself, I think you said until Tom Taverna called you, you had no idea that Englehardt had a problem with waste disposal; is that correct? You never saw Englehardt 20 until the Monitor asked for the records; is that correct?

A Right. This is prior to my letter.

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Q It is, definitely. It is June.

A Who is Christine --

Q I don't want to --

A Never heard of her.

Q Did you ever hear of Christina
Nastis?

A No.

Q You have no idea who that is?

A No.

Q Let's take a look at ENG-21,
which, again, appears on its face to be a
fax --

A Right.

Q From Erina Hickey, on or about
June 19th, to Christina Nastis. You tell me,
based upon what I have been told already, and
I think you've told Don, that you never saw
this record until the monitorship asked for
it; is that correct?

A That's correct.

Q What about the writing on ENG-21,
do you recognize whose writing that is?

A I know it is not Mattie's, it's
too neat.

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Q Is that your writing?

A No, that's not my writing.

Q Is it anybody's writing who you recognize, that you have seen before?

A No.

Q Does it look familiar or similar to anybody's writing who you know?

A I'm not a -- what do you call it -- a handwriting expert. I know it's not Mattie's, because he was very sloppy. I know it's not mine.

Q Could it be Tony's?

A No.

Q How about Erina's?

A I don't know.

Q You don't know. I don't want to put you somewhere where you're not comfortable.

Those are all new to you; is that correct?

A That's correct, all those three items.

MR. MACK: I'm going to mark these and, again, the markers don't mean

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anything.

ENG-22.

(Document, dated 1/18/02, marked
Englehardt Exhibit 22.)

MR. MACK: ENG-23.

(Document, dated 3/26/02, marked
Englehardt Exhibit 23.)

MR. MACK: And ENG-24.

(Document marked Englehardt
Exhibit 24.)

MR. MACK: I'll point out these
are records not produced to us by
Allied. You can show them to Ilissa, if
she wants to see them.

MR. BLOCH: Can I just make a
comment and perhaps you can elaborate?
The Englehardt 22, which I'm holding in
my hand, is dated March 18th -- excuse
me -- January 18th, 2002, and Englehardt
23 is dated March 26, 2002. 24 has no
date. Since No. 22 refers to something
enclosed, what are you trying -- are
they connected, are you suggesting they
are connected?

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MR. MACK: I'm not suggesting. I'm asking the client whether he has seen these reports. They purport to be addressed to him.

MR. BLOCH: To read further from Englehardt 22, January 18, 2002, "John, please review and get back to me by next week. Thanks, Daren," which suggests that something else was sent with it.

MR. MACK: If what you're suggesting is that I know or I have an understanding or these documents were produced to me, you know, so that I understand exactly how they came and what have you, I can only tell you they are what they purport to be, they were produced to us by Englehardt and they were not produced to us by Allied, and I'm trying to see whether your client has ever seen them before.

MR. BLOCH: I understand. What I'm trying to suggest is that if anything, 22 goes with 24, and 23 is not --

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MR. MACK: I'm suggesting that your client is the one to be answering whether he has seen them before.

MR. BLOCH: It is also your obligation to at least not attempt -- or allow the witness to be confused.

MR. MACK: I'm showing him three pieces of paper, and asking whether he has ever seen them before. I'm not making any reference as to what they are.

A These two, I never saw (indicating).

MR. BLOCH: What are the numbers you never saw?

THE WITNESS: ENG-22, ENG-24.

A (Continuing) At this point, we were at Valley. That would be a Hudson account, because it is a compactor and a roll-off, so that would go to the Hudson Waste people. I would have never seen it, because that was Valley. Remember, we weren't allowed to do compactors --

Q John, all I'm asking you is, on

1
2 these three pieces of paper, which, at least
3 by their appearance, appear to relate
4 directly to Englehardt operations, whether
5 you ever saw them before.

6 A No, I never saw them.

7 MR. BLOCH: How about 23?

8 THE WITNESS: This, I saw,
9 because they did bid.

10 Q Let's get the numbers.

11 A Sorry.

12 Q With respect to ENG-22 and
13 ENG-24, you have never seen these documents
14 before?

15 A No.

16 Q Correct?

17 A That's correct.

18 Q Even though one of them says to
19 you, and it seems to be the note -- the note
20 seems to be addressed to you at a fax number,
21 944-7946 -- would that be a fax that is at
22 all close to you?

23 A Where is the fax number?

24 Q Up here (indicating).

25 A Yes, that's our fax.

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2 Q So all I'm saying is, you haven't
3 seen them and Allied hasn't produced them.

4 MS. ROTHSCHILD: Can I see them?

5 MR. MACK: Absolutely.

6 Q Let's talk about ENG-23, okay?
7 This is dated March 26, 2002, and basically,
8 this is a termination of service letter; is
9 that correct?

10 A That's correct.

11 Q Having seen that --

12 A I saw this.

13 Q Having seen that -- I may not be
14 enunciating clearly. Now, having seen it,
15 does that in some way refresh your
16 recollection about later problems or issues
17 concerning Englehardt Corporation?

18 A What they did was, he called --
19 is this April -- this is March. I don't know
20 exactly what date, but he called earlier --

21 Q Daren Miley?

22 A Daren Miley -- asking for a bid.

23 Q Let's go slowly if we can. When
24 you say "earlier," are we talking hours
25 earlier, days earlier or months earlier?

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A I would say days.

Q Days earlier than March 26, 2002,
ENG -- referring to ENG-23, you recall
receiving a telephone call from Daren Miley?

A Right, asking for a bid.

Q Bid for what?

A For the garbage.

Q For all locations?

A All locations.

Q What did you do?

A I told him, "Daren, I can't do a
bid," because we couldn't do compactors. I
couldn't do compactors, that was Valley, at
the other office. I said, "I'm not allowed
to do compactors or roll-offs."

I explained to him why. You
know, we have a Monitor, blah, blah. We
split up. We are not Hudson anymore, we are
Allied, but we are not Hudson anymore.

I referred him to Ron Aboni, who
was a sales manager of Suburban, and spoke to
him and told him about it. He says, "Give me
the information," and tell Daren Miley to
send the bid proposal to his office.

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Q Do you have any reason to believe that Ron Aboni contacted Englehardt, or Englehardt talked to Ron Aboni?

A He called up -- maybe a day after, I spoke to him, or two days after, he says, "I can't reach the guy, do you have the right phone number?" I says, "Call up and leave a message and he will get back to you."

That was the last -- because, like I said, I couldn't do anything with the compactor or the roll-off.

Q That's because of the whole separate order that eventually was enforced?

A And I couldn't do that, so Suburban could do it, because they can do the compactors and roll-offs.

Q So did you have any further contact with Daren after you made this referral to Ron Aboni?

A Yes, I did.

Q Tell me about it.

A Apparently -- I haven't seen the bid, I'm saying "apparently," I'm assuming that Suburban bid on it, maybe their price

1
2 was high, and Daren's decision -- his boss'
3 decision was to do something different.

4 Q You don't really know; you didn't
5 participate in the discussion?

6 A No, I didn't, because Daren says
7 to me, "We are talking taking a different
8 route."

9 Q He said this on the phone?

10 A Yes, "We are taking a different
11 route. Nobody got the bid. Corporate is
12 doing it themselves." That was his exact
13 answers. Whatever that mean, I don't know,
14 but that's what he said.

15 That's why I said, "You have to
16 send us a letter." This is the letter he had
17 sent --

18 Q 23?

19 A -- that we keep it on file.

20 Q So now that we've gone through
21 what at least I believe to be all of your
22 visits, communications, written and verbal,
23 with Englehardt, in the last -- I'm not going
24 to go back over all of them again -- is there
25 any other interaction that you, John

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Lombardo, had, whether it was a visit, communication, evaluation, that we haven't talked about this afternoon?

A No. That probably was the last -- not conversation, but the last letter I got from him.

Q Remember, now, you know, you forgot the John Briganti visit. I want you -- maybe I'll do it this way: Why don't we take our break now, and you can just go over in your mind and discuss, whatever. I just want to make sure that I have covered every interaction you have had personally, visit, communication with people about -- correspondence or oral communication with Englehardt or Mearl, the company, and that could concern bidding, the characterization of the waste, being aware of questions or issues that they may have had.

I want to make sure I've covered the entire area to the best of your recollection, recognizing you're not a tape-recorder, but I want to make sure I've done everything I can to learn everything you

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know and you did with respect to Englehardt.

MR. MACK: Let's take our break.

(Short recess taken.)

MR. MACK: Let's go back on the record.

We are going to do our best, and I think we'll conclude before 4:30.

Q Is there anything, at all, that you would like to modify, delete, add, subtract, to what we've done so far today, John?

A No. I apologize because I forgot John Briganti. That was a time span between the last time -- I forgot about that.

Q If we were trying to be tricky, we wouldn't have reminded you you told us about it. I want to make sure that we have done everything we can to exhaust this topic of Englehardt. I have one other subject to talk to you on that, based on your prior interview with Don, who pointed out to me -- you know, it is your recollection today that's most important to me, although I'm going to rely upon Don's view of what you

1
2 told him before, when he interviewed you back
3 in February.

4 A Okay.

5 Q But there's another issue -- not
6 an issue, there's another question I want to
7 raise about what you said.

8 Before I get there, I want to
9 make sure: Is there anything else, any other
10 time you went to Englehardt or interacted
11 with an Englehardt person, that we haven't
12 discussed today, so far?

13 A No. No.

14 Q Because I'm going to have some
15 concerns to express to Ilissa at the end of
16 this, about what I think may be issues that
17 she should be conscious of on behalf of her
18 corporation, that don't concern you, as long
19 as I know exactly, from beginning to end,
20 every interaction you had. There's no need
21 to educate you or to educate your Counsel
22 about some concerns I have, and I'll do that
23 afterwards, after you're gone.

24 I want to make sure that I
25 haven't missed something: You don't recall

1
2 anything that you have done on this topic,
3 that we haven't talked about today?

4 A On Englehardt?

5 Q On Englehardt.

6 A No, except what we talked about.

7 Q Now let me ask you a series of
8 questions that you may have forgotten or may
9 not, but when Don asked you, back in
10 February, about the telephone call from
11 Mr. Taverna, in which he describes inspectors
12 following Allied trucks -- they may have been
13 Hudson, but I'm going to use Allied so
14 there's no misunderstanding here -- what you
15 told Don, I want to go through it carefully,
16 was that Mr. Taverna needed confirmation, in
17 writing, from you, that the waste was not
18 being delivered to Resco?

19 A Right. That's correct.

20 Q That's consistent with what you
21 said today. Then we look at Englehardt 7,
22 which is the -- you've told us how you put
23 Conestoga, and what you told Don is the
24 following. I want to know whether this is
25 accurate or not, that you made inquiry of

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Anthony Cardillo as to where the Englehardt waste was being delivered --

A Okay.

Q And that Tony -- I'm paraphrasing what Don has reported to me -- that Tony told you that the waste was being disposed of at Resco?

A Okay.

Q It was then that you went to Matt Hickey to tell him of the situation.

Now, today, when I asked -- this is Don's report to me, it is at least theoretically possible that Don was writing something down for the fun of it or he misheard you, but I have great faith in Don's ability, and so I want to make sure that I don't miss this communication which you made to Don in February, that you did go to Tony when you had received the call from Tom Taverna, and made an inquiry of him: Where was the Englehardt waste going; and what you told Don was that Tony told you it was going to Resco.

Now, is that --

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A Then I went to Mattie.

Q Then you went to Mattie to tell him of the subject.

A If I told Don that, Don's right, but, like I said, I don't remember. I thought I went directly to Mattie.

Q You're not saying today that Don made an error, you never said that?

A No. If I told him, I'm sure he's not lying. It's probably my mistake.

Q You can talk to your lawyer, but the fact is that I rely on Don, and I would be -- I know how careful he is about this. The reason I'm asking about it now is to see whether it refreshes your recollection that that is, in fact, the fact.

I did make an effort today to ask you about your communications to Tony, and at least Don's report to me is that when you were asked about this, that you did go to Tony, and Tony acknowledged that it was going to Resco. Were you wrong then? Is Don wrong?

A No. If I told Don -- I'm not

1
2 saying he is lying. I probably forgot. I
3 don't remember that I spoke to Tony about
4 that. I thought I would go to Mattie about
5 that. What I can remember, I got the phone
6 call and I told Mattie.

7 Q Let me tell you what else you
8 told Don, and I do rely on Don, but if it's
9 wrong or you told him wrongly or you remember
10 it differently now, that's something, but I
11 want to make sure I'm clear on this:

12 "After Tony told you that the
13 waste was disposed of at Resco, Mr. Lombardo
14 then went to see Mattie Hickey to advise him.
15 Mr. Lombardo stated that Mr. Hickey called
16 Mr. Cardillo in, in Mr. Lombardo's presence,
17 and instructed him that the Englehardt waste
18 was not to be disposed of at Resco. Mr.
19 Lombardo stated that he needed to confirm, in
20 writing, to Englehardt, that their waste was
21 being delivered to a location other than
22 Resco. According to Mr. Lombardo, Mr. Hickey
23 provided the wording of the letter that
24 Mr. Lombardo faxed to Mr. Taverna, dated
25 August 2, 2001, which stated that the

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Englehardt waste was being disposed of at a landfill in Conestoga County, Pennsylvania."

A Okay. Mattie did talk to Tony. I don't know at what point. Like I said, I don't remember -- he's not wrong, but he did talk to Tony. I don't know if he did it right away.

Q Let's go through this, because there are a lot of answers to this, but I'm trying to get to the truth here.

A Okay.

Q It is Don's written report to me that what you said, when interviewed with Michelle from Reboul, and in Michelle's presence, on February 4, 2002, that basically Tony told you, before your meeting with Matt, that the waste was going to Resco.

I want to tell you this: We've already talked to Tony at length. There's no question as to where it was going. It's not like we are trying to trick you. The only real issue is whether or not he told you the same thing he told me.

A All right.

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Q And then, basically, that Mr. Hickey called Tony in to this meeting, and directed him that it was no longer to go to Resco?

A Yeah, he did talk to Tony. I don't know if it was the same time.

Q You tell me what your recollection is, because the way the record is, up to this point, is that as you were walking out, you heard Matt pick up the phone and call for Tony?

A Right.

Q That's somewhat different, significantly different, than what I believe you told Don in February, so I want to get which of those -- which is the accurate view as you sit here today, trying your best under oath to remember what occurred on this day in which Tom Taverna, as I understand it, shortly before, said: Hey, I need writing here, where is this waste going?

I need to know, as precisely as you can recall, what happened. Did you talk to Tony, and did Tony admit to you, in your

1
2 presence, that the waste was going to Resco?

3 A That, I don't remember. But I do
4 remember that when I left Mattie and went to
5 my office to type it, like I mentioned
6 before, he called Tony, Tony may have come
7 back in. That's why Mattie called him in.
8 And I remember Tony came over and Mattie told
9 him. I'm saying maybe I forgot that part
10 about Tony coming over.

11 Q Today, you can't remember one way
12 or the other?

13 A I don't want to say yes or no if
14 I'm not sure. That wouldn't be fair, that
15 wouldn't be a true statement.

16 Q All I need from you is your best
17 recollection under oath, whether or not Don
18 is incorrect in reporting what you said then,
19 or that your recollection of the events are
20 different today than they were then. I need
21 your best recollection. You can take your
22 time, you can talk to Norman. This is not
23 like a trick, but I want to make sure I've
24 done my best to get your best recollection.

25 A I know.

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2 Q And this is something that Don
3 said, and I say it to you in an effort to get
4 your best recollection, to refresh it. If
5 you remember it differently, or you remember
6 you told Don something differently for some
7 reason, I just want to know what the facts
8 are, as best you can tell.

9 MR. BLOCH: Do you want to talk
10 privately?

11 THE WITNESS: Yes.

12 MR. MACK: Recognize that the
13 bottom line is, I want your best
14 recollection of what happened.

15 We'll leave so you can talk to
16 Norman about it.

17 (Short recess taken.)

18 MR. MACK: Back on the record.

19 Q I have no problem if you want
20 Mr. Bloch to state what he just said to me or
21 you would like to clarify it. I just want to
22 make sure that the record is clear with
23 respect to what you told Don in February and
24 what you're telling us today, what your view
25 of those seeming inconsistencies is.

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MR. BLOCH: You want me to do it?

THE WITNESS: You can do it.

MR. BLOCH: Mr. Lombardo made those statements during the interview with Don, believed them to be true then, but has no recollection of the events today.

MR. MACK: Okay.

MR. BLOCH: And no more can be said. He is just blanking on it today.

MR. MACK: Okay.

MR. BLOCH: It has not been on the record before, but this week, Mr. Cardillo is on vacation, and John is covering for him at All American. He's been up at 4:00 or 3:30 in the morning, every day this week, and he looks tired to me. That's neither here nor there. It is not concerning today.

Q In terms of advising me, as Monitor, in trying to put together a report to try to explain this, that I can rely upon what you said to Don as being accurate when you talked to him in February; is that

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correct?

A Yeah. First of all, I wouldn't lie to Don. The thing is, if you ask me six months from now about the conversation we are having now, it will be different. My memory is all messed up. If you're asking me these questions six months from now, it could be different, too. I can't control that.

Q All I'm saying is that in my effort to try to understand the situation, that you were doing your very best and believed to be telling the truth as best you could when talking to Don back in February --

A I never lie. I wouldn't lie for Tony, I wouldn't lie for you, I wouldn't lie for anybody.

Q Everyone has recollection issues in terms of passage of time, and there may be some bearing here on what was said by your Counsel early on. I don't know whether you want to reference that or not.

But I want to make certain that you're telling me that what you told Don in February you thought was untrue, and not as a

1
2 result of some motive to shade the truth, or
3 something of that nature, and that I can
4 consider that and rely upon it in trying to
5 assess what happened here.

6 A No. Whatever I tell you, I tell
7 you the truth that I can remember. If
8 there's a few things I can't remember, I'm
9 not going to make up a story.

10 Q Good. I'm relying on it.

11 A I just don't remember.

12 Q That's fair.

13 MR. BLOCH: To the extent that I
14 would reference my comments earlier,
15 again, I'm not a professional, I'm not
16 going to sit here and analyze it, but
17 the short answer to your question is:
18 Yes, you can rely on what he told you
19 about his interaction with Tony Cardillo
20 in the sequence of events following the
21 Taverna phone call made to Don in
22 February of 2002.

23 MR. MACK: Great. Okay. Fine.

24 Q Let's move on to what may be, to
25 your great joy, what I consider to be one of

1
2 the last ten topics that I want to talk to
3 you about, okay?

4 I want to talk about a particular
5 account, and recognize this: I would, were I
6 doing everything with as much detail as I
7 would like, go over with you many, if not all
8 of the results of the audit that was finally
9 done with respect to customers who didn't
10 seem to be billed or had unusual
11 relationships, you know, and got service
12 because maybe they took care, as one of them,
13 of Aaron's cars or something of that nature.
14 I have a lot of data that's already been
15 submitted to me, and what I would like to do,
16 through your Counsel, is, if I wish to take
17 and obtain more information about some of
18 those customers who didn't seem to be billed,
19 or seemed to be getting service for free, and
20 I need to -- I'm going to consult with
21 Mr. Bloch and see if I can do it by
22 interview, or in some way less inconvenient
23 to you in your new employment.

24 That is a topic that could take a
25 day in itself, going over every account, and

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2 I haven't resolved yet whether I want to
3 spend time on each one of those accounts,
4 given what my duties are as Monitor, since I
5 have a lot of data, and there was an audit,
6 and there was an effort to report to me.

7 The fact that I'm not going to
8 spend time on Seven Stars and other things
9 that were the subject of interviews or audit,
10 doesn't mean I'm not interested in them, it
11 is that I want to use my time with you today,
12 that's left, on things that I'm concerned
13 about at the moment, but I am not promising
14 you that I won't come back at some later time
15 and say: I need to ask you about Seven Stars
16 or somebody's auto wash or something of that
17 nature.

18 A I guess I better keep my sheet,
19 so I don't forget.

20 Q Don't forget that. I may have
21 enough data to be there, to be suitably
22 critical.

23 I would like to talk to you about
24 the VA Hospital. What is the name of the
25 account, the VA Hospital account, that was

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serviced here at Valley? Do you know?

A The one we lost?

Q Yes.

A VA Hudson Valley Hospital.

Q Was this an account that you, yourself, had some role in servicing?

A Could you rephrase that, because that was an old account that Mattie had for twenty years.

Q Tell me about the account. I mean, what do you know about it?

A Why we lost it?

Q Let's start with the account that, basically, as you knew it, was an account Mattie had. What do you mean by that?

A It's an old account. You know, it's way before I got here, Hudson Waste was servicing the VA Hospital.

Q How would you describe the service there? What was the nature of the service?

A There was compactors, there was cardboard, a ton of containers there. It was

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a big account.

Q Would you consider it one of your bigger customers, this facility at Valley?

A Yes.

Q Do you have any idea what the billings were for that, either on a monthly or annual basis?

A No. Joanne would know more about the price than I do, but I know it was a big account.

Q It was a big account?

A Yes.

Q Basically, did you, yourself, before the account was lost, have any communications or play any role in servicing that account? When I say "servicing that account," I mean seeing the customers happy, overcoming issues, negotiating rates or contracts or anything of that nature, did you, yourself?

A No. No.

Q Did you, yourself, ever become informed about what was happening with this account, that there was a need to re-bid the

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account?

A Yes.

Q Tell me about that.

A We got a bid from the VA
Hospital.

Q You say "a bid." You mean a
request for a bid?

A Request for a bid. The bid was
sent to at least three or four companies.

Q Can you give me a time period, a
year when that happened?

A I think we lost it six months
ago. I don't know how exact that is. Could
be off.

Q Give me your best estimate, is
all I'm asking for.

A Six months ago.

Q Do you recall what the document,
if it was a document, and I assume it was,
looked like, that requested bids for the
account?

A Yes, sure. It had listings of
all the locations for compactors, for
roll-offs, for rear-loaders, for garbage.

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Q Can you give me some idea of the extent of service, in terms of -- what's the best way to describe the service, other than a ton of garbage?

A It was a lot of garbage. We had the bids -- the bids went back pretty far. The prices were pretty fair for the all the years Hudson had it.

Q Did you participate in preparing the bid for this?

A Yes, I did.

Q Tell me what you did, and what your role was.

A We got the bid. I pulled the last couple of months -- it is a big folder. I brought the bid over to Jose, who took Mattie's place as a GM for Valley. We discussed the bids, price-wise. He dropped the prices.

Q Let me ask you this: As I understand it, it was you and Jose who were making decisions as to how the big submission was to be made?

A I was writing up the bid, I

1
2 didn't make the decisions. Jose made the
3 decision on the price.

4 Q What was the bidding strategy, if
5 there was one? This was a VA hospital, it's
6 a government facility; correct?

7 A Right.

8 Q Was there a discussion, between
9 you and Jose, as to what the bidding strategy
10 would be, in terms of trying to assess what
11 was the most likely way to retain the
12 business; right?

13 A Right. The price, at the time
14 that we had previously, was, I would say \$9
15 and change a yard. Jose suggested we do like
16 \$8 and change a yard.

17 Q Why was that? Why did you go
18 down?

19 A Because the temptation was to be
20 very low, from competitors.

21 Q Let's go ahead slowly here.
22 You'll have to forgive me, because I haven't
23 spent a lot of time on understanding this
24 situation, although I have a lot of
25 experience to bids and strategies and what

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goes into it.

You and Jose are the primary people working on this bid; is that right?

A Yes.

Q Was anyone else involved in terms of advice?

A Tony, because he's been here thirty something years, he would know the people to deal with, is the garbage heavy, light, could we do it cheaper. He would know all that.

Q Was Tony Cardillo involved in the bidding process, in terms of coming up with the right numbers?

A No. He just gives us advice, what was the cheapest way to dump it. Jose asked him questions, how many containers, does this place have for food, does it have just paper. Tony was helpful in saying what's there and what's not there.

Q Do you have any of the advice that Tony gave, with respect to how the bids were structured?

A No, he wouldn't give advice on

1
2 the structure. He would tell you that
3 particular location, it's a light load of
4 food or trash.

5 Q I'm just asking, would you
6 remember what Tony said that figured into the
7 bid? What information did he provide, as far
8 as you know, that was used in preparing the
9 bid?

10 A Just as far as locations and if
11 the container is heavy. If it's heavy, you
12 have to bid a little higher.

13 Q I'm going to try to get more
14 specific.

15 How about Anthony Prestamo, did
16 he participate?

17 A No. He was with Suburban. He
18 wasn't involved with the bid.

19 Q And that was because he was on
20 the other side of this whole separate
21 division; isn't that correct?

22 A That's correct.

23 Q So if I understand what you've
24 told me so far, John, it's that basically the
25 people who worked on preparing this bid for

1
2 the VA Hospital were Jose Favosa, yourself
3 and Tony Cardillo?

4 A Right.

5 Q Anyone else?

6 A That's it.

7 Q The bidding strategy. If you
8 could, summarize for me, you know, who made
9 the decisions on price. Was that Jose?

10 A Yes, it was.

11 Q Who, in terms of assessing your
12 competition, who were your competitors, as
13 you understood it, before the bid was
14 awarded? In other words, who did you think
15 you would be competing against you in this
16 bid?

17 A I felt -- in my opinion, you're
18 asking?

19 Q Yes.

20 A I felt our main competitor was
21 Clean Sweep, because they already were
22 sitting on a lot of our accounts.

23 Q What is Clean Sweep?

24 A Another garbage company.

25 Q Where are they located?

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A I don't know. Yonkers,
somewhere. I don't know the location.

Q Do you know any of the people who
are employed there, either as employees or
managers?

A Well, Greg Kunze used to work for
Allied, he went there.

Q Anybody else?

A That's the only person I know.

Q Do you know the names of any of
the people who are involved with Clean Sweep;
managers, bosses, anything about Clean Sweep?

A No.

Q What can you tell me about Clean
Sweep?

A I understand it's a new company.
I don't know. I know Greg went there.

Q Do you have any reason to believe
that a member of the Hickey family is in any
way associated with Clean Sweep?

A No, I wouldn't know that.

Q Did anybody ever say to you:
Hey, X is working there?

A No.

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Q Did you have any reason to believe that Greg Kunze was involved in Clean Sweep's bid for the VA Hospital?

A If he is the one who signed the bids for Clean Sweep, or involved?

Q Involved.

A That, I wouldn't know.

Q Now, was there any strategy, or what was your experience with respect to Clean Sweep's competitive methodology? What were they doing?

A Their price was a lot lower.

Q How were they able, if you have an opinion on the subject, to have a much lower price? Did they use different equipment?

A If they have a front-loader, it requires only one driver, so you're only paying one driver. It could be they are not union, so it could have been \$15 an hour instead of 22. That, I don't know. I'm just giving you my idea of how low they can go, and the reason why.

Q Why would Clean Sweep not be able

1
2 to take any business from you? What are the
3 competitive disadvantages, if you know, or
4 believe?

5 A A place as big as VA, you would
6 have to have a lot of containers, so it has
7 to be a company that can support that.

8 Q Do you have any reason to believe
9 that Clean Sweep would be able, or not?

10 A How could they go out and supply
11 thirty, forty containers? They are a small
12 company; they are expensive.

13 Q Would thirty or forty containers
14 be about the right level for the VA Hospital?

15 A Sure.

16 Q In terms of the bid process, the
17 numbers were chosen by Jose; is that correct?

18 A That's correct.

19 Q And the numbers were less than
20 what the service had already been?

21 A That's correct.

22 Q Is there anything else about the
23 bid, Allied's bid for this hospital, at this
24 time, that you recall, that was remarkable or
25 different?

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A The price they gave.

Q Whether it be price or service or equipment, was there anything other than price, and I assume, past good service to the hospital?

A They liked our service. When a company comes in -- let's say we are doing it for \$50,000 a month and somebody can do it for 25, you're going to go with the one for 25,000 a month's service, regardless of what -- if they can do it. Garbage is garbage, you know.

Q Garbage is garbage. You're in sales here, but also service and reliability, those are factors?

A Yes. There's a big difference between spending \$25,000 to \$50,000 a month if someone promises, "I'll give you good service."

Q I want to go further in this particular -- so the bid was prepared here at Valley?

A Yes.

Q Other than a price drop, there

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2 was no, shall we say, noteworthy alteration
3 in Allied's proposal for the customer?

4 A No.

5 Q You went from where, from \$9 to
6 \$8?

7 A I think 9.22, and we knocked it
8 down to 8.56, or 52, somewhere around there.

9 Q Who transmitted the bid to the
10 hospital, was it you, did you mail it?

11 A I mailed it. I Federal Expressed
12 it.

13 Q Had you, before you mailed the
14 bid, had any contacts with anybody at the VA
15 Hospital?

16 A Yes, I did.

17 Q Tell me who you were in contact
18 with.

19 A I don't know the girl's name;
20 Patria, Pat. I don't want to give the wrong
21 name. I did speak to the girl there. I told
22 her we are sending the bid. She says as long
23 it's by a certain day.

24 I mentioned to her, as an
25 advantage on the bid, I indicated that I was

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a veteran, one of the drivers was a veteran, there were other people in the company that were veterans, and that we were honored to work for a veteran's hospital. And she said she could put that on the bid, "That you're a veteran, the company has veteran employees working for them."

That's what I did, I wrote a letter and attached it to the bid.

Q Now, did she give you any indication about who your competitors were, how many other bidders there were?

A Not at that point. She wouldn't know until the bid dates came, until it was over, and then I would ask her who got the bid, and then she would tell me who participated.

Q So you have this one communication, you tell her you're sending it in, and basically you present the fact that you are a veteran and there are veterans involved here, and it is a veteran's hospital?

A When we bid, on the bid there was

1
2 a bid for roll-offs and compactors. We
3 weren't allowed to bid. In the past we did.
4 We couldn't do it. You know that; right?
5 You wouldn't allow us to do it.

6 Q I'm not so certain that that ends
7 the issue, because the issue was never
8 presented, and there might very well have
9 been a way --

10 A They told us not to bid.

11 MR. BLOCH: That's his
12 understanding.

13 MR. MACK: I understand that.

14 Q My own feeling is that I'm trying
15 to understand this situation, and so with
16 respect to the roll-offs and compactors, you
17 felt that you could not bid?

18 A That's correct.

19 Q Is that right?

20 A Right, because it was Hudson and
21 we were Valley, so we weren't allowed to bid
22 on the Hudson.

23 Q Was there any effort to try to
24 see whether that was a problem that could be
25 solved consistent with the Monitor's view?

1
2 A I spoke to Jose. I guess we both
3 assumed. I don't know if he checked
4 anything. He's my boss, if he says no, we
5 can't bid, it's a roll-off, it's a
6 compactor --

7 Q Do you know whether Jose ever
8 presented that question to any of the fine
9 legal counsel that are involved?

10 A I don't know.

11 Q Jose, I hope, never said this had
12 been presented to the Monitor and the Monitor
13 ruled a bid couldn't be submitted; did he
14 ever say that?

15 A No.

16 Q So there was no bid to the VA
17 that included compactors and roll-offs; is
18 that correct?

19 A That's correct.

20 Q Suburban did not make a bid?

21 A I don't know that. At that
22 point, I didn't know that.

23 Q Do you know whether they did or
24 didn't?

25 A Later on, they did.

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Q How did that come to pass?

A As far as --

Q How did you come to learn that,
in fact --

A Because what happened was, the bid that we submitted was incomplete. They wanted a complete bid. They wanted one garbage company to do everything. They didn't want us to do just the small containers and another company do the big containers, so they sent it back and we re-bid it again.

Q What happened the second time?

A Well, I understand Ron Aboni was a manager at the time, he also bid on the facility.

Q Did he collaborate with you people here, in terms of a combined bid for all services? How did the second bid go in?

A What he did was, they wanted a flat price for compactors and roll-offs. He submitted a price, which I don't know, but he just told me how he did it. He submitted a price per pick up. In other words, for

1
2 argument's sake, they pick it up four times a
3 month, \$100 a pick-up, \$400.

4 They didn't want that. They
5 wanted a flat price, so he had to resubmit
6 his again, too.

7 Q I'm trying to understand, from
8 the VA Hospital's perspective, looking at it,
9 does -- did they have one uniform bid for all
10 services from companies then owned by Allied
11 or not? Do you understand the question?

12 A I'm lost. Suburban bid
13 separately and we bid separately, even though
14 we are Allied.

15 Q So that in terms of paperwork to
16 the VA Hospital, there are two separate
17 bills?

18 A Definitely, yes.

19 Q Whereas, your competitors are
20 submitting one bid for all services; would
21 that be fair?

22 A Right.

23 Q Did you subsequently find out
24 what happened at the bid openings, what went
25 on, how the bid was awarded?

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A Who it was awarded to?

Q That, too.

A I called up, I found out --

Q Did you talk to the same woman?

A Yes.

Q What did she say?

A She said she was going to send a letter. I got a letter. It says it went to Clean Sweep. There was a price on it. She came back, she said that they were like -- the way I figured out, they were cheaper, but not that much, but she came out with a different price than I did.

Q "She," being the woman --

A Whatever her name is. I can't think of her name.

Q At the hospital?

A Right.

Q She misunderstood --

A See, I guess the VA does it different. I'm trying to think how they did it. We bid -- there's like a three-year bid. The first year we bid, say, \$50,000. The second year we bid \$60,000. The third year

1
2 we bid seventy, because the cost of living
3 goes up. We did three separate bids for each
4 year. We have to cover ourselves.

5 What they do is, we did a price
6 for each year, she does a price for each week
7 and ends the week up, and for some reason, I
8 don't know how it came out, that it changes
9 the bid. I still don't understand what she
10 did, but it came out that they were \$40
11 cheaper, Clean Sweep, than we were, per
12 container, cheaper.

13 Q She explained to you that's why
14 Allied lost the bid, because of the \$40
15 difference?

16 A That's why Valley lost the bid.
17 I asked to speak to her boss. Don't ask me
18 his name, either. I don't remember. He was
19 very nice, also a veteran and, of course, I
20 talked to him, explained to him. He says,
21 "John, I'll do whatever I can to help you
22 out." I said, "We have been doing this for a
23 long time. We know the ins and outs of the
24 hospital."

25 I let my heart out to the guy.

1
2 We had a nice conversation over the phone,
3 and he says, "I'll see what I can do." And
4 in the long run, we still lost it.

5 Q Did he explain to you --

6 A He said there was nothing he can
7 do, it's above him, "A bid is a bid, it's a
8 state facility, and if you're doing 50 and
9 they are doing 25," as an example --

10 Q It wasn't that much, it was only
11 \$40?

12 A But \$40 per container, if you add
13 that up over the three-year period, I'm sure
14 it comes out to a ton of money.

15 Q Did you, yourself -- you,
16 yourself, called and talked to the person.
17 Do you remember the name of the person who
18 you talked to?

19 A No. It was like a foreign name.
20 I don't remember the name.

21 Q He was courteous?

22 A Very nice. My age, fifty. Very
23 nice.

24 Q Did you have any reason to
25 believe that Matt Hickey had anything to do

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with the bidding process for Clean Sweep?

A That, I wouldn't know.

Q Did it ever come up, in any of your conversations, that he had gone over and talked to a person -- this was an account I think you told me originally that he had had for many years?

A That's correct.

Q Did you have any reason to believe that he had any role in this bidding process, or participation for Clean Sweep?

A No.

Q Do you know what Matt Hickey is doing today, what his business is?

A This I heard from the grapevine, talking to other people, it's always passed on, they opened -- his daughter opened up a company called EMJ.

Q What kind of a company?

A I'm assuming it is a broker for a garbage company.

Q Where is EMJ supposedly doing business?

A That, I don't know.

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Q Is it in Westchester County?

A Erina moved -- not moved, her employer is in Montrose.

Q Montrose?

A Right.

Q Do you have any reason to believe that she started this EMJ waste brokerage company? She's participating, is a better question.

A Yes. She doesn't know too much about garbage, you know.

Q When you say the grapevine, is there anyone, particularly, who told you about this? What's your source?

A You hear a lot of things through the drivers. The drivers at Hudson know the drivers at Valley up in Peekskill. They talk to the drivers. So that's what I'm saying, the grapevine. I heard that Mattie and his daughter opened up a business. I don't know what's true and not true.

Q The name of the business is E --

A EMJ.

Q Do you know what the "J" stands

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for?

A "E" would be Erina.

Q "M" would be Mattie?

A No, "E" would be for Erina, "M" would be either Mattie or Megan, and "J," would be Joanne, his wife.

Q Does she have any garbage experience, as far as you know, Joanne Hickey?

A I don't know.

Q Did Anthony Prestamo have any role in the VA contract, in terms of trying to assist getting it or participating in it or effecting the bid?

A For Suburban or for us?

Q For either.

A I did for us, but I don't know what he did.

Q Just to summarize this, that basically -- I don't know if "combine" is the right word, but there were two separate bids for service at the VA Hospital, one from your side, compactors and roll-offs, and then Ron Aboni and the people at Suburban were doing

1
2 the other service, which would have been the
3 loading service?

4 A No, he would bid on the whole
5 thing.

6 Q The whole thing?

7 A In other words, he would put his
8 bid in for Suburban, he would do the whole
9 bid, and we would do the whole bid for
10 Valley.

11 Q I thought there was a service
12 that you felt you couldn't bid on because of
13 the hold separate?

14 A The compactor. We did it the
15 second time. They says, "You have to bid the
16 whole bid," so when I found that out, I went
17 back to Jose and says, "We have to bid the
18 whole thing." The second time -- first time
19 we couldn't do it because of Valley.

20 Q Basically, the second time you
21 made a complete bid?

22 A Yes, we did.

23 Q On behalf of Valley?

24 A Right.

25 Q It included all forms of service?

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2 A Right. Let me correct myself for
3 a second. I don't want to do the same thing
4 I did before with Don. I could be wrong, but
5 I think Jose checked with Michelle, if we did
6 bid it on the compactors, everything, we
7 could sub it out to Hudson and still do the
8 right thing. It just came to my mind.

9 Q What did Michelle say?

10 A She said, "That's okay." I don't
11 want to get anybody in trouble, but this is
12 what I'm remembering.

13 Q And Suburban, itself, presented
14 an entirely separate bid for all services,
15 and that was handled by?

16 A Ron Aboni, who was the sales
17 manager, at that time.

18 Q Basically, there were two Allied
19 bids for the VA hospital?

20 A Right.

21 Q One from Valley?

22 A Right.

23 Q One from Suburban?

24 A Right.

25 Q And you did not -- you don't know

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what their number was, you didn't assist Suburban in their bidding or anything of that nature?

A No.

Q Do you have any idea where Suburban's bid was in comparison to Clean Sweep's?

A Price-wise?

Q Yes.

A I wouldn't know that.

MR. MACK: Anything else, Don, that you're concerned about?

MR. SOBOCIENSKI: Does the broker "Worldwide Waste," mean anything to you?

THE WITNESS: Yes. That's where Erina works. That's a company -- that's where she went to work after she left here.

Q Worldwide Waste?

A Is a broker for garbage. Erina left here to go there. I heard, through the grapevine, that she's opening up her own business and it is called EMJ.

Q But it's also a waste broker,

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EMJ?

A That, I don't know.

Q Worldwide Waste --

A Is a garbage broker.

Q Erina's position there, if you know?

A I don't know. She never called back. She left a phone number, we tried to call, it is disconnected. We haven't heard from her.

Q Is there any other area of wrongdoing, or possible wrongdoing, that, in the time that you were present here at Valley, that you observed, either in terms of suspicion or in terms of your own concerns or things that you saw done or heard that were done, whether it is a violent act, somebody being beaten up, some kind of assault, to the theft of money, to bribery, is there any other topic in those areas of possible violations of the compliance plan that we haven't talked about today?

A Other than stuff that we discussed?

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Q Other than stuff discussed today,
3 is there any other topic --

3

4

A Except for this stuff.

5

6

Q When you say "this stuff," you're
6 talking about the customers that seem to get
7 service without being billed for it?

7

8

A Right.

9

10

Q That's another topic. Other than
10 those customers and other than the topics we
11 talked about today, there's no other possible
12 violation of the Criminal Law, potential
13 violation or concern that you saw about
14 misconducts that we haven't talked about?

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A No. Nobody got beat up. I never
16 saw anybody -- you know --

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Q Let me say this: I'm beyond my
18 time here. If there is some other topic, and
19 there may be, with respect to, for instance,
20 the customers that are there, what I will do
21 is contact Mr. Bloch and see if we can do
22 that by telephone or in some other less
23 formal way that doesn't interfere as much
24 with your work.

I do want to say I wish you the

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best of success --

A Thank you.

Q -- in your new employment.

A Thank you.

Q I will try not to take you away
from your efforts there.

MR. MACK: Norman, is there
anything else you want to add?

MR. BLOCH: No.

MR. MACK: Ilissa?

MS. ROTHSCHILD: No.

MR. MACK: Don?

MR. SOBOCIENSKI: No.

MR. MACK: Thank you, John, for
your help today, and I wish you the
greatest of success.

I would say, as I normally do, if
there should be something that, when you
get home tonight, you think about, that
we talked about today, and you realize
that your testimony that Mr. Nissenbaum
has tried to so faithfully record, you
remember something new or you want to
change anything, you should talk to

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Lombardo

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Mr. Bloch and bring that up so we can
correct the record. Otherwise, I will
rely on this record.

Let's close the record. Thank
you very much.

(Time noted: 4:50 o'clock p.m.)

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I N D E X

| <u>WITNESS</u> | <u>EXAMINED BY</u> | <u>PAGE</u> |
|----------------|--------------------|-------------|
| JOHN LOMBARDO | Mr. Mack | 24-245 |

* * *

E X H I B I T S

| <u>ENGLEHARDT</u> | <u>DESCRIPTION</u> | <u>PAGE</u> |
|-------------------|-------------------------|-------------|
| 10 | Group of documents | 121 |
| 1-4 | Group of documents | 133 |
| 7 | Fax document | 164 |
| 11 | Letter, dated 7/01 | 170 |
| 20 | Document, dated 6/19/01 | 187 |
| 21 | Fax | 188 |
| 22 | Document, dated 1/18/02 | 191 |
| 23 | Document, dated 3/26/02 | 191 |
| 24 | Document | 191 |

* * *

INFORMATION TO BE SUPPLIED

| <u>DESCRIPTION</u> | <u>PAGE</u> |
|--|-------------|
| Whether Englehardt Exhibit 11 was posted in the computer | 176 |

* * *

DEPOSITION EXHIBITS

ENGELHARD

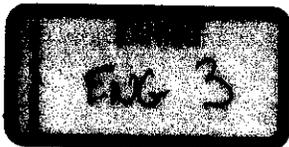
ENGELHARD CORPORATION
PIGMENTS AND ADDITIVES GROUP
1027 LOWER SOUTH STREET
PEREKILL, NY 10946
(914) 737-2554

Joan H

3/5/01

To: Eileen
Cc: Aaron Dennis

We have reviewed your proposal for garbage and cardboard service and would like to pursue the opportunity of conducting business. We need to discuss the cardboard service a little more before proceeding. Let's discuss the transition when Aaron returns to the office. Thank you. Please contact me at 914-737-2554 x 481.



Sincerely,

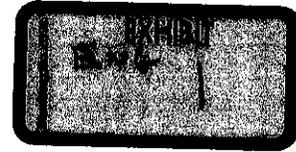
Darren Mylie C.P.M., C.P.P.
Purchasing Manager

*Tom
737-2554
x 226*

4) 941-2409

HUDSON WASTE HAULAGE INC.

Roll Off Contractors
Compaction - Open Containers
194 SOUTH HIGHLAND AVENUE
P.O. Box 122B
Ossining, New York 10562



February 16, 2001

Engelhard Corporation
1057 Lower South Street
Peekskill, New York 10566

Attn: Darren Miley
Re: Service Proposal

Dear Darren,

As per our conversation on February 15th, please accept the following proposal for Garbage and Cardboard Service.

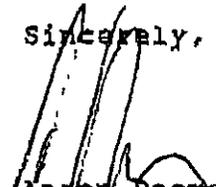
Peekskill- One(1) 10yd rear load to be serviced 5x per week at a monthly rate of \$1,505.00.

Buchanan- One(1) 10yd rear load on-call for a rate of \$70.00 per pick-up.

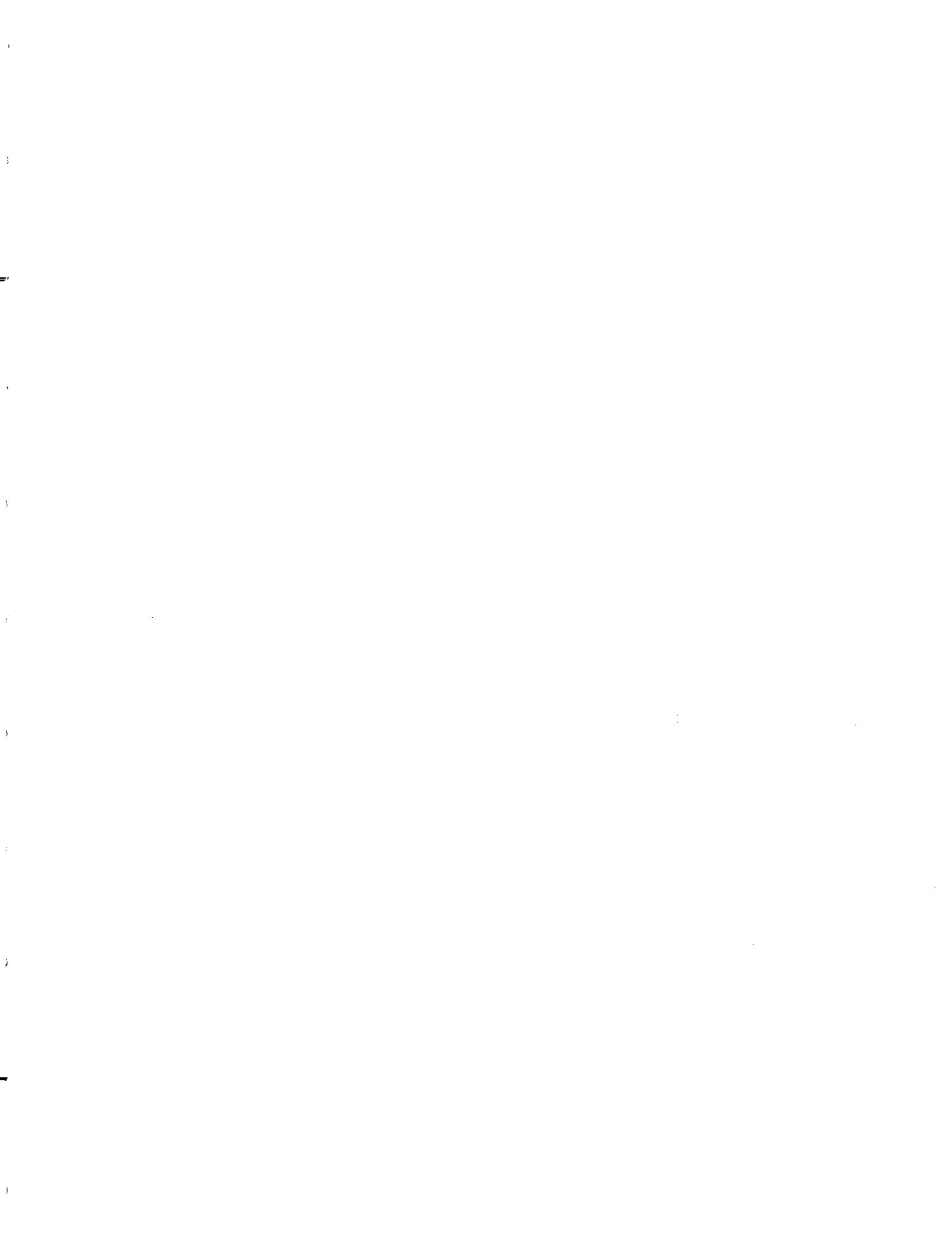
Peekskill- One(1) 40yd cardboard compactor on call for a rate of \$190.00 per pull with no rental or maintenance fee.

Please give me a call on Tuesday to discuss the above, as time is of the essence.

Sincerely,



Aaron Deems



868 NORTH STATE ROAD, BRIARCLIFF, NY 10510 - (914) 941-2400

ALLIED WASTE IND.
HUDSON VALLEY CARTING
HUDSON WASTE HAULAGE
MT. PLEASANT SANITATION



Fax

To: Darren Miley From: Aaron Deems

Fax: 739-2234 Pages: 2

Phone: Date: 2/16/01

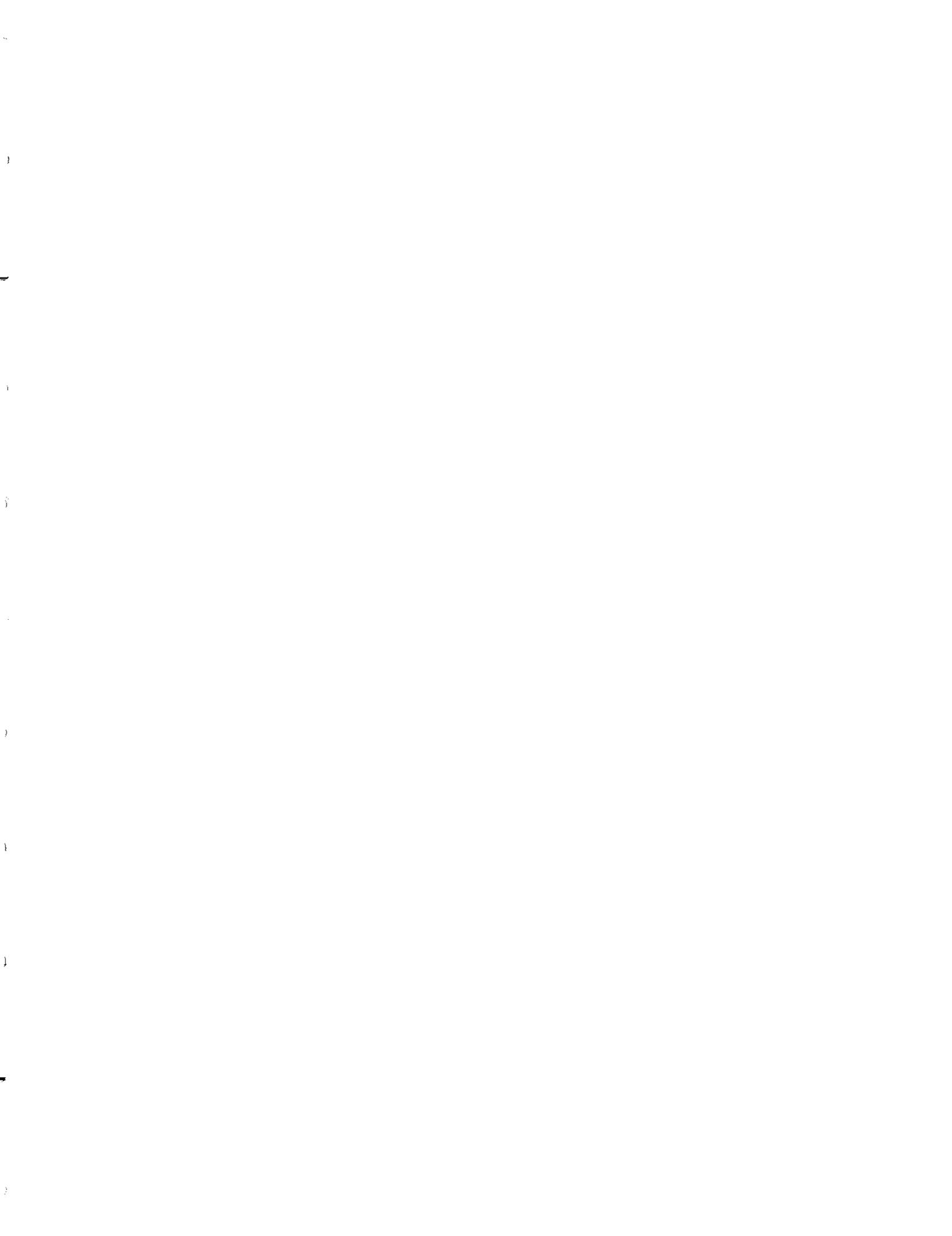
Re: CC:

Urgent For Review Please Comment Please Reply Please Recycle

* Comments:

Please call if you have any questions. (914) 941-2400

Thank you
Aaron



ALLIED WASTE SYSTEMS INC.
 D/B/A
 VALLEY CARTING CORP.
 MOUNT PLEASANT SANITATION
 HUDSON WASTE HAULAGE
 METRO ENVIRO TRANSFER LLC.

FACSIMILE TRANSMITTAL SHEET

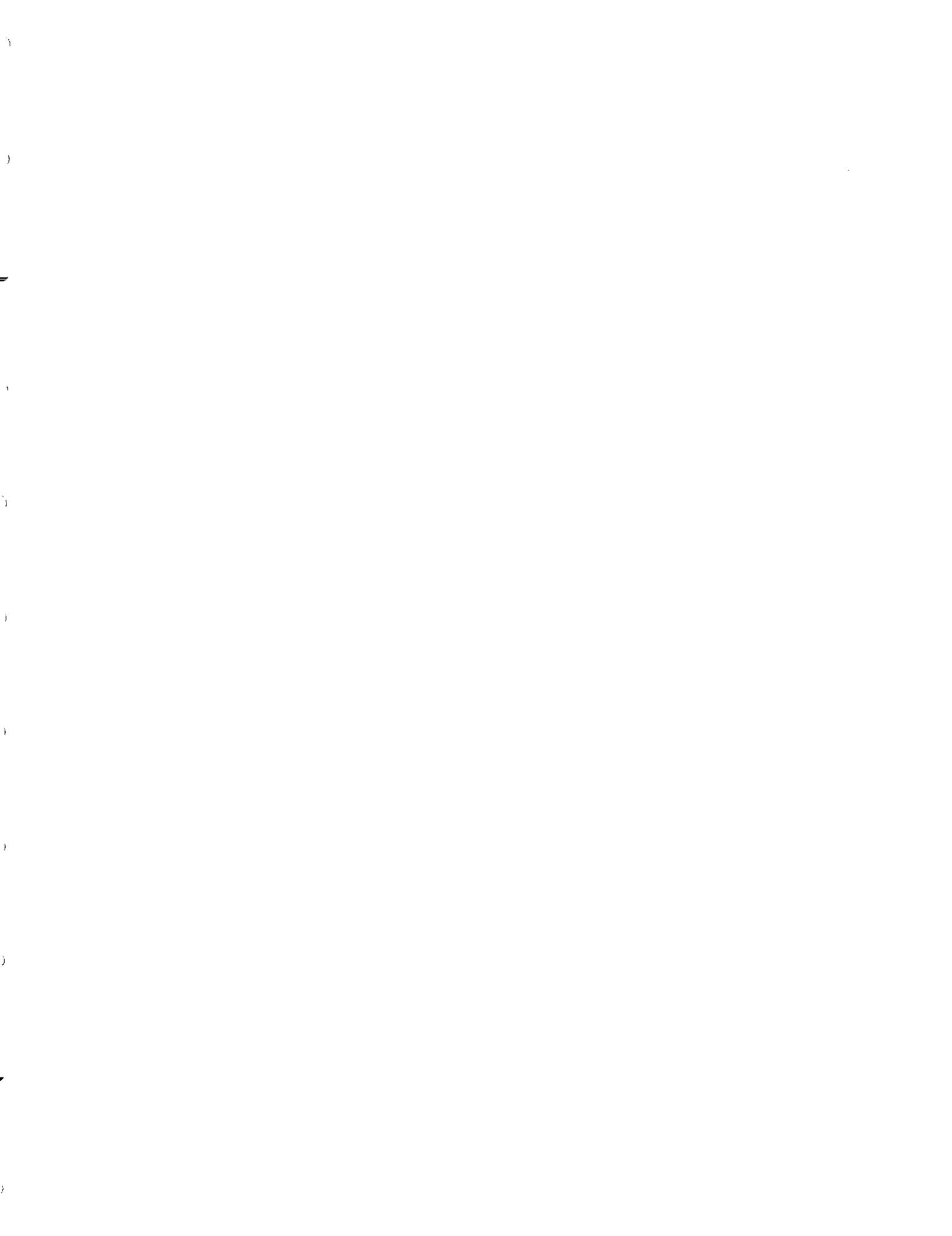
TO: Tom Taverna FROM: John N Lombardi
 COMPANY: Engelhard Corp DATE: 5-16-01
 FAX NUMBER: 737-0743 TOTAL NO. OF PAGES INCLUDING COVER: 2
 PHONE NUMBER: SENDER'S REFERENCE NUMBER:
 RE: YOUR REFERENCE NUMBER:

- URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Tom
 Our Compactor Proposal, pls let
 us know by Friday (I'll be on vacation
 til 5-29-01) or contact Matt Hickey
 TY
 John





Valley Carting Corp.-Mount Pleasant Sanitation-Hudson Waste Haulage

An Allied Waste Company
566 North State Road
Briarcliff Manor, New York 10510
P (914) 941-2400
F (914) 941-1012



May 16, 2001

Engelhard Corporation
1057 Lower South Street
Peekskill, N.Y. 10566
Attn: Tom Taverna

Re: Compactor Proposal

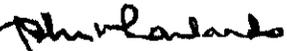
Dear Tom:

With regards to our telephone conversation on Monday May 14, I am enclosing our proposal for a compactor.

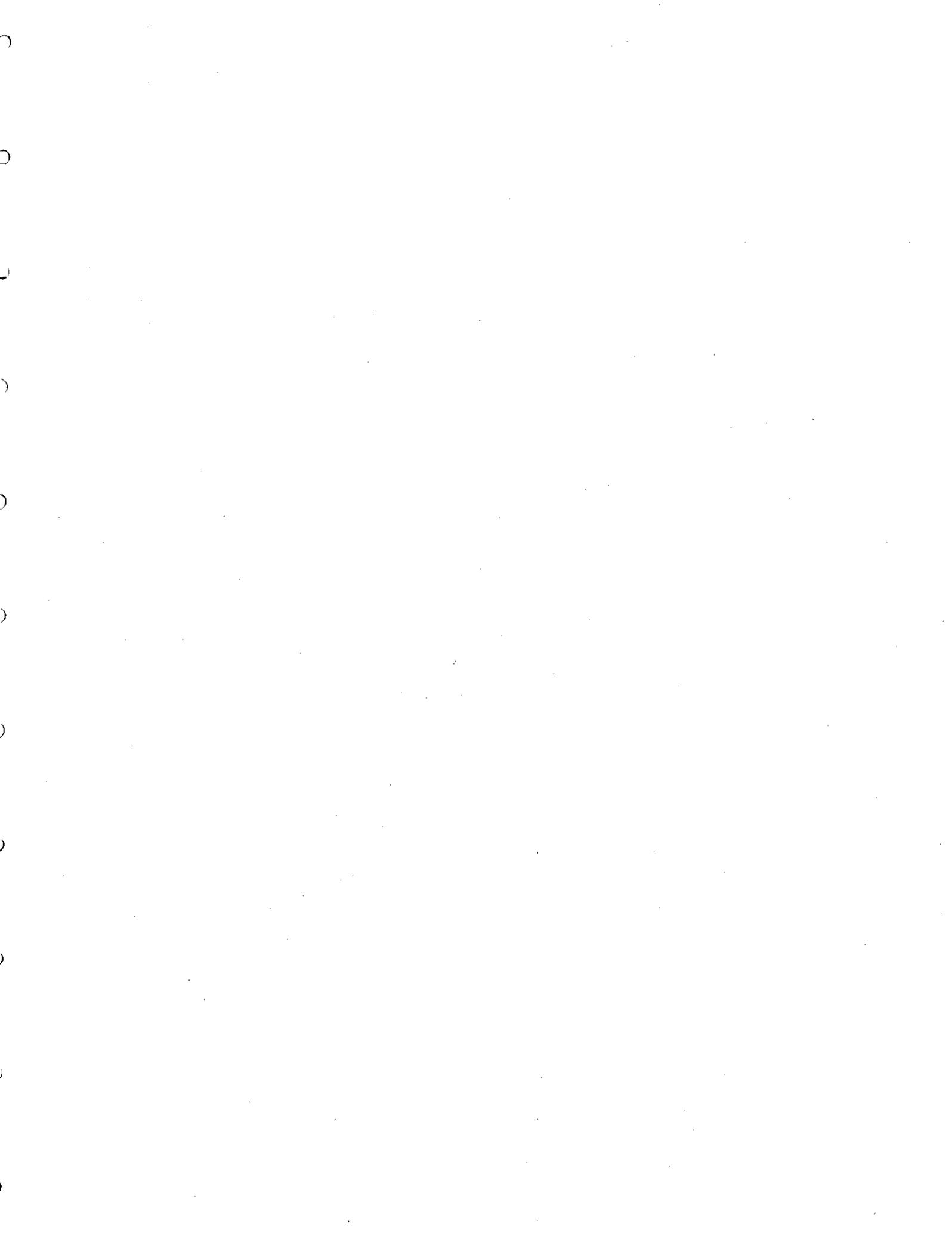
Hudson Waste will supply you with a 35yard SC Compactor for your trash, you will be responsible for the 208 3phase electric to the machine and a concrete pad. We will put you on a "On Call" basis until we have a regular schedul and charge you \$200.00 per pull, \$65.00 a ton and \$125.00 a month for rental and maintenance of the Compactor.

If you accept our proposal, please let me know by fax 941-1012 or by phone at your earliest convenience.

Thank you,


John N. Lombardo
Sales Rep.
Hudson Waste
An Allied Waste Co.

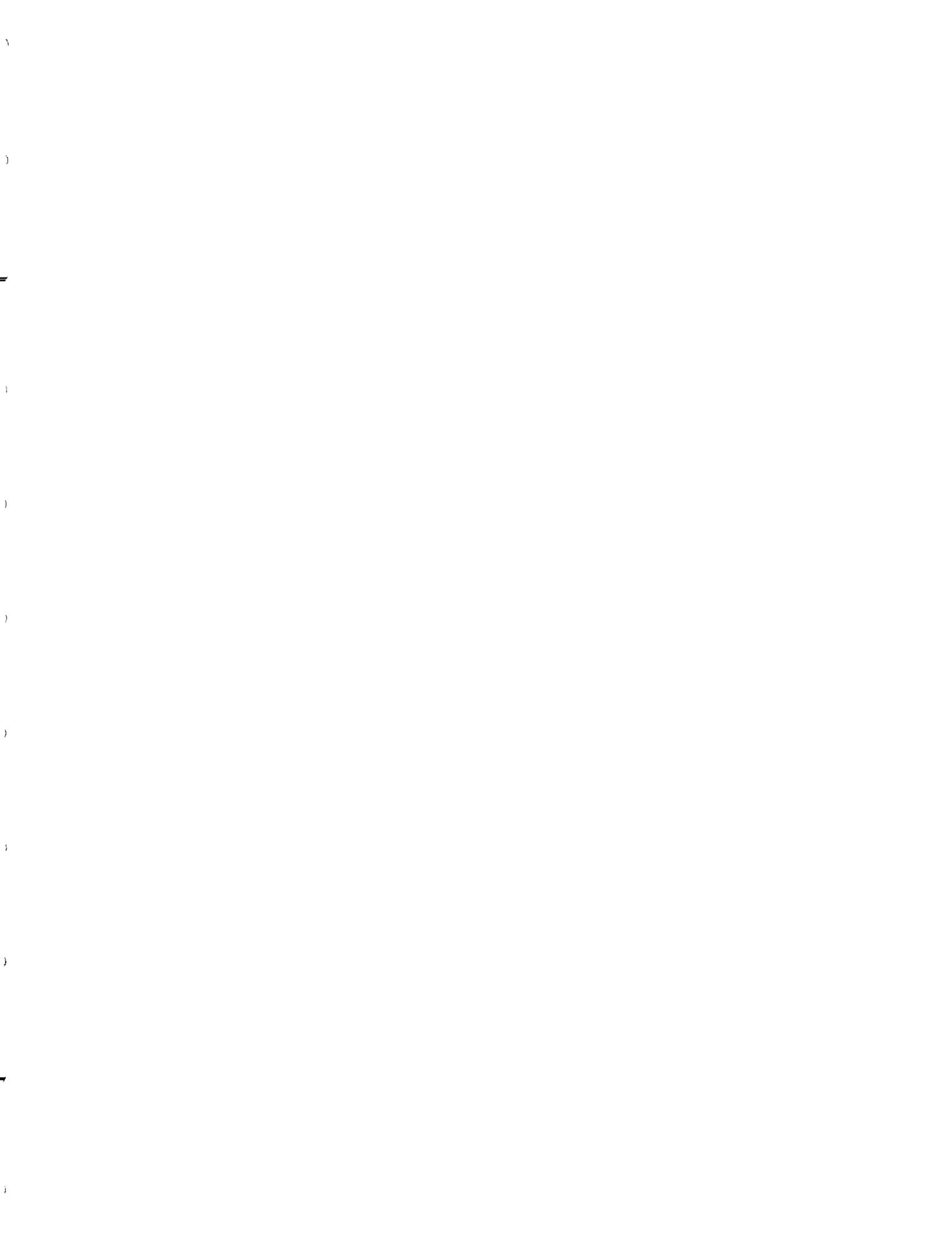
JNL/ml



TRANSMIT CONFIRMATION REPORT

| | | | |
|-------------|---|------------|--------------|
| NO. | : | 005 | |
| RECEIVER | : | | 914 737 0743 |
| TRANSMITTER | : | 9149411012 | |
| DATE | : | MAY 16 '01 | 8:17 |
| DURATION | : | 00'56 | |
| MODE | : | STD | |
| PAGES | : | 02 | |
| RESULT | : | OK | |

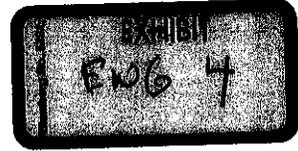




(3) 941-2409

HUDSON WASTE HAULAGE INC.

Roll Off Contractors
Compaction - Open Containers
194 SOUTH HIGHLAND AVENUE
P.O. Box 122B
Ossining, New York 10562



February 16, 2001

Engelhard Corporation
1057 Lower South Street
Peekskill, New York 10566

Attn: Darren Miley
Re: Service Proposal

Dear Darren,

As per our conversation on February 15th, please accept the following proposal for Garbage and Cardboard Service.

Peekskill- One(1) 10yd rear load to be serviced 5x per week at a monthly rate of ~~\$1,305.00~~. *MWF for total*

Buchanan- One(1) 10yd rear load on-call for a rate of \$70.00 per pick-up. *8yd*

Peekskill- One(1) 30yd cardboard ~~compactor~~ *Roll-off* on call for a rate of \$190.00 per pull with no rental or maintenance fee.

Please give me a call on Tuesday to discuss the above, as time is of the essence.

*up service after 1 unit
longer you as time
a work out in
save*

Sincerely,

[Signature]
Aaron Deems

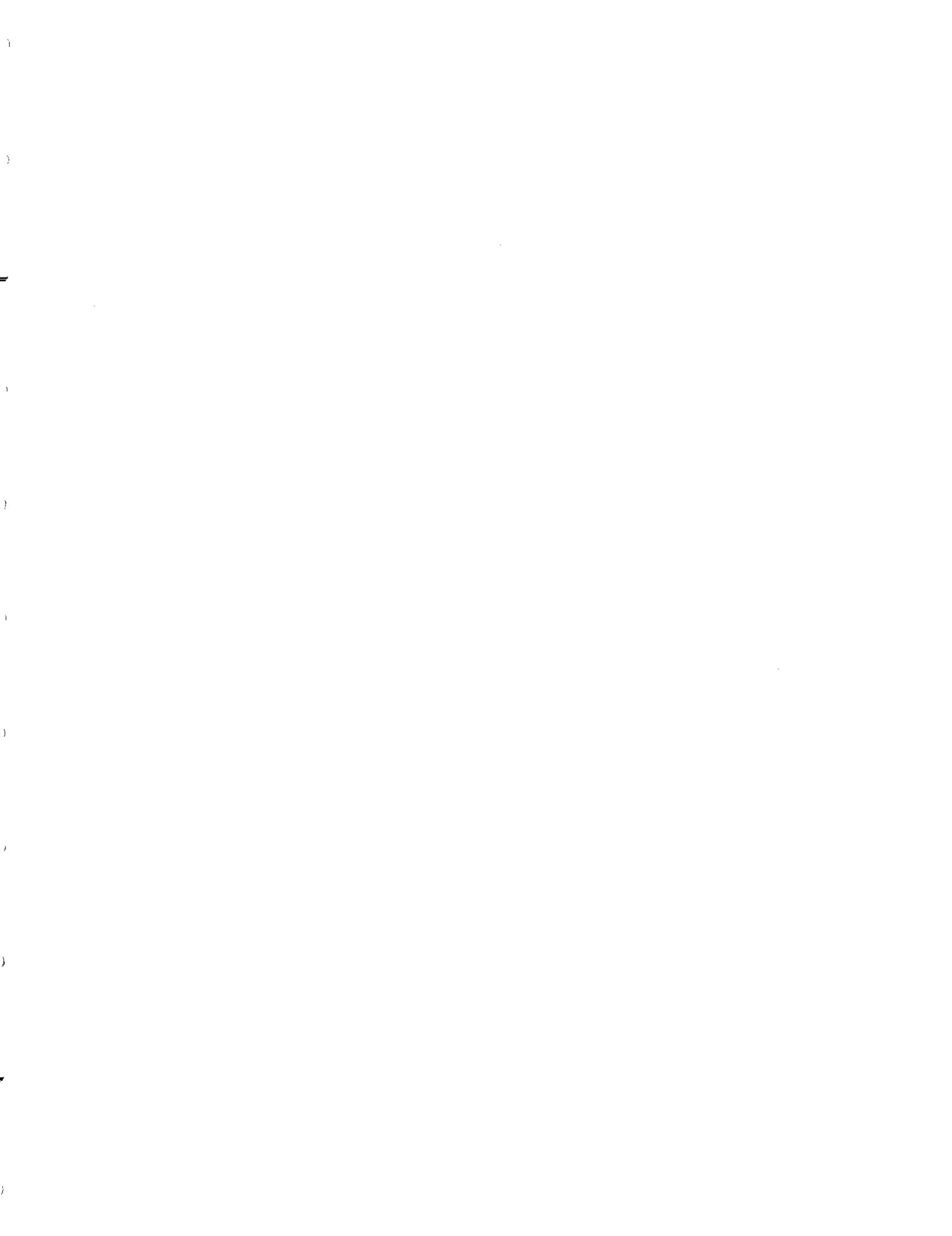
\$ 903⁰⁰ mo

\$ 7⁰⁰ yd

\$ 240⁰⁰

\$ 175 clb only

\$ 65 ton



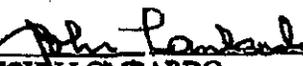
HUDSON WASTE HAULAGE
AN ALLIED WASTE COMPANY
566 NORTH STATE ROAD
BRIARCLIFF MANOR, NEW YORK 10510
(914) 941-2400

AUGUST 2, 2001



TO WHOM IT MAY CONCERN:

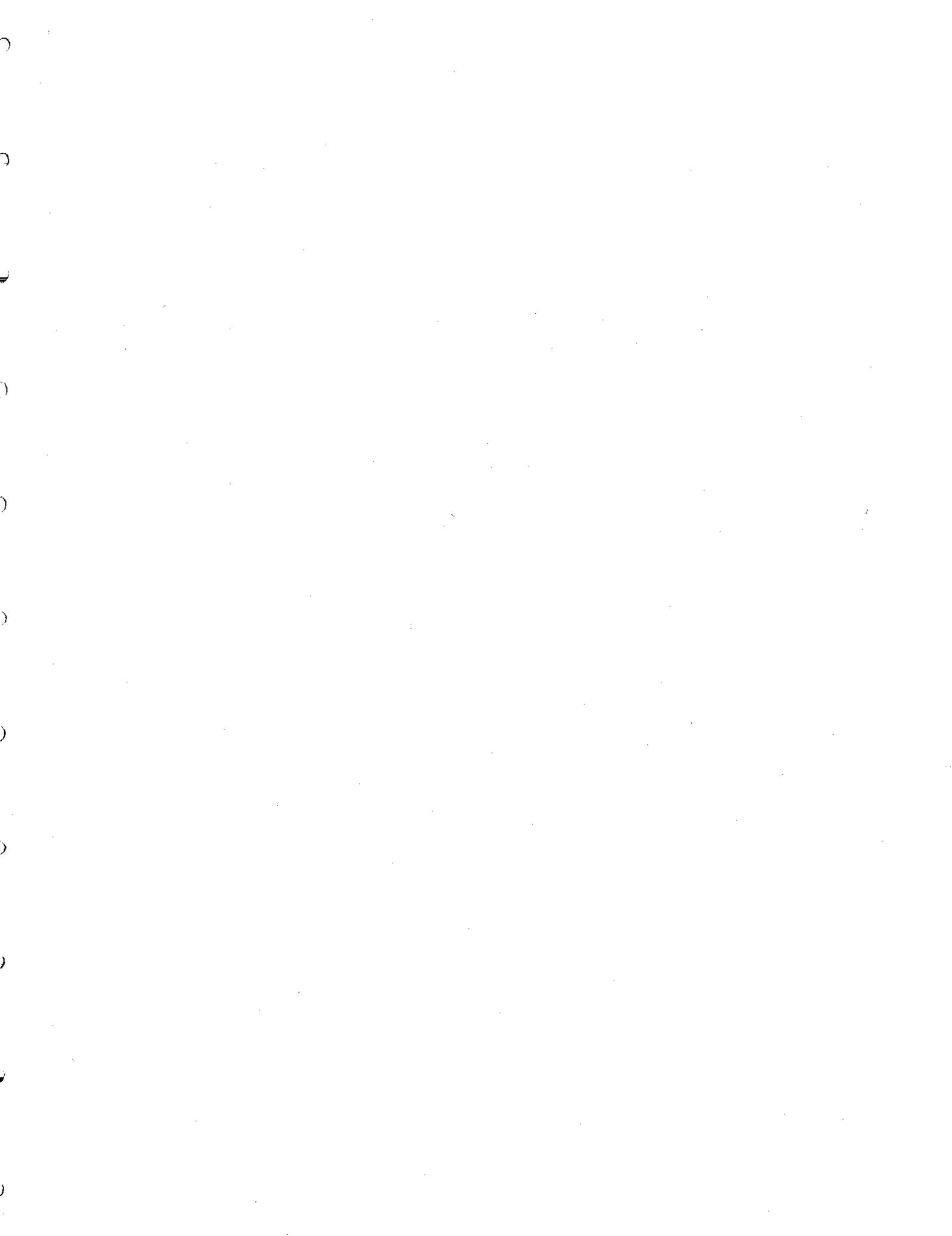
THIS LETTER IS TO CONFIRM THAT ALL WASTE BEING PICKED UP AT ENGELHARD CORP. BY HUDSON WASTE HAULAGE IS BEING BROUGHT TO A LANDFILL IN CONESTOGA, PA.



JOHN LOMBARDO

8-2-01

DATE



HUDSON WASTE/VALLEY CARTING/MT. PLEASANT SANITATION
AN ALLIED WASTE COMPANY
 366 NORTH STATE ROAD
 BRIARCLIFF MANOR, NEW YORK 10510
 (914) 941-2400

April 4, 2001



Engelhard Corp.
 1057 Lower South Street
 Peekskill, N.Y. 10566
 Attn: Tom Taverna
 Maintenance Supervisor

Re: Service Proposal

Dear Tom:

With reference to our meeting this morning, I am enclosing our proposal for your Garbage and Cardboard service.

1057 Peekskill location-one (1) 40yard rear load container without lids to be picked up three (3) times a week for your trash at a rate of \$903.00 a month plus tax.

also

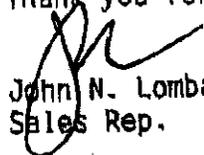
one (1) 30yard open top roll off container for your cardboard only at a rate of \$175.00 per pickup plus tax, if the cardboard is mixed with garbage or contaminated we will charge you \$175.00 plus \$65.00 a ton plus tax.

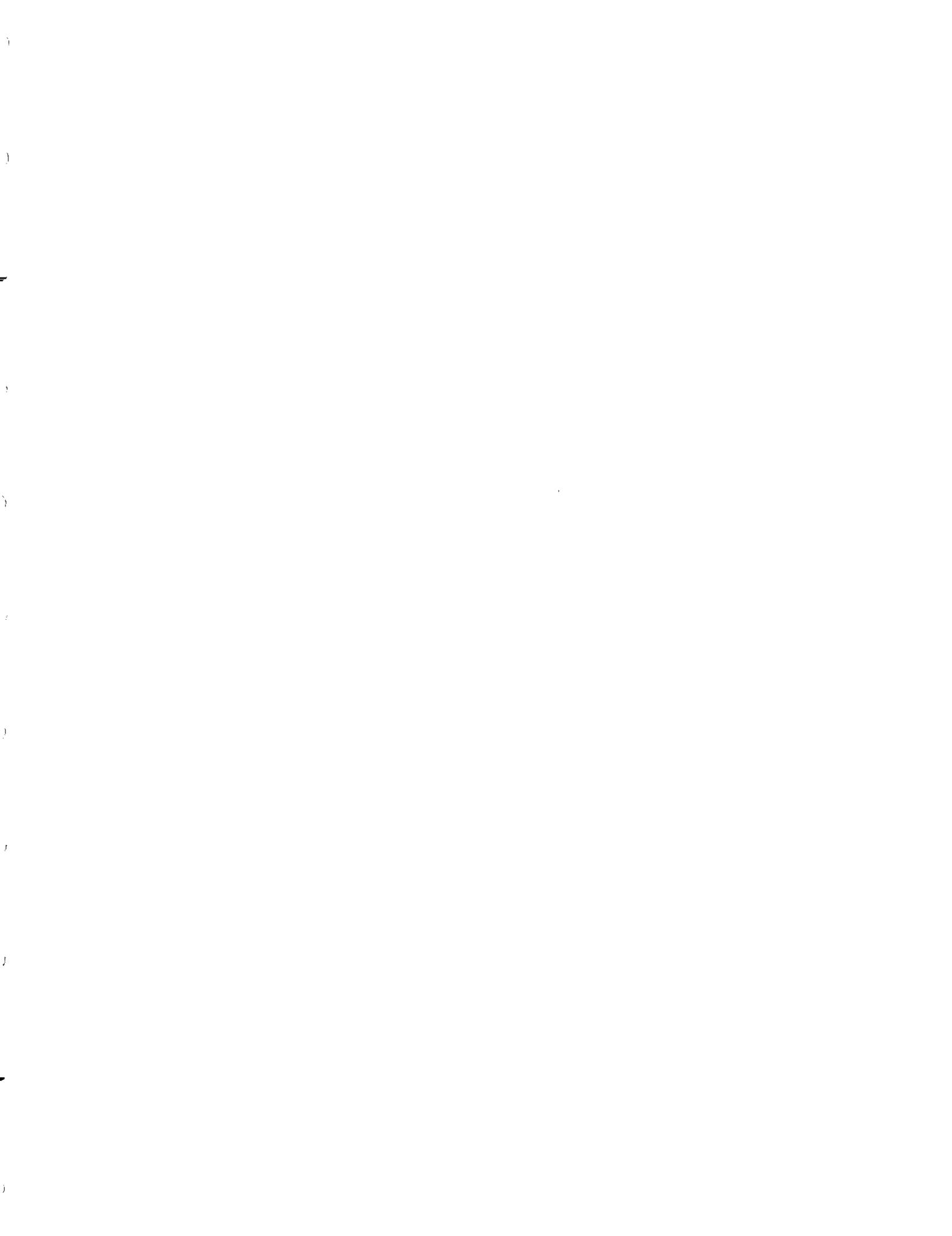
Buchanan location-one (1) 8yard rear load container with lids to be picked up once (1) a week for your trash at a rate of \$240.80 a month plus tax.

After a while of doing business with you we would like to purchase some of your containers by working it out for service in exchange for the containers.

If you have any questions, please feel free to contact me at the above phone number or my cell 347-865-5128.

Thank you for giving us the opportunity to be of service to you.


 John N. Lombardo
 Sales Rep.



TONY

**HUDSON WASTE/VALLEY CARTING/MT.PLEASANT SANITATION
AN ALLEED WASTE COMPANY
366 NORTH STATE ROAD
BRIARCLIFF MANOR, NEW YORK
(914) 941-2400**

April 5, 2001



Englishard Corp.
1057 Lower South Street
Peekskill, N. Y. 10566
Attn: Tom Taverna
Maintenance Supervisor

Re: Service Proposal

Dear Tom:

With reference to our meeting this morning, I am enclosing our proposal for your Garbage and Cardboard service.

1057 Peekskill location-One (1) 10yard rear load container without lids to be picked up three (3) times a week for your trash.

— 20 YD 2 KAWK.

also

One (1) 30yard open top roll off container for your cardboard only at a rate of \$175.00 per pickup plus tax, if the cardboard is mixed with garbage or contaminated we will charge you \$175.00 plus \$65.00.

OK

Buchanan location-one (1) 8yard rear load container with lids to be picked up once (1) a week for your trash.

— WHITE ST. 20 YD KAWK.

GREEN TOWN EDI 3 X 4 KAWK.

If you have any questions, please feel free to contact me at the above phone number or my cell 347-865-5128.

Thank you for giving us the opportunity to be of service to you.

John N. Lombardo
Sales Rep.

5769881 VERAND 990521

Display Device OPERATOR/INM
Date INITIALS

Company 274
Ticket Date Range 3/01/01 to 7/31/01
Ticket Number Range A to 999999999
Route Format R
Account 22169
Cost Distribution R

Print Key Output

ALLIED

08/07/01 06:21:36

Page 1

DATE DISPOSAL REPORT

Leitch 954-7509
BIRCH BIRCH

Invoice of Birch

| Ticket # | Route | Date | Seq | Truck | Acct | Site | Qp | Route | kg/yr | Disposal | Contract | Level of Detail |
|-----------|----------|-------|-----|-------|-------|-------|----|---------------|----------|----------|----------|-----------------|
| 941493824 | 1602 | 07/02 | 2 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 7.59000 | C | 456.30 | |
| 941493964 | 1602 | 07/05 | 3 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 453.35 | C | 489.45 | |
| 941495444 | 1602 | 07/09 | 7 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 7.51000 | C | 195.65 | |
| 941495124 | 1602 | 07/10 | 2 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 3.01000 | C | 261.95 | |
| 941497124 | 1602 | 07/11 | 4 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 4.01000 | C | 234.65 | |
| 941497644 | 1602 | 07/12 | 1 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 2.29000 | C | 578.85 | |
| 941498624 | 1602 | 07/14 | 5 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 2.45000 | C | 172.75 | |
| 941500424 | 1602 | 07/16 | 3 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 3.18000 | C | 207.35 | |
| 941500644 | 1602 | 07/17 | 4 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 2.45000 | C | 185.45 | |
| 941501624 | 1602 | 07/18 | 7 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 5.93000 | C | 174.60 | |
| 941501824 | 1602 | 07/19 | 4 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 5.76000 | C | 631.60 | |
| 941502024 | 1602 | 07/20 | 5 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 9.44100 | C | 531.05 | |
| 941502424 | 1602 | 07/24 | 3 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 8.57600 | C | 371.10 | |
| 941505764 | 1602 | 07/26 | 4 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 5.74000 | C | 587.40 | |
| 941507424 | 1602 | 07/30 | 3 | 1 | 22169 | 00001 | 02 | BIRCHLAND COR | 89.96000 | C | | |
| TOTALS 78 | ROLL OFF | | | | | | | | | | | |

6-0 RUS

| DISP. QTY | Relate cr | QTY | TOP | C/R | Disposal | Y Adj | Customer |
|-----------|-----------|-----|-----|-----|----------|-------|----------|
| 7.07000 | | | | C | 456.30 | | |
| 7.59000 | | | | C | 453.35 | | |
| 7.51000 | | | | C | 489.45 | | |
| 3.01000 | | | | C | 195.65 | | |
| 4.01000 | | | | C | 261.95 | | |
| 2.29000 | | | | C | 234.65 | | |
| 2.45000 | | | | C | 578.85 | | |
| 3.18000 | | | | C | 172.75 | | |
| 2.45000 | | | | C | 207.35 | | |
| 5.93000 | | | | C | 185.45 | | |
| 5.76000 | | | | C | 174.60 | | |
| 9.44100 | | | | C | 631.60 | | |
| 8.57600 | | | | C | 531.05 | | |
| 5.74000 | | | | C | 371.10 | | |
| 89.96000 | | | | C | 587.40 | | |

INVOICE TO

STAFFLY USA
 200 Saw Mill River Rd
 Hawthorne NY
 10538

STAFFLY / 1971 SITE LOCATION
 200 Saw Mill River Rd
 Hawthorne NY
 10538

STAFFLY / 1971 SITE LOCATION
 ADDRESS: 200 Saw Mill River Rd
 CITY STATE: Hawthorne NY
 ZIP CODE: 10538
 TEL. NO.:
 FAX NO.:
 AUTHORIZED BY:
 CONTRACT TITLE:

Valley Carting (914) 941-2408
 Hudson Waste Handling (914) 941-2009
 Mohai Placement Sanitation (914) 769-1708
Customer Service Contract

AGREEMENT NUMBER: 10638

ACCOBITE RUBBER: 1907

POSTED

FAX: (914) 941-4012

| DATE | TIME | DESCRIPTION | AMOUNT | TAXES | TOTAL | PAID | BALANCE |
|-------|------|-------------|--------|-------|-------|------|---------|
| 10-20 | 10 | | 120 | | 120 | | 120 |
| 10-20 | 10 | | 55 | | 55 | | 55 |

COMMENTS

New Location
 Need Service by 10-4-00

DOES FACILITY HAVE A HAZARDOUS WASTE GENERATOR I.D. NUMBER?

YES NO

ADDITIONAL ACCOUNT NUMBERS

| ACCOUNT NO. | ACCOUNT TYPE | ACCOUNT NO. | ACCOUNT TYPE |
|-------------|--------------|-------------|--------------|
| | | | |

GENERAL CONDITIONS

THIS IS A LEGALLY BINDING AGREEMENT FOR A PERIOD OF TWENTY-FOUR (24) MONTHS, SUBJECT TO THE GENERAL CONDITIONS SPECIFIED BELOW AND ON THE REVERSE SIDE.

- Price.** The Customer shall pay to the Company the service charges and adjustments set out in this Agreement, as for any additional services customer may request per the service charges. Customer shall pay all taxes, fees or other charges imposed by federal, state, provincial or local laws and regulations upon the collection, transportation or disposal of Customer's waste or the service. The Company shall have the right to increase the service charges as a result of increased disposal costs, or if Customer's waste exceeds an estimated average of 100 lbs per cubic yard and/or to reflect increases in the Consumer Price Index, by giving written notice of at least 30 days.
- Payment.** Customer shall pay the charges for the services furnished by the Company on a monthly basis and upon receipt. Company may impose and Customer shall pay a late fee on all overdue payments of 1-1/2% per month 18% per annum, it being agreed that such late fee shall not exceed the maximum rate allowed by applicable law. Company may terminate this Agreement if Customer fails to pay for service charges or should credit worthiness of Customer not acceptable to Company.
- Term.** This Agreement is for a term beginning on date and continuing for a period of two (2) years, and from the date of termination shall be automatically renewed from year to year unless one party gives notice of termination (which must be without days prior to the end of the then current term).

CUSTOMER: Mr. John Roselli
 TITLE: President
 DATE: 10/10/00

SALE REPRESENTATIVE: Tom D. Toward
 TITLE: Sales Rep
 DATE: 10-3-00

HUDSON WASTE HAULAGE, INC.

PO BOX 1228, 566 NO. STATE RD.
OSSINING, N.Y. 10562
(914) 941-2409 • FAX (914) 762-4684

TYPE OF SERVICE

1-1 yard cont. for Co-Mingle ----- \$86.00
** 1-2 yard cont. for Cardboard ----- 80.00
----- \$166.00

ACCOUNT NO. 3570

NAME Applebee's Restaurant

STREET Cortlandt Town Center TEL NO. 526-9000

CITY/STATE Whegan Lake, N.Y. ZIP 10547

BILLING ADDRESS Same TEL NO. _____

Ed Lacherman, Gen. Mgr. ZIP _____

DAYS SERVICES WILL BE SUPPLIED

MON. X

TUES. _____

WED. Co-Mingle/Cardboard

THUR. _____

FRI. Cardboard

SAT. _____

SUN. _____

TOTAL NUMBER OF DAYS: _____

EQUIPMENT SUPPLIED TO CUSTOMER

1-1 yard cont. for Co-Mingle
** 2 yard already on site being picked up on Wednesday for free

1) NEW Price to be increased by 0 after first year and each year thereafter.

2) RENEWED

3) NEW OWNER

5) DECREASE IN SERVICE

Formal Order's Name

Description

| ROUTE | MONTHLY CHARGE | OPENING DATE | EQUIPMENT RENTAL | RATE |
|----------------------|----------------|--------------|------------------|--------|
| 11/1/99 | \$166.00 | 12/31/01 | plus tax | 167.94 |
| SERVICE TO TERMINATE | 2 years | | | |

- The Contractor agrees to supply to the customer and the Customer agrees to take from the Contractor exclusively during the term of this agreement, all of the Customer's refuse and recyclable materials service requirements.
- The initial service shall be for the type of equipment and use the class set on line item and shall start on the date that the Customer's needs shall increase or decrease in which case adjustments will be made at prevailing prices at the time of change in Customer's needs subject to agreement by the contractor. However, maximum service is a 1-year minimum pickup up once per week.
- The Customer agrees to pay monthly the total monthly service charge (used in affect vehicle liability shall be shown above) together with all applicable taxes thereon. The total monthly service charge for any month shall be the sum of the monthly service charges for the service supplied. No credit shall be deducted for vacation or nonusage. If during the month the monthly service charges have been taken into account in entering the monthly service charge. The Customer shall not have the right to terminate this agreement because of a dumping site increased cost rate adjustment.
- In addition to its right under Paragraph 4, the Contractor reserves the right to increase the service charges over and above those stated herein at any time by giving the Customer sixty (60) days prior written notice thereof. However, in the event the Contractor's (30) days written notice of such charges is not received by the Customer prior to the effective date of such increase, the Contractor agrees not to load containers above stated level. An increase that is stated above shall be removed by the Contractor or contractor will not be removed of equipment.
- All equipment supplied to the Customer by the Contractor shall remain the property of the Contractor and shall be received and held by the customer at his risk. The Customer shall deposit the Contractor for all loss or damage occurring through theft through accident or misuse, normal wear and tear, and depreciation excepted in case of total loss, or of any damage which shall make equipment unusable. The Customer shall pay the Contractor for the repair or replacement of same.
- The parties agree that unless the Customer notifies the Contractor in writing by Certified Mail not less than sixty (60) days of the date that service is to terminate under this agreement, or under any automatic renewal period, that it no longer wishes to use the services of the Contractor, then the term of this Agreement shall automatically be extended for the same period of time as the original term.
- The Contractor shall maintain Johnson's Compaction for its employees and selectables Motor Vehicle Liability Insurance. The Contractor is not responsible for personal injuries to the Customer or its agents resulting from the use of the equipment.
- It shall be an inherent part of service because of liability, breakdown or "stop service" orders, issued because of nonpayment or late payment, Customer agrees to pay the full contract price, provided the Contractor takes away all equipment and service materials.
- It is expressly understood by the parties that the Contractor may charge 1% per month interest on invoice 30 days or more past due.
- Contractor shall collect and dispose of all waste materials, garbage, trash and other material at the customer. However, the Contractor shall not be required to accept any materials which the Contractor deems either not acceptable according to the dumping regulations for the town in which the service is performed.
- It is further agreed that if the Customer no longer requires any collection and disposal services for its waste materials through discontinuance of its business or relocation outside the area in which the Contractor provides collection services, Customer may terminate this agreement upon written notice to the Contractor at least sixty (60) days prior to the intended termination date and upon payment of all amounts due to Contractor.
- Customer is responsible for the pick-up of the container and the sanitary maintenance thereof. Customer acknowledges that Contractor may not be liable for any damage to property, equipment, machinery, vehicles or underground utilities, including septic systems, resulting from its waste services as agreed upon here.
- Customer agrees to pay for the removal of the container of refuse. The Customer hereby grants to the Contractor, the right which the Contractor receives setting to the amount of 10 days of notification.
- In the event of a breach of this agreement by either party, the breaching party shall be responsible to pay damages as well as the cost of enforcing this agreement, including a reasonable attorney's fee.
- This agreement shall constitute for a period within the dates mentioned hereinafter and shall be subject to the terms above and on the reverse hereof. All which are incorporated in and made part of this agreement.

TERMS: NET PAYABLE UPON RECEIPT OF INVOICE

HUDSON WASTE HAULAGE, INC. (CONTRACTOR)

CUSTOMER NAME: Applebee's Restaurant

DATE SIGNED: 1/11/02

BY John H. Lombardo CONTRACTOR

BY [Signature] CUSTOMER



REBOUL, MACMURRAY, HEWITT & MAYNARD

45 ROCKEFELLER PLAZA

NEW YORK, N.Y. 10111

TELEPHONE: (212) 841-5700
TELECOPIER: (212) 841-5725

LISSA ROTHSCHILD
(212) 841-0417
irothschild@reboul.com

SUITE 406
111 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE: (202) 429-0004
TELECOPIER: (202) 429-8743

Fed Ex 10:20am
RECEIVED

August 19, 2002

AUG 20 2002

DOAR RIECK & MACK

COPY

BY FEDERAL EXPRESS

Walter Mack, Esq.
Doar, Rieck & Mack
233 Broadway
New York, New York 10279

Re: Engelhard Documents

Dear Walter:

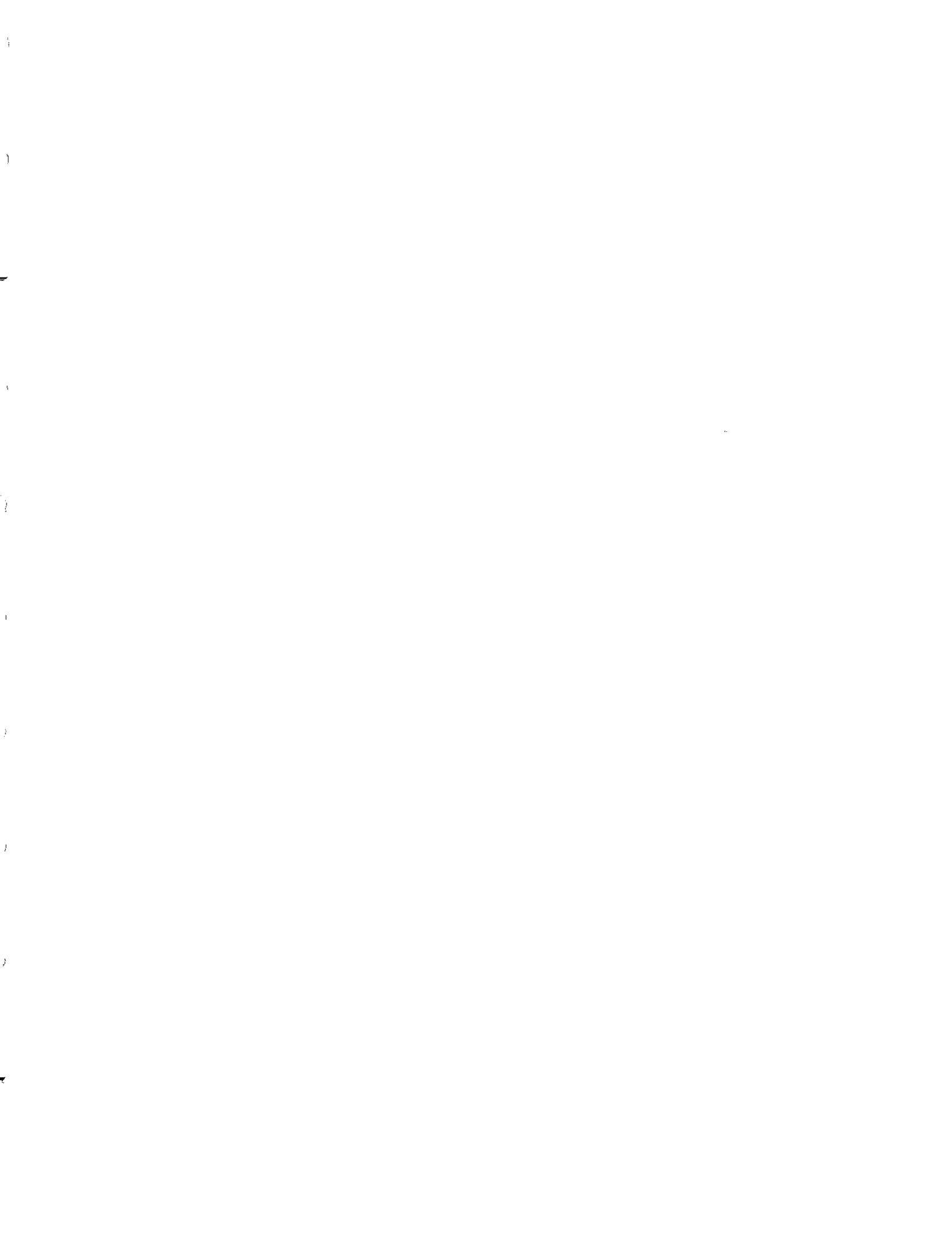
As we discussed, enclosed please find documents that were found by John Lombardo, at the direction of Joann Dellapena, at Valley Carting. These documents, which were contained in a file labeled "Mearl," were located in the now empty building at the North State Road location. As we have also discussed, we have been unable to locate two other documents that you have in your possession, fax cover sheets to and from Erina Hickey, which you have labeled Exhibits One and Two.

Very truly yours,

LISSA ROTHSCHILD

Ilissa Rothschild

Enclosures



ENGELHARD

Sharon Radomski
Engelhard Corporation
1057 Lower South Street
Peekskill, New York 10566
(914) 737-2554 ext 484
July 3, 2001

Erina Hickey
Valley Carting Co.
Fax #: (914) 941-1012

POSTED

Dear Ms. Hickey,

As per our phone conversation on July 2, 2001, we would like to request copies of the delivery tickets to be sent to our office for the waste removal from the Peekskill Pigments Plant, the Buchanan Pearl Plant and the Peekskill Film Plant. Please send the copies to:

Chrisine Anastos
1057 Lower South Street
Peekskill, New York 10566

In addition, all invoices should be sent directly to our Accounts Payable department for payment at the same address.

Please feel free to contact me if you have any questions or need any more information, and to confirm your receipt of this letter.

Thank you for your help in this matter.

Sincerely,

Sharon Radomski
Sharon Radomski



ALLIED WASTE SYSTEMS INC.
D/B/A
VALLEY CARTING CORP.
MOUNT PLEASANT SANITATION
HUDSON WASTE HAULAGE

FACSIMILE TRANSMITTAL SHEET

| | | | |
|---------------|--------------------------------------|-------------------------------------|--------------|
| TO: | CHRISTINE ANASTOS | FROM: | ERINA HICKEY |
| COMPANY: | ENGELHARD CORP. | DATE: | 6/19/01 |
| FAX NUMBER: | 914-737-0743 | TOTAL NO. OF PAGES INCLUDING COVER: | 1 |
| PHONE NUMBER: | | SENDER'S REFERENCE NUMBER: | |
| RE: | 2 30YD. CONT. @ 1057 LOWER S. STREET | YOUR REFERENCE NUMBER: | |

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:
CHRISTINE,

I WAS MISTAKEN ABOUT THE 20 YD. CONT. THERE ARE ONLY TWO 30 YARD CONTAINERS AT THAT LOCATION. THE 30YD. CONT FOR TRASH IS DUMPED AT METRO ENVIRO TRANSFER LLC. IN CROTON AND THE 30YD. CONT. FOR CARDBOARD IS DUMPED AT NYCONN IN M.T. KISCO.

PLEASE LET ME KNOW IF YOU HAVE ANY OTHER QUESTIONS.

Darren

Dumpster Waste Haul
Hudson Valley Carting

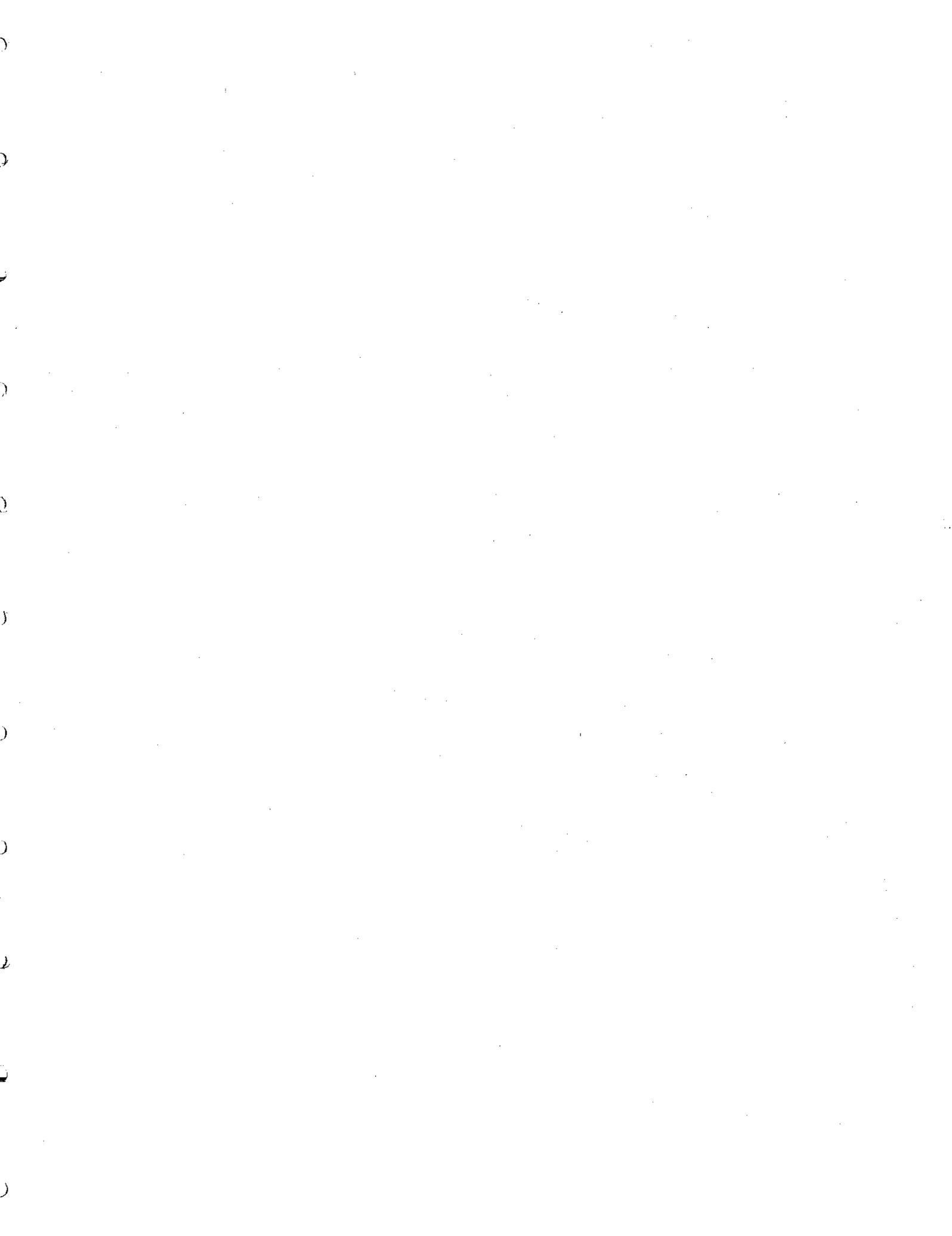
941-2409

1057 LSS

30yd³ x 2 → cardboard, trash

20yd → trash

Erina
914 941-1012



Purchasing/AP Department
1057 Lower South Street
Peekskill, NY 10566
Phone: (914) 737-2554
Fax: (914) 788-0308

FACSIMILE TRANSMITTAL SHEET

From: Darren Mylie x 481
 Norine McIntyre x 483
 Gale Hughes-Anewalt x 482
 Sharon Radomski x 484
 Lloyd Dixon x 453
 Paulette Lockett x 238

Date: 1/18/02 Time: _____

To: JOHN LOMBARDO Firm: _____

Fax #: 944-7946 Total # of Pages Faxed: _____

Re: Quote, Contract cc: _____

Urgent For Review Please Process Please Reply Please Confirm

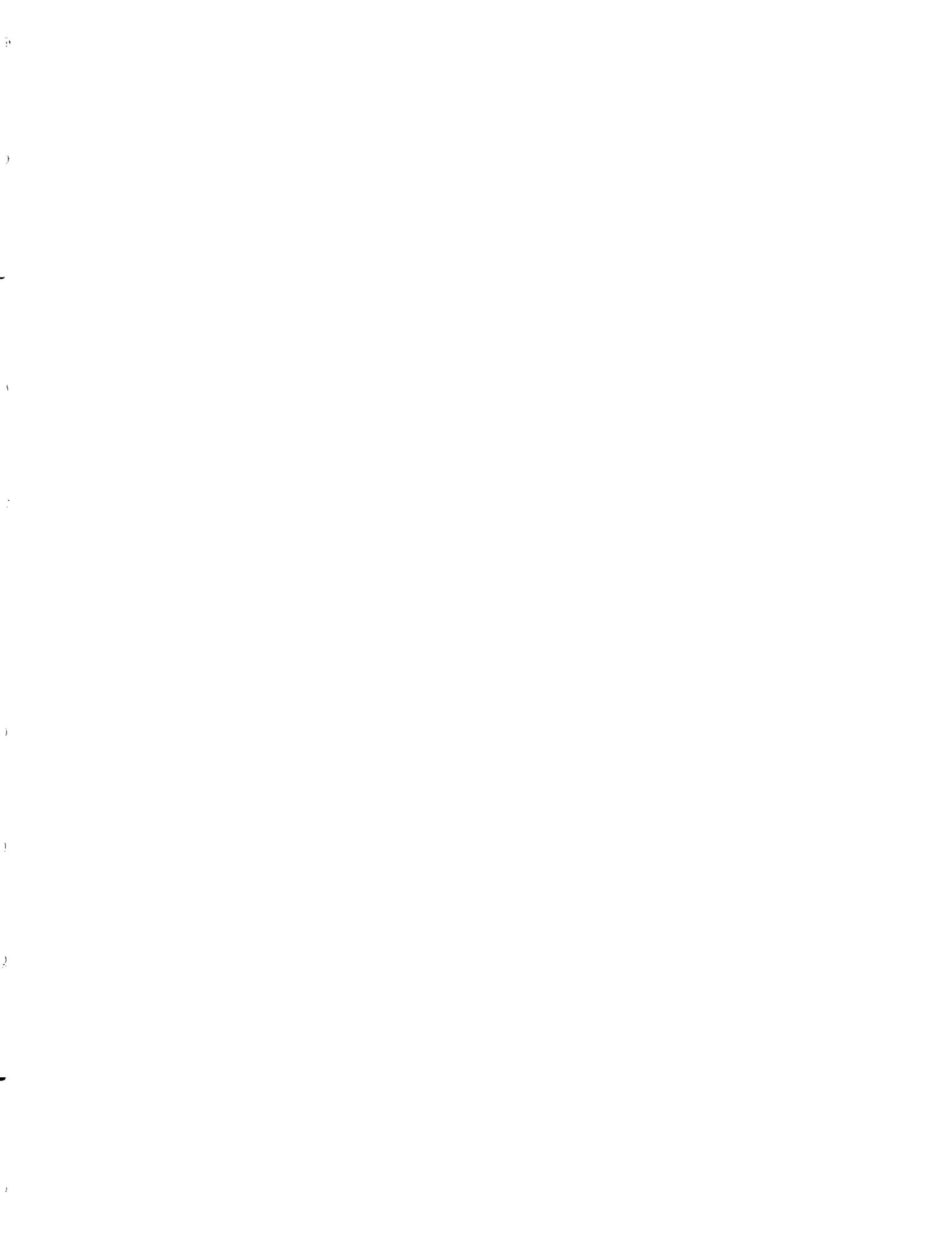
If you did not receive all pages, please call back as soon as possible.

John, please review & get back
to me by next week.

Thanks

Darren





ENGELHARD CORP.

1057 Lower South St.
Peekskill, NY 10568

March 26, 2002

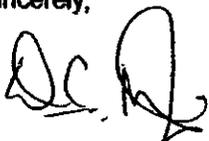
John Lombardo
Valley Carting
566 North State Road
Briarcliff, NY 10510

Dear John:

This is to inform Valley Carting that as of April 1, 2002, Engelhard Corporation will no longer require your waste haulage services. We thank you for your support over the years and look forward to someday working with your company again.

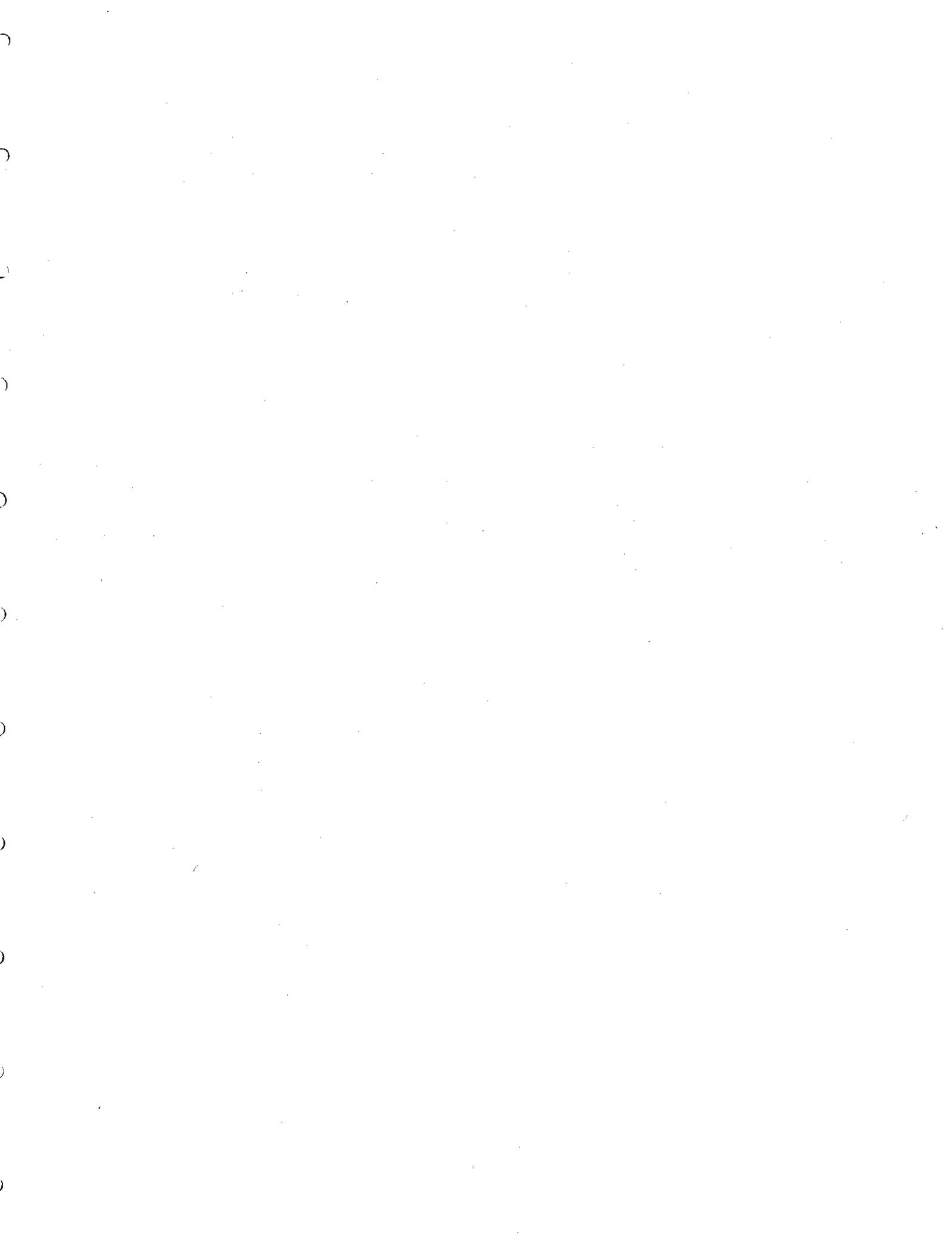
Please have your firm remove any existing equipment by April 3, 2002. If you have any questions, please feel free to call me.

Sincerely,

 C.P.M., C.P.P.

Darren C. Mylie C.P.M., C.P.P.
Purchasing Manager



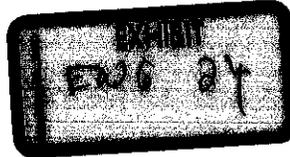


John, can you please quote the following:

1. Peekskill Pigment (1057 Lower South St) has a 40yd container that needs a pick up 3x a week. (not dumped at RESCO)
2. Peekskill Pigment has a 40yd cardboard container that needs servicing when called.
3. Peekskill Film Plant has a compactor that needs to be dumped at a site other than RESCO.
4. Ossining site, (North Highland site) same as every year. They call for a pickup I believe.
5. Buchanan, Wwhite Street, has a 20yd rearload that they call to dump.

Please return quote with signed
Bill of Rights contract no later
than Wednesday Jan 23rd. Thanks.

The attached PO's are from last year.
When I receive your quote, I will fax
over new PO's for 2002.



DRAFT

**ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL**

MEMORANDUM

TO: Walter Mack
FROM: Don Sobocienski
DATE: September 27, 2001
RE: Interview of Joann Della Penna

On 9/26/2001, Investigator Don Sobocienski interviewed Joann Della Penna at the City Limits Diner, White Plains, New York. The investigator informed Ms. Della Penna that he worked with the federal court-appointed monitor of the Allied Waste companies operating in Westchester County to include those companies presently doing business as Valley Carting. The investigator described the genesis of the monitorship and explained the monitor's role and responsibilities as per the Stipulated Monitorship Agreement. Ms. Della Penna provided the following:

Ms. Della Penna has been an employee of the Valley Carting companies for eleven years. She stated that her duties and responsibilities for the company pertain to accounts receivables and collection, as well as sorting the daily mail. Ms. Della Penna stated that prior to the companies' acquisition by Allied, she prepared invoices and received and recorded all payments made by the customers of the companies. She advised that in 10/99, subsequent to Allied's acquisition of the companies (which occurred in 5/99), the software program, INFOPRO was installed at Valley which integrated the customer account information entered at Valley together with information entered at the Allied Corporate offices. Ms. Della Penna explained that subsequent to the acquisition, Allied began billing the Valley customers accounts from a central location outside the State of New York and payments made by these customers were sent to a lockbox also located outside the State of New York. Ms. Della Penna stated that she never took custody of the checks sent to the lockbox, but was responsible for monitoring all Valley account information via the INFOPRO software. Ms. Della Penna stated that not all of the Valley accounts are billed by Allied directly. Roll off customers are billed by Valley and payment for rolloffs is received at Valley. Also, Valley bills the customer direct for special pick ups (e.g bulk items, cleanups) and any additional amounts of waste that is picked up which is not covered by the customer's service contract. Payment for these services is collected by Valley. Payments made by the towns of Mt Pleasant and Yorktown for residential pick up is also received at Valley rather than sent to Allied. Ms. Della Penna stated that she is responsible for assuring that all these accounts are reconciled.

Ms. Della Penna described Valley's rolloff business as follows: Valley's dispatch office regularly receives calls from regular and prospective customers seeking to have a rolloff container(s) picked up or delivered. The prospective customer is provided set prices for the rolloff containers according to size. The price is established according to the approximate net weight of the volume of the debris that each size rolloff container can accommodate. Should the prospective customer want rolloff service, a delivery date is determined and the dispatcher obtains the customer's credit card number. The customer's credit card data is obtained in the event that the net weight of the container exceeds the approximated weight for which the customer was quoted the set rate. On the date of the delivery of the empty container, the customer pays the rolloff driver the set amount for that size container with cash or by check.

Mr. Della Penna described Valley's special pick up business as follows: Valley's dispatch office regularly receives calls from existing customers or prospective customers seeking to have Valley pick up a bulky item(s), such as a refrigerator or couch, or an accumulation of items that they are discarding as part of an attic, basement, or garage clean up. These pick ups are routinely done on Wednesdays. If the rate of payment for this service, which can vary depending on what the customer wants picked up, is not determined by the dispatcher at the time of the initial call, a driver will visit the customer's home on Wednesday and provide him a rate based on the weight/volume of items. The customer can either pay the driver, in advance, at this time or on the date of pick up which occurs on the following Wednesday.

Ms. Della Penna advised that route drivers often pick up more debris from commercial customers than is covered in their service contracts. The driver will note the amount of the additional debris on a ticket which he turns in to dispatch at the conclusion of his route. The customer is subsequently billed by Valley for the additional debris.

Ms. Della Penna advised that service information is entered into INFOPRO from dispatch as well as from her offices. She stated that dispatch routinely inputs data regarding rolloff service, special pick ups and excess commercial waste. She further stated that each morning the rolloff drivers receive their route sheets from dispatch, generated from the INFOPRO data, which denote the locations for their delivery and pick up of rolloff containers. In addition to what is denoted in the route sheet, the drivers are regularly advised by dispatch, via radio communications, of additional customers to whom an empty container is to be delivered. The drivers make hand written entries to their route sheets to include this new information received from dispatch. At the close of each day the drivers hand in their route sheets to dispatch together with any checks or cash that they received. Ms. Della Penna stated that as of approximately the Spring of 2001, drivers are required to deposit all cash and checks into a lockbox located outside the dispatch office. According to Ms. Della Penna, this is a procedure that was instituted by Matt Hickey and Ms. Della Penna is the only person who has the lockbox combination. Prior to the lockbox procedure being implemented, the checks, cash and route sheets were brought to Ms. Della Penna on a daily basis.

Ms. Della Penna stated that the monies that were received for rolloff service were entered into INFOPRO under a C.O.D. account (Account # 2100). Ms. Della Penna advised that the monies received for rolloffs was routinely less than the amount that should have been collected

for the amount of service rendered as per the route sheets and INFOPRO entries. Ms. Della Penna stated that because the rolloffs customers were entered into INFOPRO under the single C.O.D. account, she was not always able to determine whether a customer had paid less than he should have or whether the customer paid at all. Ms. Della Penna described the dilemma as "trying to find a needle in a haystack" Ms. Della Penna stated that she was able to discern from reviewing the drivers' route sheets, that many of the rolloff customers did not pay anything upon receipt of their rolloff delivery. Ms. Della Penna explained that the route sheets would often have notations by the driver or someone in dispatch that the rolloff was delivered absent the receipt of any payment, as per the instructions of Aaron Deems.

Ms. Della Penna advised the investigator that she eventually learned that Aaron Deems was providing rolloff service to friends and associates at reduced rates or at no cost at all.

Ms. Della Penna stated that she informed Matt Hickey of the disparity in payments received versus the rolloff services provided, although she is unclear as to the approximate date that she advised Mr. Hickey of her concern. Ms. Della Penna stated that the amount of money in question was approximately \$6,000 to \$7,000. Ms. Della Penna stated that she subsequently overheard several loud and heated discussions between Mr. Hickey and Mr. Deems regarding this issue. She stated that she heard Mr. Hickey accuse Mr. Deems of providing service at reduced rates for his (Deems) friends and ordered Mr. Deems to collect a specified total amount. Ms. Della Penna stated that she subsequently questioned Mr. Deems as to the status of the payments. Ms. Della Penna stated that Mr. Deems appeared annoyed by Ms. Della Penna's concern and responded to her with words to the effect, "why are you concerned, it's not as if it's your money". Ms. Della Penna opined that Mr. Deems was conveying to her that because Allied is a national company that could easily absorb these types of losses.

Ms. Della Penna stated that she has since eliminated the C.O.D. account as an accounts receivables account and currently assigns each roll off customer their own account number. She stated that this change allows her to track the payment status of all customers.

Ms. Della Penna believes that Aaron Deems and Eileen Baselice were responsible for most of the monies due Valley that were not collected. Ms. Della Penna stated that Ms. Baselice had deposited checks made payable to Mt. Pleasant Sanitation into her personal account. Ms. Della Penna described the checks as small denominations written by residential customers in payment for the special Wednesday pickups. According to Ms. Della Penna, some of the checks had been altered prior to being deposited by Ms. Baselice and others had merely been wrongly accepted by bank personnel. Ms. Della Penna stated that the bank eventually notified the company after it rejected one of the checks that Ms. Baselice attempted to deposit. Ms. Della Penna stated that Matt Hickey is fully aware of this situation.

Ms. Della Penna was asked if she received much cash from dispatch for the special Wednesday pickups. She responded that prior to the lockbox being implemented, she received no cash for this service. Since the lockbox was enacted, she is now receiving cash along with the paperwork. Ms. Della Penna advised that prior to the company being acquired by Allied, she knew that Anthony Cardillo used the cash received from special Wednesday pickups as petty

cash for the dispatch office.

Ms. Della Pena described a situation relating to a rolloff customer named National Platform Tennis. Ms. Della Penna stated that this customer had contracted with Valley for the delivery of two rolloff containers in the amount of \$1,200. According to Ms. Della Penna, the owner of National Platform Tennis informed her that he had been advised by Ms. Baselice that his original payment by check had been lost and she instructed him to issue a second check made out to cash. Ms. Della Penna stated that the first check was not lost, rather it had been altered by Ms. Baselice in such a manner that rendered it unfit for deposit. Ms. Della Penna stated that she never received the second check, if in fact it was ever delivered. The National Platform Tennis account remains delinquent, and the owner refuses to return her calls to him for payment.

Ms. Della Pena further advised that she is aware that Ms. Baselice had altered a driver's route sheet with hand written notations. Ms. Della Penna is unaware as to the specifics of the alterations, but knows that the driver, who she believes to be Billy Huber, was asked to review the route sheet in order to identify whether he had made the notations.

Ms. Della Penna stated that Aaron Deems and Eileen Baselice terminated their employment at approximately the same time.

Ms. Della Penna was asked if Aaron Deems had spent much of his work day on the premises of Valley. She stated that Aaron Deems was not often present at the dispatch office. She added that when the Westchester Trade law was enacted, the company began losing a significant portion of its customers. She felt that Matt Hickey was looking for Aaron Deems to assist John Lombardo in securing the customer base, but when Mr. Deems was out of the office he was seldom accessible by phone or radio. Ms. Della Penna opined that whatever Mr. Deems was doing when he was out of the office, she felt that it did not pertain to the business of Valley.

Ms. Della Penna stated that Aaron Deems, Matt Hickey and Matt Hickey's daughter, Erina Hickey were very friendly. She stated that Mr. Deems had grown up and gone to school with Matt Hickey's children. She believed that Aaron Deems had dated Matt Hickey's daughter who died in an auto accident. Ms. Della Penna commented that during the company's 1999 Christmas party she observed what she described as a lovingness between the three. She stated that there had been a falling out since that time for reasons she did not know. Ms. Della Penna stated that during the 2000 company Christmas party Mr. Deems did not associate with the Hickeys.

Ms. Della Penna stated that Erina Hickey began her employment at Valley in the dispatch office. Ms. Della Penna advised that Ms. Hickey was afforded preferential treatment by Aaron Deems, who was the Operations Manager. According to Ms. Della Penna, Ms. Hickey's preferential treatment was a sore point with the other workers in dispatch, including Lisa Nichols. Ms. Nichols informed Ms. Della Penna of her discontent and further advised that Ms. Hickey's work product was shoddy and often needed to be corrected by Ms. Nichols. Ms. Della Penna stated that she witnessed Ms. Hickey's incompetence first hand when Matt Hickey transferred his daughter from dispatch to assist Ms. Della Penna in her office. Ms. Della Penna

stated that Ms. Hickey is not a competent employee. Ms. Della Penna stated that Matt Hickey affords his daughter an extreme amount of favoritism over the other employees. She added that Ms. Hickey is routinely protected by her father at the expense of Ms. Della Penna and other employees. Ms. Della Penna advised that she had telephoned the Allied AWARE number to complain of what she described as nepotism on the part of Matt Hickey.

Ms. Della Penna was asked if she knew of a situation at the company involving Erina Hickey whereby Matt Hickey ordered that destruction of specific records or documents. She stated that in approximately May or June, 2000, she received a telephone call from Aaron Deems requesting that she come over to the dispatch office. Mr. Deems advised Ms. Della Penna that he had been looking for a company truck's accident report in the desk that had been used by Erina Hickey, when he discovered a stack of driver's tickets for excess waste that the drivers had picked up from commercial accounts. Ms. Della Penna advised Mr. Deems that she would compare the tickets to her records to determine whether that customers had been invoiced. Ms. Della Penna advised that the tickets had not been recorded and the customers were never billed. According to Ms. Della Penna, she and Mr. Deems decided to inform Matt Hickey of their findings. Ms. Della Penna advised the investigator that immediately prior to their meeting with Mr. Hickey it had been discovered that a framed photograph belonging to Ms. Hickey's which was on her desk had been altered by scribbling. When Ms. Della Penna and Mr. Deems met with Mr. Hickey he immediately telephoned his daughter to join the discussion. According to Ms. Della Penna, Mr. Hickey became very angry and accused Mr. Deems, Ms. Della Penna and other employees of persecuting his daughter. Mr. Hickey further accused Ms. Della Penna and Mr. Deems of "framing" his daughter by planting the drivers' tickets in her desk. Mr. Hickey ordered that Ms. Della Penna immediately take the tickets to the shredder and advised his daughter to follow Ms. Della Penna in order to assure that it was done. Ms. Della Penna stated that she was extremely upset by Mr. Hickey's actions that day, and left the office that evening in tears. She advised that she stopped at a gas station on her way home from work that day and telephoned Linda Jefferson to advise her of what had transpired. Ms. Della Penna advised the investigator that she informed Ms. Jefferson of the entire episode and asked that Ms. Jefferson not say anything to anyone for fear that Matt Hickey would find out and retaliate against her.

Ms. Della Penna was asked by the investigator to review whatever records or documents to which she has access regarding the matters that she described. Ms. Della Penna agreed to fully cooperate with the monitor and agreed to meet with the investigator again at a later date.

DRAFT

**ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL**

MEMORANDUM

TO: Walter Mack
FROM: Don Sobocienski
DATE: February 20, 2002
RE: Interview of Matt Hickey

On 2/6/2002, Matt Hickey was interviewed by Walter Mack at the offices Morvillo, Abramowitz, Grand, Iason & Silverberg, P.C. 565 Fifth Avenue, New York, New York. Mr. Hickey was represented by his counsel, Robert Morvillo, Esq.. Also present were Edward MacDonald, Esq., Ilissa Rothschild, Esq., and Michele Cerezo-Natal, Esq., counsel for Allied Waste; Noah Genel of Morvillo, Abramowitz, Grand, Iason & Silverberg, P.C.; and Investigator Don Sobocienski. Mr. Hickey provided the following:

Mr. Hickey stated that he began his employment with Allied Waste immediately upon their acquisition of the companies owned by his brother James Hickey and Toby DeMiccio in May, 1999. Mr. Hickey stated that he had no ownership in the companies and was not involved in the negotiations for their sale to Allied. He was hired by Allied to be the General Manager of acquired companies. Mr. Hickey stated that he had no contract with Allied.

Metro Enviro

Mr. Hickey stated that he was assigned oversight of Metro Enviro by Denny Marchetti sometime in April, 2000. Mr. Hickey stated that he had suspicions of impropriety at Metro Enviro prior to his being assigned oversight of the facility. Mr. Hickey stated that he did not like Joe Dall Vechia or Paul Apollonio. He stated that John Costello did not like Joe Dall Vechia either. Mr. Hickey stated that he knew of at least one major argument that John Costello had with Joe Dall Vechia.

Mr. Hickey stated that immediately upon being assigned responsibility for Metro Enviro, he had Joe Dall Vechia arrange a meeting for him and Mr. Dall Vechia with Croton-On-Hudson's Village Manager, Rick Herbek to discuss the special use permit and other issues of concerns to the village. Mr. Hickey stated that he informed corporate headquarters in Scottsdale, Arizona of what he had learned and his assessment of the situation. Mr. Hickey advised that copies of his correspondence and other materials pertaining to Metro Enviro are contained in the

Metro Enviro file at the offices of Valley Carting.

Mr. Hickey stated that his initial supervision of the Metro Enviro facility lasted only a week. Upon Peter Lindemulder's arrival at Metro Enviro, he was asked to step down. Mr. Hickey opined that the reason he was asked to step down was because Joe Dall Vechia informed Allied that the village would not think it a good idea for a Hickey to be running the transfer station. Mr. Hickey advised that during the week that he was in charge of Metro Enviro he received a telephoned from John Costello informing him that the inbound loads were being dumped outside the doors of the processing enclosure. Mr. Hickey advised that there was a storage of railroad cars and the processed debris was unable to depart the facility. Mr. Hickey stated that he drove to the facility and reprimanded Joe Dall Vechia for allowing debris to be dumped outside the enclosure which was a violation of the permit. Mr. Hickey stated that he personally turned trucks away from the facility that day. Soon after his departure, Mr. Hickey received a second telephone call from John Costello who advised him that the Dall Vechias had permitted another truck to enter the facility. Mr. Hickey telephoned John Dall Vechia, who admitted to him that another truck had dumped at the facility. Mr. Hickey angrily warned John that under no circumstances were any more trucks to be permitted access until the facility was able to proceed with outbound loads.

Mr. Hickey stated that he advised Allied that they should fire Joe Dall Vechia, Paul Apollonio, and Charles "Chip" Brady.

Mr. Hickey stated that he was advised by Pete Lindemulder that Joe Dall Vechia came to him in or about July, 2000 to ask for a raise in salary or he intended to quit. According to Mr. Hickey, Mr. Lindemulder was taken by surprise by Mr. Dall Vechia's request. Mr. Lindemulder advised Mr. Dall Vechia that no raise would be offered whereby Mr. Dall Vechia tendered his resignation with 30 days notice. Mr. Hickey advised that he and Mr. Lindemulder shared a laugh over Mr. Dall Vechia's request for a raise. Upon tendering his resignation, Mr. Dall Vechia took vacation and did not return to work.

Mr. Hickey stated that he resumed supervision of Metro Enviro in August, 2000 and remained in charge of both Metro Enviro and the Valley companies until his departure for kidney replacement on 9/10/2001. Mr. Hickey advised that upon his resuming supervision of Metro, he reviewed the aging schedule of the accounts receivable. Mr. Hickey identified several customers who collectively owed Metro Enviro in excess of one million dollars. Mr. Hickey had Irwin Kavy, Esq. send letters to these customers requesting payment. Mr. Hickey stated that he began "shutting out" those customers from whom he did not receive payment for delinquent accounts. He also advised Pete Lindemulder that he had discovered that certain customers had "deals" with Joe Dall Vechia.

Mr. Hickey was asked if he had discovered any records at Metro Enviro which were either false or inaccurate. He responded that he had not.

Mr. Hickey described Charles Marino as the “eyes and hears” for Anthony Prestamo. According to Mr. Hickey, Mr. Marino was assigned to Metro Enviro for that purpose. Mr. Hickey stated that Mr. Marino informed him when Mr. Marino was to be deposed by the Monitor. Mr. Hickey stated that he advised Mr. Marino to tell the truth. Subsequent to his deposition, Mr. Marino informed Mr. Hickey that he had “fucked up” by not telling the Monitor the truth about the “numbers he had recorded on the forms”. Mr. Hickey response was “didn’t I tell you to tell the truth”.

Mr. Hickey stated that he met Damon Roberts from On-Sight Trucking during the cleanup of the Metro Enviro facility.

Mr. Hickey was asked if he was familiar with “c & d tracking documents”. He responded that he was familiar with the tracking documents filled out at Metro Enviro for the outbound loads that depart the facility by rail.

Mr. Hickey was asked if he knew the whereabouts of the Metro records pertaining to the clean up of the site i.e., the removal of the stock piled debris. He stated that he did not.

Mr. Hickey stated that he and John Costello had tried successfully to get a weight scale for the railroad cars at Metro Enviro.

Mr. Hickey believes that he was informed about the metals at Metro Enviro by John Costello. Mr. Hickey advised that he had been told that “Chip” Brady had his own account at Brookfield.

Valley Carting Companies

Mr. Hickey stated that he and the other employees at the Valley companies were provided copies of the Corporate Compliance Plan that they were to read and sign. Mr. Hickey recalled that the distribution of the copies occurred in late 2000 or early 2001. Mr. Hickey remembered that the distribution occurred after the date that he first met Walter Mack. Mr. Hickey advised that he has no recollection of being provided any guidance or direction regarding the Compliance Plan from any of his Allied superiors. Mr. Hickey advised that he skimmed through the Compliance Plan rather than read it. Mr. Hickey stated that he met with the employees upon their receipt of the copies of the plan and instructed them to ask questions and not sign if they were unclear or did not understand what they had read. According to Mr. Hickey, no questions were asked and all of the employees signed.

Mr. Hickey stated that the Valley Carting records were separated and placed alone in a different room to which only he and Joann Della Penna had a key. Mr. Hickey recalled that the segregation of the Valley records occurred sometime after the date that Mr. Hickey first met Walter Mack.

Mr. Hickey was asked to explain what he knew about the theft of diesel fuel from the Valley companies. Mr. Hickey advised that in or about the summer of 2000, he was approached by Aaron Deems who advised him that he had "fucked up" by allowing his friend to fuel his truck at the company pumps. According to Mr. Hickey, Mr. Deems explained that he had allowed his friend to fuel at the company pump because his friend was in need of fuel and was unable to reach a gas station that sold diesel fuel. Mr. Hickey asked Mr. Deems if he was paid for the fuel. Mr. Deems stated that he put \$20 in the "cash box". Mr. Hickey asked Mr. Deems if he wrote out a receipt. Mr. Deems responded that he did not. Mr. Hickey stated that he advised Mr. Deems that his friend was never again to be on the company property or Mr. Deems would be fired.

Mr. Hickey stated that he informed Anthony Prestamo about what Mr. Deems told him.

Mr. Hickey stated that weeks or months after he spoke with Mr. Prestamo he was shown 2 or 3 photographs of apparent fuel theft which he believed to be the occurrence described to him by Mr. Deems. Mr. Hickey asked if Mr. Deems if there were any other occasions that Mr. Deems had allowed his friend(s) access to the pumps and Mr. Deems assured him that it had occurred only one time. Mr. Hickey stated that he took Mr. Deems at his word and initiated no further investigation. Mr. Hickey stated after Mr. Deems terminated his employment with Allied, the head mechanic at Valley informed him that fuel had been taken by Mr. Deems' friends on more than one occasion. Mr. Hickey stated that he knew that the head mechanic, whose name Mr. Hickey could not recall, had taken the photographs because he saw the shadow of his "big frame" in one of the photographs. Mr. Hickey stated he did not provide this information to anyone else, including John Pritchard, because Mr. Hickey viewed the head mechanic's assertions as here say which had not been verified.

Mr. Hickey stated that he had no recollection of any discussion with Denny Marchetti relative to the photographs or the issue of fuel theft.

Mr. Hickey advised that there is a log for daily fuel consumption that is maintained by Anthony Cardillo in Dispatch. Mr. Hickey recalled that he may have asked Mr. Cardillo if there were any discrepancies in fuel consumption to which Mr. Cardillo responded negatively. Mr. Hickey added that the fuel amounts that are pumped into the trucks are rounded off to the gallon, so any theft of fuel would have to be substantial for it to be detected.

Mr. Hickey advised that he and his family had known Mr. Deems for a very long time. He added that Mr. Deems had been a frequent visitor to Mr. Hickey's home while he was growing up and had been a close friend to both of Mr. Hickey's daughters. Mr. Hickey stated that he had considered Mr. Deems to be a trustworthy individual, but his impression of Mr. Deems recently changed. Mr. Hickey stated that for reasons which he could not explain, Mr. Deems adopted an attitude that was disrespectful. Mr. Hickey stated that sometime after he promoted Mr. Deems to the position of Operations Manager, he observed a change in Mr. Deems behavior. Mr. Hickey stated that Mr. Deems' responsibilities required that he often be off the

company premises. Mr. Hickey stated that he regularly had difficulty in locating Mr. Deems, who did not respond to his telephone calls. Mr. Hickey stated that he believed that Mr. Deems was not often where he was supposed to be. Mr. Hickey had heard that Mr. Deems was working another job on Allied's time. He had also heard that Mr. Deems' other job was working with Mr. Hickey's brother, James Hickey. Mr. Hickey stated that he asked his brother if Mr. Deems was working for him "on the side" and James Hickey assured him that he was not.

Mr. Hickey was asked if Mr. Deems was doing work for Regional Container. Mr. Hickey responded that there was an occasion where he saw Mr. Deems operating a Regional Container roll off truck. Mr. Deems explained to Mr. Hickey that he had borrowed the truck because the Allied truck was in need of repair.

Mr. Hickey stated that he instructed Mr. Deems that he was to prepare a written journal which described all his activities and whereabouts on a daily basis. Mr. Hickey stated that Mr. Deems subsequently took his vacation and upon his return, tendered his resignation. Hickey advised that he knew the requirement of a written journal would cause Mr. Deems to quit.

Mr. Hickey stated that Mr. Deems had provided some roll off containers to his friends for which Allied had not received payment. Mr. Hickey stated that he was advised of the situation by Joann Della Penna. He subsequently confronted Mr. Deems and demanded that he collect the payments. Mr. Hickey advised that he was on "his (Deems) case every week" to collect the monies owed. According to Mr. Hickey, the company was "slowly but surely" getting paid.

Mr. Hickey stated that sometime in 2001 he was informed by Ms. Della Penna that "cash tickets" were missing. According to Mr. Hickey, Ms. Della Penna had learned of the missing cash tickets from Anthony Cardillo. Mr. Hickey subsequently inquired of Mr. Cardillo why he had not come to Mr. Hickey directly with the information. Mr. Hickey instructed that a lock box be installed outside of the dispatch office so to prevent future occurrences. Mr. Hickey also initiated his own investigation. Mr. Hickey stated that he determined that money was missing from a customer named Platform Tennis. According to Mr. Hickey, Platform Tennis had received roll off service for which they claimed to have paid cash or wrote a check to cash. The money was never received by Ms. Della Penna. Mr. Hickey stated that he examined the roll off drivers' route sheets for past deliveries and suspected that one had been altered. Mr. Hickey stated that the driver was shown the route sheet and informed Mr. Hickey that he had not made the handwritten notations to the sheet and that his signature had been forged. Mr. Hickey opined that Eileen Baselice created that false route sheet to cover up money that she had stolen.

Mr. Hickey stated that he learned from John Lombardo that Eileen Baselice had cashed customer checks made payable to the company under her personal account at the Marine Midland Bank presently HSBC Bank. Mr. Hickey stated that Ms. Baselice had cashed what Mr. Hickey estimated to be as many as 6 to 12 checks. Mr. Hickey stated that he did not know the aggregate dollar amount of the checks. He suggested that Ms. Della Penna could provide that information. Mr. Hickey recalled that he may have seen copies of the checks.

Mr. Hickey stated that he wanted to fire Ms. Baselice, but did not on the advice of his friend and attorney, Irwin Kavy.

Mr. Hickey stated that he confronted Ms. Baselice. According to Mr. Hickey he told Ms. Baselice "I know what you're doing. I hired you. I'm most disappointed about what you did because you did it to me. If you were a man, I'd kick your butt". Mr. Hickey stated that a week after the confrontation, Ms. Baselice submitted her letter of resignation.

Mr. Hickey was asked if reported the embezzlement by Ms. Baselice to anyone at Allied. He responded that he may have advised Anthony Prestamo.

Mr. Hickey was asked if he had any knowledge of compactors being used at Valley which had false walls installed to reduce volume. Mr. Hickey responded that there had been compactors of this type at Valley, but he believed that all of them were removed prior to the acquisition. Mr. Hickey stated that he would be surprised if any of these compactors were still being used. Mr. Hickey explained that sometime in the early 1990's a number of compactors had been fitted with an inner wall to reduce the volume of the compactor for those accounts that required a lesser volume. Mr. Hickey stated that the alterations were performed rather than buy new compactors of a smaller size. Mr. Hickey stated that no customer was charged for anymore volume than the actual volume of the compactor regardless of the compactor's exterior size.

Mr. Hickey was asked if he had any involvement in the destruction of records at Valley. He responded that his daughter Erina Hickey came to him and advised him that Aaron Deems, Eileen Baselice and possibly Lisa Nichols had found a number of excess weight tickets in Erina's old desk located in the dispatch office. Erina also advised him that she believed that Aaron Deems have "stuck them in her desk". Mr. Hickey advised that he wished to see the tickets which were in the possession of Joann Della Penna. Mr. Hickey described the tickets as being approximately 15 in number and five to six months old. He further stated that he observed the tickets to be incomplete in that they did not contain the customer's name and/or the total yardage. Mr. Hickey explained that excess weight tickets are generated by the drivers for any additional debris that they pick up beyond what is covered in the customer's contract. Mr. Hickey stated that these tickets were from the three Mack-Cali industrial parks that Valley serviced. Mr. Hickey stated it is common practice that the additional waste be photographed prior to pick up and the photograph be attached to the weight ticket. According to Mr. Hickey these weight tickets did not have any photographs attached. Mr. Hickey stated that he asked Ms. Della Penna if the tickets were able to be billed to the customer given the fact that the data contained therein was incomplete. Ms. Della Penna advised Mr. Hickey that the tickets were incapable of being billed, so Mr. Hickey ordered that they be shredded. Mr. Hickey was asked if he instructed his daughter to accompany Ms. Della Penna to the shredder. He responded that he had not.

Mr. Hickey opined that many of the employees at Valley were jealous of his daughter. He further advised that he hired his daughter because she was a "wiz" with computers and he felt that her computer skills would benefit the operations of the company.

Mr. Hickey stated that he directed the destruction of various types of records that had been stored in the basement of Valley Carting. Mr. Hickey advised that these records were old business records from the time period prior to Allied 's acquisition. He stated that most if not all of the boxes and their contents had been subject to wet damage. He stated that absolutely none of the records were Metro Enviro records.

Mr. Hickey stated that there had been a 40 yard open box on the premises of Valley that was used by the off road trucks to dispose of Mt. Pleasant waste.

DRAFT

**ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL**

MEMORANDUM

TO: Walter Mack
FROM: Don Sobocienski
DATE: September 20, 2001
RE: Interview of Ivan Ward

On 9/19/2001, Investigator Don Sobocienski interviewed Ivan Ward at a diner on Route 9 in Tarrytown, New York. The investigator informed Mr. Ward that he worked with the federal court-appointed monitor of the Allied Waste companies operating in Westchester County to include those companies presently doing business as Valley Carting. The investigator described the genesis of the monitorship and explained the monitor's role and responsibilities as per the Stipulated Monitorship Agreement. Mr. Ward provided the following:

Mr. Ward advised that he was hired as a mechanic at Valley by John Costello approximately two weeks before the acquisition by Allied. Mr. Ward stated that he had worked for Karta Container prior to coming to Valley. Within a short period time following his hiring, and simultaneous to Mr. Costello being promoted, Mr. Ward was promoted to Shop Manager.

[REDACTED]

Mr. Ward stated that he (Ward) ran the Valley shop in terms of supervising the other mechanics' work and ordering parts and supplies. Mr. Ward advised that Mr. Costello was very friendly with James Hickey and performed sales work for IPPI while in the employment of Valley and then Allied. Mr. Ward added that it was common knowledge that Aaron Deems also performed sales work for IPPI during the daytime hours while he was working at Valley. Mr. Ward explained that he and some of the drivers had regularly observed Mr. Deems at various business locations in the area soliciting sales for IPPI.

Mr. Ward was asked if he felt that IPPI provided quality products, good service and competitive prices. He responded affirmatively.

Mr. Ward advised that he terminated his employment with Valley in December, 2000. Mr. Ward advised that his reasons for leaving were primarily due to the long hours that he was

required to work. Mr. Ward stated that he routinely worked from 0600 hrs until 2200 or 2300 hrs. Mr. Ward advised that in October, 2000, he was involved in a head on collision with another vehicle. Mr. Ward explained that the accident occurred in the early morning while he was driving his Valley service truck to the site of a Valley truck that required road side assistance. Mr. Ward believes that he may have fallen asleep at the wheel. Mr. Ward stated that subsequent to this accident, he had two more accidents involving his personal vehicles which were presumably due to his blacking out. Mr. Ward advised that Matt Hickey had him checked for substance abuse with negative results. Mr. Ward 's physicians could find no medical reasons for his blackouts. Mr. Ward advised that since he terminated his employment with Valley, he has had no further incidents of blackouts.

Mr. Ward stated that he had taken photographs of two individuals, whom he described as friends of Aaron Deems, pumping fuel from the Valley gas pumps into their diesel pick up trucks. Mr. Ward advised that this was a regular occurrence beginning in the Spring of 2000 and continued until at least October, 2000. Mr. Ward opined that it may have begun earlier than that, but because the shop doors are closed during the colder months, he would not have noticed it. Mr. Ward stated that the drivers of the white and silver pick up trucks would usually arrive late in the day to visit Mr. Deems in the dispatch house and wait until all of the office employees and most of the other employees had left for the day before they proceeded to fuel up at the pumps. Mr. Ward estimated that the two vehicles fueled at the Valley gas pumps approximately once a week and sometimes twice. Mr. Ward stated that he purchased a disposal camera to take the photographs which he believed he took sometime in late Summer. After the photographs were developed, Mr. Ward gave the prints and the negatives to Jimmy Niggel, who in turn sent the photographs, anonymously, to Allied. Mr. Ward stated that he gave the photographs to Mr. Niggel because he and Mr. Deems did not get along. Mr. Ward added that Aaron Deems had harassed Jimmy Niggel to the point of having him fired. According to Mr. Ward the union was able to get Mr. Niggel his job back. Mr. Ward stated that he presumed that Mr. Niggel might get a sense of satisfaction by exposing the wrongdoing.

Mr. Ward stated that during the Summer of 2000, prior to his taking the photographs, he was approached by Matt Hickey who asked Mr. Ward to order a tool set which Mr. Hickey wanted to take to his new home in Florida. Mr. Ward stated that Mr. Hickey wanted the tool set to be ordered as a company expenditure. Mr. Ward advised that he routinely prepared purchase orders as part of his regular duties and responsibilities. The purchase orders prepared by Mr. Ward required approval by either John Costello or Matt Hickey. Mr. Ward recalled that he concealed the purchase of the approximately \$900 tool set as truck parts in a purchase order that was signed by Matt Hickey. Mr. Ward recalled that on the day that he gave that purchase order to Matt Hickey for his signature, Mr. Hickey asked him what it was for. Mr. Ward responded to Mr. Hickey with words to the effect "you know what it for" after which Mr. Hickey looked down, signed the purchase order and returned it to Mr. Ward. Mr. Ward advised that he regularly dealt with a vast number of suppliers and could not recall the name of the supplier from whom he ordered the tool set, nor did he think he would be able to identify the purchase order that he prepared for the purchase of the tool set. Mr. Ward advised the investigator that he felt that it would be extremely difficult, if not impossible, to locate the purchase order for the tool set. When the tool set arrived, Mr. Ward recalls that either he or one of the other mechanics, at his

direction, placed it in the truck of Matt Hickey's car.

Mr. Ward advised that in the either November or December of 2000, he was called into Matt Hickey's office and questioned as to whether he (Ward) had any knowledge of some photographs that had been taken. As their conversation continued, Mr. Ward admitted to having taken photographs of unauthorized persons taking fuel from the pumps. Mr. Ward advised Mr. Hickey that the fuel was being stolen and that it was wrong. Mr. Hickey responded that Aaron Deems had paid him for the fuel, to which Mr. Ward stated that he responded with a snicker. Mr. Hickey asked Mr. Ward why he had not come to him with his information rather than taking photographs and sending them to Allied. Mr. Ward responded to Mr. Hickey that if he had gone to him (Hickey) "it would have gone nowhere". Mr. Ward reminded Mr. Hickey about the tool set to which Mr. Hickey responded "I don't know what you're talking about". Mr. Hickey advised Mr. Ward that he had better watch his back, because if Aaron Deems finds out that he took the photographs he (Deems) might "kick your ass".

Mr. Ward advised that this conversation coupled with the long hours that he was required to work caused him to submit his resignation.

Mr. Ward advised that he and the other mechanics were non union. Mr. Ward advised that he was unaware of the monitorship and had no knowledge of the Compliance Plan.

DRAFT

**ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL**

MEMORANDUM

TO: Walter Mack
FROM: Don Sobocienski
DATE: November 11, 2002
RE: Interview of Robert Clarke

On 11/07/2002 Robert Clarke, President of IPPI Lubricants, was interviewed by Walter Mack, Esq. at the offices of Allied Waste, 566 North State Road, Briarcliff Manor, New York. Also present at the interview was Kathleen Massey, Esq. of Reboul, MacMurray, Hewitt & Maynard and Investigator Don Sobocienski. Mr. Mack explained to Mr. Clarke his role as federal court-appointed monitor for Allied Waste companies operating in Westchester County. Mr. Mack informed Mr. Clarke that the reason for his being interviewed pertained to concerns that the monitor had regarding the history of Mr. Clarke's company and the manner in which it came to be a vendor of Allied. Mr. Mack advised that his interpretation of the stipulated monitorship agreement allowed for the monitor to interview vendors who do business with monitored companies. Ms. Massey advised that Allied's interpretation of the order differed from Mr. Mack's, but that Allied would not contest the monitor's interview of Mr. Clarke. Mr. Clarke stated that he had misunderstood the basis for his visit as an opportunity to negotiate his current contract terms with Allied, but he agreed to the interview. Mr. Clarke provided the following:

Mr. Clarke stated that he started IPPI, Lubricants Inc. in August, 1998. Mr. Clarke advised that Interstate Petroleum Products Incorporated was a company run by James Ida that provided the same services and operated out of the same location as IPPI Lubricants. Mr. Clarke stated that Mr. Ida's company "folded when Mr. Ida went away (i.e., was incarcerated)". According to Mr. Clarke, Mr. Ida started Interstate Petroleum Products Inc. with a loan from James Hickey that Mr. Ida failed to repay. Following Mr. Ida's incarceration, Mr. Hickey was left with the company and its assets. Mr. Clarke was introduced to James Hickey by John Costello, who is married to Mr. Clarke's first cousin, as someone who may be interested in operating the company. Mr. Clarke's prior employment had been with his father's trucking, towing and truck repair business until his father's demise. Mr. Clarke advised that he does not speak with his first cousin and is not on friendly terms with Mr. Costello. He opined that his introduction to Mr. Hickey by Mr. Costello was because Mr. Costello knew Mr. Clarke to be capable of operating the company for Mr. Hickey. According to Mr. Clarke he agreed to become Mr. Hickey's business partner on the condition that a new company be formed, because the

former company was cited in newspapers and court records as affiliated with organized crime.

Mr. Clarke received 40 shares of IPPI stock and Mr. Hickey retained 60 shares of the company's stock. Since Mr. Hickey's demise, the 60 shares are held by the Estate of James Hickey, which Mr. Clarke described as a trust for the benefit of Mr. Hickey's son, Ryan. Mr. Clarke identified the executors of Mr. Hickey's estate as Charles Martobano and Jeffrey Laskey.

Mr. Clarke described James Hickey as a "silent partner" who took no active role in the operation of the company.

Mr. Clarke described Ryan Hickey as "slower" than most persons his age. He estimated Ryan Hickey's age at approximately 35 years. Mr. Clarke stated that Ryan Hickey presently works in IPPI's warehouse and intends to remain with the company. Should Ryan decide differently, Mr. Clarke advised that he (Clarke) has the "right of first refusal" to purchase the remaining 60 shares of stock, which Mr. Clarke would exercise if need be. Mr. Clarke advised that he does not foresee any changes in IPPI's ownership or operations in the near future.

Mr. Clarke stated that he has no kinship relationship with any member of the Hickey family.

Mr. Clarke stated that he never worked with James Ida, nor has any of Mr. Ida's family members ever worked at IPPI Lubricants. Mr. Clarke stated that he believed that James Ida's wife had been an employee or had "something to do" with Interstate Petroleum Products.

Mr. Clarke acknowledged Angelo Gabriele as an employee of IPPI Lubricants who had been an employee of Interstate Petroleum Products. Mr. Clarke described Mr. Gabriele as working in the office with the accounts receivables. Mr. Clarke had no knowledge of the relationship between Mr. Gabriele and Mr. Ida.

Mr. Clarke acknowledged Michael Giacomo as being a part time sales person at IPPI Lubricants. Mr. Clarke stated that he hired Mr. Giacomo on the recommendation of James Hickey, subsequent to Mr. Giacomo selling his refuse business. According to Mr. Clarke, Mr. Giacomo sought a part time employment position with which he was entitled to benefits. Mr. Clarke approximated Mr. Giacomo's annual salary at \$20,000. Mr. Clarke could not recall if this figure included the company's costs for Mr. Giacomo's benefits. Mr. Clarke opined that Mr. Giacomo might soon be ending his employment with IPPI due to him recently winning a \$6 million casino jackpot.

Mr. Clarke stated that the Valley companies, Suburban Carting, RIC, Trottown, and Metro Enviro, had all been customers of IPPI prior to their being acquired by Allied. Sometime after the first acquisition, Mr. Clarke was informed by Robert Boucher that IPPI would need to offer prices consistent with the national distributors if it wished to remain the supplier of lubricants to Allied. Mr. Clarke stated that he lowered his prices to Allied to that of the

"nationals" in order to retain Allied's business; a decision which "hurt him" financially. Mr. Clarke stated that he made the decision with the expectation that IPPI would increase its volume by acquiring the accounts of other Allied owned companies. Mr. Clarke advised that he did obtain Allied owned companies in Connecticut as accounts until their eventual sale, as well as Allied owned companies in New Jersey. He stated that he tried unsuccessfully to obtain the accounts of Allied owned companies in Brooklyn, the Bronx and Long Island. Mr. Clarke stated that Allied required IPPI to prepare a separate contract with each of its companies to be signed by the company's general manager.

Mr. Clarke was asked to search for any correspondence or records that he may possess pertaining to his communications with Allied or Robert Boucher about lowering IPPI's price structure. He advised that he would do so.

Mr. Clarke stated that he owns 50 shares of stock in Enviro Waste. The remaining 50 shares are owned by Aaron Deems. Mr. Clarke advised that Enviro Waste was started by him and James Hickey as a adjunct service to IPPI's customers. According to Mr. Clarke, several of IPPI's customers had complained to him about the service they were receiving from Lorco Petroleum Services, a company that collected and disposed of used oil and other lubricants. As a service to these customers and others, Mr. Clarke and James Hickey formed Enviro Waste to compete with Lorco. Mr. Clarke stated that Enviro Waste was formed simultaneously to Aaron Deems' termination of employment with Allied, which Mr. Clarke recalled was sometime in the year 2000 or possibly 2001. Mr. Clarke explained that he and Mr. Hickey were the original stockholders of Enviro Waste, but eventually Aaron Deems was given Mr. Hickey's shares in the company. Mr. Clarke explained that this transfer of stock was done as an incentive for Mr. Deems. He added that he (Mr. Clarke) did not want to drive a truck that collected used oil. He described the collection procedures as dirty. Mr. Clarke advised that Mr. Deems originally drove a truck for Enviro Waste, but that Mr. Clarke and Mr. Hickey decided that Mr. Deems, whom Mr. Clarke described as a "hustler", would become a stockholder in Enviro Waste "when he became available (i.e., terminated his employment with Allied)".

Mr. Clarke advised that Aaron Deems was never an employee of IPPI or performed any services for IPPI. Mr. Clarke advised that Aaron's brother, Colin Deems is currently an employee of IPPI.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
Lionetti Associates, d/b/a,
LORCO PETROLEUM SERVICES,
a New Jersey Partnership,

Plaintiff,

-against-

ANTON TANTALOS, ENVIRO WASTE OIL
RECOVERY CORP., and ENVIRO WASTE OIL
RECOVERY, L.L.C.

Defendants.
----- X

: 01 CIV 7182 (CLB)

: AFFIDAVIT IN SUPPORT OF
: CROSS-MOTION TO
: VACATE TRO AND FOR
: DAMAGES

COUNTY OF NEW YORK)

STATE OF NEW YORK)

ss:

AARON DEEMS, being duly sworn, deposes and says:

1. I am Vice President/Manager of Defendant Enviro Waste Oil Recovery, LLC ("Enviro Waste"). Defendant Enviro Waste Oil Recovery Inc. was the predecessor of Enviro Waste. After Enviro Waste became qualified to operate as a waste oil service provider, the predecessor corporation discontinued operating the waste oil service that I had responsibility for.

2. I submit this affidavit in support of the defendants cross-motion which seeks to vacate the temporary restraining order ("TRO") which was included in the order to show cause signed by the Honorable Barrington Parker on August 3, 2001.

3. I have read the affidavit of defendant Anton Tantalos ("Tantalos Aff.") sworn to August 10, 2001 and agree with the testimony stated therein to which I have personal knowledge.

4. I have worked for Enviro Waste since its formation in August 2000. Enviro Waste was formed by me and Robert Clarke ("Clarke"), the president of IPPI, Inc. ("IPPI"), a supplier of new oil and lube products.

5. IPPI and its corporate predecessor has been selling oil and lube products to gasoline stations, municipalities, auto dealerships, and other retail outlet users of oil, lube and petroleum products since 1992. Mr. Clarke joined IPPI in 1997.

6. Between 1997 and 2000 IPPI developed an extensive customer base in Westchester, Dutchess and Putnam counties. By August 2000 the customer base of IPPI included the names of approximately 1600 users of oil products.

7. In 2000 I was asked by Mr. Clarke to help form and operate a waste oil removal service. Together Mr. Clarke and I determined that waste oil removal was not being effectively serviced and provided in our service area of Westchester, Putnam and Dutchess.

8. Between 1997 and 2000 IPPI had been frequently asked by its customers as to how their waste oils could be removed on a reliable basis. Many of IPPI's customers informed IPPI that reliable waste oil removal services were not available to them.

9. Waste oil service removal was important to IPPI because the waste oils had to be removed from our customer's tanks before IPPI could deliver products and be paid on its sales. Between 1997 and 2000 IPPI frequently recommended to customers that the customer utilize the services of Lorco, the plaintiff. One of the Lorco drivers who worked the IPPI sales territory was Anton Tantalos.

10. By 2000 the complaints of the IPPI customers concerning oil waste removal increased. The customers complained that Lorco, a large company who IPPI presumed could

service the territory, was growing less and less reliable and had dropped oil filter removal and parts machine washing services.

11. Since no service provider appeared willing or able to service IPPI's customers needs for oil waste removal, because IPPI's customers could have criticized IPPI for being unable to locate a reliable service, and because this service appeared to be a potentially profitable business with little serious competition, Mr. Clarke and I together formed Enviro Waste in August 2000 to perform these services and hopefully profit therefrom.

12. My background was in waste hauling and carting. I was brought into Enviro Waste because my former employer, Allied Waste Industries ("Allied"), served the exact same customer base as IPPI, namely gasoline service stations, municipal auto facilities, automobile dealerships and other commercial outlets.

13. I was familiar with the customer contacts who operated and managed the businesses serviced by the Allied because I drove routes throughout Westchester, Putnam and Dutchess and personally visited the customer locations as part of my responsibility for marketing and providing Allied's waste collection services. I thus had personal knowledge of the routes the Enviro Waste service trucks would have to travel to service these same customers for oil waste removal.

14. In addition, Mr. Clarke and others at IPPI had much of the same knowledge of route locations and customer contact representatives that I had for this same customer base. Mr. Clarke possessed this knowledge because he was responsible for IPPI's sale of oil and lube products from 1997 onward.

15. I have read the Lorco complaint in this action. Lorco alleges that my company, Enviro Waste, essentially engaged in the following illicit scheme:

- a. Enviro Waste was formed in August 2000 with the direct participation, knowledge and assistance of Mr. Tantalos, all of which was provided "secretly" while Mr. Tantalos worked as an employee of Lorco;
- b. Mr. Tantalos introduced Enviro Waste to Lorco's customer base in Westchester, Putnam and Dutchess counties and it was these introductions that got Enviro Waste started; and
- c. Mr. Tantalos "secreted" vast quantities of Lorco's confidential information and trade secrets, and thereafter delivered the information to me so that Enviro Waste could compete unfairly against Lorco and "steal" Lorco's customers.

16. The claims set forth in Lorco's complaint are preposterous and untrue. When Mr. Clarke and I formed Enviro Waste, we already had an extensive customer list of all the names Lorco should have had on its list. This information is no "secret". It can be obtained from such public sources of information as the yellow pages. Moreover, both IPPI's Mr. Clarke and I had our own customer lists and information on "customer contacts" and such. On behalf of all the defendants, I hereby testify that Lorco's allegations of "customer piracy" are completely false. The defendants did not conspire and Mr. Tantalos was not involved with Enviro Waste or IPPI until he was hired as a salaried IPPI salesman in June 2001.

17. In fact, Mr. Tantalos fought hard on behalf of Lorco to prevent Enviro Waste from making inroads into the Lorco customer base. I and IPPI dealt with the same customers as

Mr. Tantalos did. Those customers told me that Lorco and Mr. Tantalos were unable to service their waste oil needs. I therefore solicited the oil waste business of these customers and at times succeeded. At other times during 2000 and 2001 Mr. Tantalos fought back and persuaded the accounts to again do business with Lorco.

18. For example, in or about February 2001, I removed waste oils from tanks located at Smith Cairns Ford & Subaru. My contact at Smith Cairns was a gentleman named Frank. The next time I came to service Smith Cairns, I learned that Lorco's Mr. Tantalos had contacted Frank and taken the client back for Lorco.

19. On occasion Mr. Tantalos and I met while making our respective rounds. During our brief discussions both Mr. Tantalos and I acknowledged to each other that we would be vigorously competing for the business of customers such as Smith Cairns, including the other two dealerships owned by Smith Cairns, namely Smith Cairns Nissan and Smith Cairns Jeep.

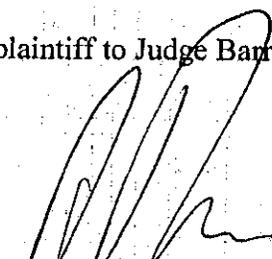
20. I was able to secure orders for waste oil removal services from another Lorco customer, Lisi Towing & Truck. I was competing against Mr. Tantalos and his employer, Lorco. Lisi told me it wanted to "one stop shop" and deal with a single provider when it purchased oil and lube products and had its waste oils removed. IPPI supplied Lisi Truck with oil and lube products. Enviro Waste removed the waste oil.

21. There was no collusion, only competition -- very vigorous competition -- between Mr. Tantalos and Enviro Waste before Mr. Tantalos left Lorco in June 2001 and joined IPPI in order to sell oil and lube products. **Mr. Tantalos is not employed by Enviro Waste and does not provide waste oil removal services.**

26. Information on the Lorco customer routes and client contacts is not confidential. From my years of work in waste removal and carting, I already know how to quickly and efficiently travel from location to location. With respect to pricing information, I was competitively bidding for some of the Lorco accounts that had been serviced by Mr. Tantalos when he worked for Lorco and was my competitor. Mr. Tantalos did not provide any confidential information or documentation of any kind from Lorco or any other source. I can compete for the waste oil removal business against Lorco without utilizing anything but my own knowledge and experience, and the information provided by IPPI.

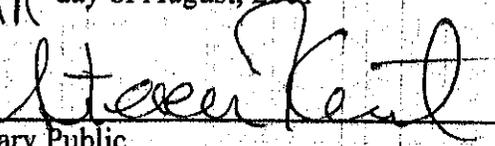
27. I competed vigorously against Mr. Tantalos when he worked for Lorco. Mr. Tantalos told me he left Lorco because Lorco did not support his efforts, because he was losing customers, and because he needed a better and more secure income.

WHEREFORE, on behalf of the defendants, I respectively urge this Court to immediately vacate the TRO and award damages to the defendants because the TRO was granted on the basis of the false and misleading testimony proffered by plaintiff to Judge Barrington Parker which led to the issuance of an unjust and oppressive TRO.



AARON DEEMS

Sworn to before me this
13th day of August, 2001



Notary Public

STEVEN KENT
Notary Public, State of New York
No. 60-4740293
Qualified in Westchester County
Commission Expires November 30, 19

ALLIED WASTE INDUSTRIES, INC.
WESTCHESTER COMPANIES

CORPORATE COMPLIANCE PLAN

Revised February, 2001

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I. STATEMENT OF POLICY

The Officers and Directors of Allied Waste Industries, Inc. ("Allied" or "Company")¹ are absolutely committed to operating the Company in a lawful and ethical manner, complying with all pertinent rules, regulations and industry standards. Allied's Officers and management have taken specific and direct action to ensure that these principles are embedded in the operating culture of our organization and are reflected in every aspect of the Company's business.

Accordingly, we have developed a Corporate Compliance Plan (the "Plan" or "Program"), a comprehensive program designed to ensure that all of our personnel - whether officers, drivers, supervisors, office staff or others - fully adhere to all government rules and regulations, as well as our own internal policies and procedures. The Plan is not only intended to ensure that everyone understands his or her legal and ethical responsibilities and obligations, but also is designed to detect and prevent violations of these standards.

First, the Plan adopts a "Code of Conduct and Business Ethics" (the "Code") to help guide all of us in making the right legal and ethical choices in our business practices and relationships. The Code seeks to combine in one document the most important standards of conduct and business ethics practices governing our daily affairs. Following the Code are a number of specific Corporate Policies which, because of their importance, are set forth separately and in significant detail. **All Allied employees will be held strictly accountable for understanding and fully complying with all aspects of the Code and the Plan.**

Next, the Code establishes a mechanism for reporting actual or perceived violations of the Code or other Company policies and procedures, and federal, state or local criminal laws. In order to help our compliance program prevent, detect and correct any of the foregoing violations, the Code requires all employees to report such violations either to the court-appointed Monitor,² the Corporate Compliance Officer or to the telephone hotline service we have implemented. The Company has designated a Corporate Compliance Officer to administer the Program and to ensure that all reports of violations or other issues identified by employees are promptly investigated and addressed. All employees will be notified of the identities of the Monitor and the Corporate Compliance Officer and will be provided with the Company's toll free hotline telephone number. It is the Company's expectation that all employees will use these mechanisms to communicate their concerns freely and without fear of retaliation or other adverse action. The reporting mechanism is described in greater detail at Section F of the Code.

¹ As used herein, the terms Allied or Company will refer to and include any and all companies that are subject to the September 30, 1997 Stipulated Monitor Agreement, and the January 31, 2000, Supplemental Stipulated Monitorship Agreement and Order, approved and so ordered by the Honorable Jed S. Rakoff, United States District Court Judge, in an action entitled United States of America v. Allied Waste Industries, Inc.; Suburban Carting Corp., et al., S1 96 Cr. 466 (S.D.N.Y. 1996).

² As a condition of the Monitorship Agreements, Allied has agreed to continue under the supervision of a court-appointed Monitor, Walter Mack (hereinafter "the Monitor"), who had been the monitor for Suburban Carting Corp., and its subsidiaries and affiliated entities. Under the Supplemental Agreement and Order, Allied may apply to the Court on or about January 31, 2001, for termination of the Monitorship.

II. CODE OF CONDUCT AND BUSINESS ETHICS

A. STATEMENT OF PURPOSE

The officers and management of Allied, in consultation with the Company's attorneys and the Monitor, developed this Code to reaffirm the Company's commitment to conducting its affairs in strict compliance with the letter and spirit of the law and adhering to the highest principles of business ethics. The Code is intended to inform all employees of their legal and ethical obligations to the Company, its customers, competitors, and suppliers, and to assure that such standards are in fact observed. Every Company employee must comply with these standards. Failure to do so may result in disciplinary action, including termination of employment.

The Code's guidelines are meant to help all personnel better understand how their actions should always serve the best interests of the Company, its employees, those with whom it does business, and the public at large. The Code's standards cannot address every circumstance that may be encountered. Nevertheless, they underscore the basic principles which should guide all Company and employee activities: good judgment, personal honesty and sound business ethics.

Employees should endeavor, in every situation, to ensure that every individual or entity with whom they or the Company does business conducts itself in a way that complies with this Code. Any employee who is unsure about the proper course of action to be taken in situations involving ethical questions that the Code does not address should consult with his or her supervisor or the Company's Corporate Compliance Officer.

As the Code may be periodically supplemented or modified to meet changing business needs, all employees must review the Code at least annually.

B. GENERAL POLICIES

It is the policy of the Company to provide its services in accordance with the highest standards of integrity and fairness and in compliance with all applicable federal, state, and local laws and regulations. In conducting the business of the Company, due consideration must be given to the interests of customers, employees, owners and suppliers, as well as the communities in which the Company conducts its business. Employees should always hold paramount the safety, health, and welfare of the public and their fellow employees in the performance of their duties.

Employees are not permitted to realize personal gain from employment with the Company other than the salary and benefits paid by the Company. Unethical or questionable practices for additional personal gain, regardless of degree, will not be tolerated. Employees engaging in such actions will be subject to disciplinary procedures. These procedures may, in appropriate circumstances, result in dismissal.

Employees at all levels of the Company are expected to exercise good judgment in their internal and outside business relationships and to avoid circumstances that would jeopardize their employment due to conflict with Company philosophy and the intent of this Code. Employees should strive to avoid even the appearance of impropriety in the discharge of their responsibilities. Other companies' practices and standards must not be used as justification for ignoring or modifying the intent of this Code of Conduct.

Each employee is responsible for the propriety and consequences of his or her actions. Employee misconduct will not be excused because the action was directed or requested by another person.

No employee may make statements on behalf of management unless specifically authorized to do so in advance. In addition, employees may not use the Company's name to promote, support, advance, or oppose any program, policy, statement, matter or interest, whether corporate or personal, without the prior authorization of management. Employees are expected to refrain from personal use of Company-owned materials, equipment, and facilities unless authorized to do so in advance. This applies to small items such as office supplies, postage and telephone use, as well as equipment of greater value such as computers. The use of corporate assets will be authorized only when such use is in the Company's best interests.

Employees will not misappropriate, steal or damage the personal property of their customers, co-workers or competitors (e.g., valuables secured in employee lockers, truck radios, containers, etc.). In the event the Company substantiates an allegation that an employee has wrongfully taken or intentionally damaged any such property, the employee may be terminated immediately; moreover, the Company may, in its sole discretion, refer the matter for criminal prosecution.

Financial transactions should be handled honestly and recorded accurately. All disbursements of funds and all receipts must be properly and promptly recorded. No undisclosed or unrecorded funds may be established for any purpose. No false or artificial statements or entries may be made for any purpose in the books and records of the Company or in any internal or external communications, including telephone or wire communications.

Each employee should respect the right of all other employees to fair treatment and equal opportunity without regard to gender, race, color, creed, national origin, sexual orientation, age, handicap, disability or veteran's status. The Company is determined to remain free from discrimination or harassment in all phases of employment, including recruitment, hiring, placement, promotion, transfer, compensation, benefits, training, educational, social and recreational programs, and the use of Company facilities.

C. STANDARDS OF CONDUCT

Specific Standards of Conduct include, but are not limited to, the following:

1. Compliance with Applicable Laws and Regulations

It is Company policy to comply with the spirit and the letter of all laws and regulations governing its operations. To effectuate this policy, Company personnel at all levels must ensure their own compliance with all requirements pertinent to the performance of their jobs, including the Company's policies, procedures and practices, and all relevant federal, state and local laws, regulations, guidelines and licensing requirements of the jurisdictions in which the Company does business.

Any violation of any law, regulation, or other regulatory requirement applicable to the Company's operations, or to any transaction to which the Company is a party, whether committed by a Company officer, director or employee, or by a customer, vendor, subcontractor, or anyone else of which an employee gains any actual knowledge, must be promptly reported to the Corporate Compliance Officer or the Monitor. The procedures for making such reports, including the use of the Company's toll free hot line, are more fully described later in this Code (see Section F).

Any officer, director or employee who is convicted of any criminal violation of any local, state or federal law may, in the discretion of the Company (after consultation with the Monitor during his tenure), be dismissed from employment.

2. Accurate Completion of Company Documents and Records

Applicable law and Company policy require that all Company reports, records and other documents be prepared carefully and accurately. In particular, all Company documents must reflect honestly and precisely the actual services we perform, the customers we service, and the resulting fees that we charge and ultimately collect.

Records which contain false billing information, for example, not only may compromise the Company's relationships with its customers but also may jeopardize the Company's ability to maintain or obtain necessary operating licenses or permits. Equally important, it is a serious breach of Company policy and, depending upon the applicable circumstances, a possible violation of state and federal criminal law, for any employee intentionally to prepare, submit or mail a document containing false information.

Any employee who knowingly completes and submits a Company document or record which contains false information of any kind may be terminated. The Company may also seek to have the employee prosecuted. Any Company employee who becomes aware of any wrongful practice must immediately report the matter to the Corporate Compliance Officer and the Monitor.

3. Protection of Confidential and Proprietary Information

The Company is committed to safeguarding the confidentiality of all proprietary information and will seek to prevent its inappropriate or unauthorized disclosure to any persons lacking a legitimate business need for the information. This not only constitutes good business sense but, as more fully described in Section 4 below (Competitive Practices), maintaining the confidentiality of our pricing and marketing information from competitors, for example, is required by law.

Accordingly, while sharing information within the Company is desirable to meet the needs of its business and employees, the Company's confidential and proprietary information must be vigilantly protected at all times. This includes the Company's technical, financial, marketing and other business information which, if made available to competitors or the public, would be advantageous to competitors and disadvantageous to the Company. Thus, documents containing sensitive commercial data or information should be handled carefully during work hours and must be properly secured at the end of the business day. Moreover, computer terminals containing confidential information should not be left unattended or "on" at the end of the business day. In sum, no employee may disclose or permit the release to any person (other than a fellow employee having a need to know the information) of any confidential information except with the express prior approval of the Company's operating management or as required by law.

Any employee who engages in unauthorized disclosure of confidential or proprietary information of the Company may be subject to immediate termination in addition to possible civil and criminal sanctions. Any Company employee who becomes aware of such unauthorized disclosure must report it immediately to the Corporate Compliance Officer and the Monitor.

4. Competitive Practices

The Company believes that fair competition is fundamental to the free enterprise system and the way in which this Company chooses to do business. The antitrust laws are designed to ensure that competition exists and that the free enterprise system is preserved. It is therefore Company policy that these laws must be followed by all personnel.

Because the antitrust laws and other statutes regulating the manner in which the Company advertises and sells its services are highly complex, all employees with responsibility for marketing

and sales must take special care in this area. Moreover, the Company believes that its compliance program will better detect, prevent and correct violations of these laws if all employees have a general understanding of the kinds of business activities that are forbidden. Thus, for example, the Company will not enter into any arrangements which unlawfully restrict its ability to compete with other businesses or the ability of other businesses to compete with the Company. Further, Company employees will compete vigorously, independently and ethically, but must avoid any marketing, advertising or other program that could be characterized as unfair or deceptive.

Specific examples of actions which violate the antitrust laws and which an employee may encounter in the particular businesses of our Company include, but are not limited to, the following:

- (a) Entering into or negotiating an agreement or understanding with one or more competitors concerning any of the following subjects:
 - fixing prices at any level or fixing other terms and conditions of sale
 - allocating customers or markets
 - boycotting a supplier, provider or contractor
 - profits, profit margins or costs
 - market share
 - selecting, classifying, rejecting or terminating customers or classes of customers, or
 - exchanging competitive information.
- (b) Engaging in any form of bid rigging, including disclosing the Company's bids or intention to bid to a competitor.
- (c) Engaging in exclusionary conduct. The Company unilaterally may choose to deal or not to deal with any customer. So long as the Company is not acting in furtherance of any improper or illegal agreement or understanding with any third parties, it may lawfully decline to service any customer or to provide a quotation to any entity in connection with any bidding situation. The reasons for all such declinations should be documented in writing and maintained in a specific file designated for this purpose.
- (d) Meeting with competitors. Employees should not attend meetings with competitors (including trade associations) at which prices or any of the subjects listed in guidelines (a), (b) and (c) above, are discussed. If these subjects come up, the employee must leave the meeting and report the discussion to the Corporate Compliance Officer.

Company employees should refrain from any discussion of pricing or allocation of customers or markets with competitors unless advance written approval is obtained from the Corporate Compliance Officer. Moreover, employees who become aware of any of the actions or practices described above must report such information to the Company immediately.

Notwithstanding the legal prohibitions against exchanging pricing and other types of proprietary information with competitors, obtaining general business information about the

Company's competition is important to the Company's efforts to improve its competitive position in the markets in which we operate. However, only legal and ethical means should be used to gather such information. For example, competitive information should be collected only from generally available industry sources, customers or other sources of information within the public domain.

If an employee is concerned that he or she is being directed to engage in unauthorized or improper activity, the employee should immediately seek direction from the Corporate Compliance Officer. The Company will consult with legal counsel as required.

5. Improper or Illegal Payments

No illegal or improper payment from Company funds or assets may be made directly or indirectly by any officer, employee or agent of the Company. This includes, but is not limited to, commercial bribes or kickbacks to government officials and public or private employees. This provision includes any such payments from the personal funds or assets of any officer, employee, director or agent of the Company but does not include legitimate and proper political contributions as provided in Section 16 of this Code.

No unrecorded funds will be established or maintained for this or any other purpose.

The source and use of all wire transfers must be accurately documented in the Company's records.

6. Transactions Involving Related Companies and Individuals

All transactions between the Company and any related companies or individuals, including transactions involving the records or beneficial owners of such companies, will be at arms length and at fair market value, have a proper business purpose, be evidenced by promissory notes, mortgages or other appropriate written instruments, and be accurately recorded in the books and records of the Company.

With regard to any loans or advances extended by the Company, all such transactions will be made at or above the prevailing interest rates which commercial banks charge to similar borrowers, and will be adequately secured or collateralized. The Company will take appropriate measures to ensure that all outstanding loans and other receivables owed by related parties and individuals are repaid on a timely basis.

All consulting agreements with related companies and individuals will be in writing and accurately describe the services to be rendered to the Company. Under no circumstances may the Company use consulting agreements to disguise its repayment of loans or other financial obligations due to third parties. As noted above, all Company payments must be straightforward, transparent, and accurately describe the purposes for which they are made.

The Company shall neither use nor permit the use of non-Monitored companies to solicit business for itself or for any of the Monitored companies. The Company's corporate policy regarding the solicitation of customers is set forth in full at Section VII of the Plan. All Company employees should familiarize themselves with and follow this policy statement.

7. Dealings with Suppliers and Subcontractors

All purchases and subcontracts entered into by the Company or any of its subsidiaries will be made exclusively on the basis of price, quantity, service and ability to meet the Company's needs.

Every effort must be made to maintain honest and straightforward relationships with suppliers and subcontractors. Whenever practical, the Company will obtain competitive bids or multiple price quotes from suppliers when purchasing goods and supplies in excess of \$15,000.

The Company must ensure that it has a bonafide business reason for using subcontractors to service particular customers or routes (e.g., the high cost of servicing stops distant from the Company's main routes). Because Government regulators may view such subcontracting in practices as an allocation of customers or territories among competitors, it is important that the Company be prepared to establish the proper business purpose underlying any challenged arrangement.

8. Bribes, Kickbacks, Rebates and False Claims

State, federal and local laws prohibit the offering or receipt of bribes, kickbacks or other illegal payments by or on behalf of the Company.³ The Company is committed to complying fully with these laws. Accordingly, Company employees are prohibited from soliciting or accepting bribes, kickbacks, rebates or any form of improper payments either directly or indirectly. This not only includes cash payments but also covers any other services or things of value which may be intended to influence the actions of any employee of the Company or may be perceived by others to have influenced any such employee.

Under federal law and the commercial bribery statutes of many states, it is also a crime for any employee intentionally to influence the conduct of an employee of another company or governmental agency in relation to his or her employer's affairs, by bestowing a benefit on the employee. Such prohibited benefits include, but are not limited to, payments in cash or in kind, commissions, rebates, and consultant or service agreements, when the purpose of the benefit being given is to reward the employee for transacting or continuing to do business with the Company.

Further, federal statutes and some state laws specifically target the offering or receipt of bribes and kickbacks in connection with government funded programs. These statutes prohibit the Company and its employees from offering a bribe or kickback to an entity or person to induce that customer or potential customer to purchase goods or services from the Company.

In addition, there are laws that prohibit the filing of false claims. Examples of actions that could violate the federal False Claims Act include:

- (a) Filing a claim for services that were not rendered at all or were not rendered as described on the claim form; and
- (b) Knowingly submitting a claim with false information.

Because the above-described laws prohibiting kickbacks and false claims are highly complex, employees with any questions should promptly refer them to the Monitor and to the Corporate Compliance Officer, who may refer the matter to legal counsel if appropriate.

³ A kickback is something of value provided for the purpose of improperly obtaining or rewarding favorable treatment in connection with the award of a contract or other business.

9. Compliance with Generally Accepted Accounting Principles

It is the Company's policy to comply fully with Generally Accepted Accounting Principles. No false or misleading entries may be made in any Company books, records or reports. No undisclosed or unrecorded corporate funds shall be established for any purpose; nor shall Company funds be placed in any personal or non-corporate account.

10. Receipt of Cash Payments

All cash payments received by the Company or any of its employees must promptly be recorded in the Company's books and records and posted to the appropriate journal account. The Company will create and maintain adequate records identifying the source, date, purpose and location of all cash payments, including the transmission and disposition of all such funds. In addition, the Company will conduct periodic internal audits to ensure the proper recording and disposition of these monies.

11. Gifts

Federal, state, and local government agencies have regulations relating to acceptance by their employees of gifts from firms and persons with whom the agencies conduct business. Company employees may not give, offer to give, or accept any gratuity involving government personnel, except to the extent permitted by applicable regulations. This provision includes improperly providing entertainment and meals.

Additionally, employees are prohibited from soliciting or accepting gifts of merchandise, personal services, travel, gratuities or other things of value from suppliers, subcontractors, other employees, agents or others with whom the Company does business. The foregoing is not intended to apply to the customary types of gifts of nominal value that are intended to foster effective working relationships, e.g., a box of chocolates. The acceptance or giving of such gifts may, in some instances, constitute a violation of the law; moreover, such conduct violates the Company's policies on business ethics, since the receipt of such gifts may improperly affect the judgment or actions of the recipients in the performance of their official duties.

There are two exceptions to these rules. First, an employee may accept an unsolicited gift given by another Company employee under circumstances that make it clear that the gift is motivated by a family relationship or personal friendship. Situations where such gifts may be acceptable include birthdays, baby and bridal showers, and similar events. The factors to be considered in making this determination include the history of the relationship and the employees' practice, if any, of exchanging gifts. Except where there is a longstanding friendship or familial relationship between the employees, gifts from subordinates to supervisors are to be avoided because of the appearance to others that the gift may influence the supervisor's treatment of the subordinate.

Secondly, employees may accept unsolicited non-money gifts only if they are items of nominal value (under \$75). These include advertising and promotional materials such as pens or desk calendars.

Gifts exceeding nominal value must be reported immediately to the Corporate Compliance Officer. If a gift is so personalized or perishable that its return would be impractical, or if its return could constitute an affront to the giver and thus adversely affect the Company's continuing business relationship, the Corporate Compliance Officer shall determine the proper disposition.

12. Anti-Harassment Policy

The Company is committed to maintaining a work environment that is free of discrimination. In keeping with this commitment, we will not tolerate harassment of employees by anyone, including any supervisor, co-worker, vendor, client, or customer.

Harassment consists of unwelcome conduct, whether verbal, physical, or visual, that is based upon a person's protected status such as sex, color, race, ancestry, religion, national origin, age, physical handicap, medical condition, disability, marital status, veteran status, citizenship status, or other protected group status. The Company will not tolerate harassing conduct that affects tangible job benefits, that interferes unreasonably with an individual's work performance, or creates an intimidating, hostile, or offensive working environment.

Sexual harassment deserves special mention. Unwelcome sexual advances, requests for sexual favors, and other physical, verbal, or visual conduct based on sex constitute sexual harassment when (1) submission to conduct is an explicit or implicit term or condition of employment, (2) submission to or rejection of the conduct is used as the basis for an employment decision, or (3) the conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. Sexual harassment may include explicit sexual propositions, sexual innuendo, suggestive comments, sexually oriented "kidding" or "teasing," "practical jokes," jokes about gender-specific traits, foul or obscene language or gestures, display of foul or obscene printed or visual material, and physical contact such as patting, pinching, or brushing against another's body.

All employees are responsible to help assure that we avoid harassment. If you feel that you have experienced or witnessed harassment, you are to notify immediately the Corporate Compliance Officer. The Company forbids retaliation against anyone for reporting sexual harassment, assisting in making a sexual harassment complaint, or cooperating in a sexual harassment investigation.

The Company's policy is to investigate all such complaints thoroughly and promptly. To the fullest extent practicable, the Company will keep complaints and the terms of their resolution confidential. If an investigation confirms that harassment has occurred, the Company will take immediate action, up to and including termination of employment, as is appropriate.

13. Drug and Alcohol Policy

The Company is committed to providing a safe and productive working environment. To this end, we have adopted the following drug and alcohol policy. The following conduct is strictly prohibited: the use, sale, purchase, transfer, possession, consumption, presence in one's system or transportation of any controlled substance (with the exception of a medically prescribed drug used properly) or alcoholic beverage by any employee during company time, while on company premises, while operating company equipment, or while under the authority of the Company.

As part of its Drug and Alcohol policy, the Company has adopted a testing program for controlled substance use and alcohol misuse. The testing program is set forth in the Company's Policy and Control Manual HR-104. Management/Supervisory, Administrative Personnel, Safety Sensitive Positions and DOT Drivers. Testing may be performed in the following situations: pre-employment, random, post-accident, reasonable suspicion and return to duty follow-up. The testing program is administered by an approved Third-Party Administrator, contracted by Allied. All Controlled substance testing is reviewed and verified by a Medical Review Officer who is retained by the Third-Party Administrator.

Any employee who violates or refuses to comply with the Allied Drug and Alcohol policy will be subject to disciplinary action up to and including termination.

If an employee voluntarily discloses a drug or alcohol related problem prior to being notified of a request to submit to a drug or alcohol testing, the company will encourage and support voluntary rehabilitation efforts consistent with Company policies and benefits covering time off from work, leaves of absence, medical expense benefits and the like. In such instances, the employee should seek assistance from Corporate Human Resources Department.

In cases where an employee voluntarily discloses a substance abuse problem, a leave of absence may be granted, at the Company's discretion, on a one-time basis, if the employee agrees to and endorses the AWI form entitled, "Employee Agreement to Participate in a Substance Abuse Treatment Program." The following rules apply to employees who participate in such a program:

- The cost of participating in a rehabilitation program will be at the employees' sole expense unless provided for under the employee's medical plan.
- An employee who participates in a rehabilitation program may, at the Company's discretion, be offered his or her same or similar job if and when available.
- Before any return to duty, the employee will be required to undergo return-to-duty controlled substance and/or alcohol testing with a negative result.
- In order to be considered for return to work, the employee must provide proof of a favorable recommendation from a qualified Substance Abuse Professional verifying that the applicant has completed an approved drug/alcohol rehabilitation program and is medically qualified to perform his or her duties in a safe manner.
- The employee will sign a "post-Rehabilitation Return-to-Work Agreement" as stipulated within a "Last Chance Agreement" that has been approved by the Corporate Human Resources Department.
- The employee will be subject to a minimum of six unannounced follow-up tests within the first twelve months following return to duty. Additional follow-up testing may continue for a period not to exceed 60 months following the return to duty.

The Company recognizes that drug or alcohol dependency can be a progressive disease that may be beyond the employee's ability to recognize or overcome without professional medical assistance. Although the Company cannot direct an employee to see a professional or any particular professional, it will post a list of help lines and substance abuse professionals.

Any employee convicted of Driving Under the Influence while on company time will be subject to immediate termination.

Any employee who receives a citation for Driving Under the Influence, whether on or off duty, will be suspended from duty until a reasonable determination can be made as to that individual's fitness to drive a Commercial Motor Vehicle.

This section is a summary of the provisions of the Allied policy HR-104. The summary is not meant to supersede or replace any of the provisions of the policy. Employees are advised to read the above policy in its entirety.

14. Entertainment

Federal, state and local government agencies have regulations relating to acceptance by their employees of entertainment (which term includes, but is not limited to, activities such as meals, theater, parties, sporting events and recreational activities) from firms and persons with whom the agencies conduct business. Company employees may not give or offer to give entertainment to employees of government agencies, except to the extent allowed by government regulations. Employees are responsible for knowing and respecting the applicable regulations. Nonetheless, before providing any meals, entertainment or other amenities to any government employee, Company personnel must first review the practice with the Company's Corporate Compliance Officer and, where necessary, legal counsel.

Except when dealing with government representatives, employees may receive or give customary business amenities such as meals, provided they are associated with a business purpose, reasonable in cost, appropriate as to time and place, and do not influence or give the appearance of influencing the recipient. Company employees should never solicit such business courtesies.

The Company does not seek to gain any improper advantage through the use of entertainment or other business courtesies or gifts. All personnel should be reminded that the giving or accepting of entertainment, money, gifts, or other things of value for the purpose of improperly obtaining business or providing a reward for favorable treatment may be prosecuted as a kickback or bribe.

15. Outside Activities and Conflicts

(a) Generally

Employees are expected to conduct themselves in their outside activities in a manner which does not adversely affect their job performance or negatively reflect on the Company. To protect the Company's interests, disciplinary or other corrective action may be taken when the following conditions exist as a result of an employee's actions during off-duty hours:

- (2) When the employee's conduct embarrasses, discredits or denigrates the Company or reflects unfavorably on fellow employees and the Company generally.
- (3) When outside work activities justifiably create comments critical of the Company by the general public.
- (4) When outside work or personal activities adversely affect job performance with the Company.

(b) Second Employment

Outside employment may constitute a conflict of interest if it places an employee in the position of appearing to represent the Company, involves services substantially similar to those the Company provides or lessens the efficiency, alertness or productivity normally expected of employees on their jobs. Outside employment may also constitute a conflict of interest if employees perform services for competitors of the Company. All outside employment which raises any question in this regard must be disclosed to the Company and approved in advance by the Corporate Compliance Officer.

While the Company prefers that its employees not hold positions outside their assignments with the Company for the reasons described above, we realize that certain justifiable exceptions may

exist. Thus, in seeking or obtaining second employment, Company personnel must observe the following policies and restrictions. Employees cannot engage in outside employment with any competitor of the Company at any time during the period of their employment or be employed by any business which has or seeks to have a business relationship with the Company. As a condition of continued employment with the Company, employees may be required to cease any other outside employment to which the Company objects. The employee will be formally notified, in writing, of the objections.

(c) **Membership in Organizations**

The Company supports employees' involvement in community activities and professional organizations. When these interests are pursued in a responsible manner, it reflects favorably upon the employee and the Company.

Before accepting a position on the board of directors with another company or non-profit organization, an employee must evaluate carefully whether the position could cause, or appear to cause, a conflict of interest. If there is any question, the employee should consult with the Corporate Compliance Officer.

16. **Conflicts of Interest**

Employees must avoid situations where their personal interest could conflict with the interest of the Company. Conflicts of interest arise when an individual's position or responsibilities present an opportunity for personal gain separate and apart from the direct rewards of employment, or when an employee's personal interest is inconsistent with those of the Company and could compromise his or her responsibilities to the Company.

Since a conflict of interest, or the appearance of a conflict, may arise in a variety of circumstances, it is not possible to describe every situation. However, certain clear conflicts of interest may be avoided if the following basic rules are observed:

- (a) No employee may have, directly or indirectly, a personal or financial interest in any transaction which is, or may be, adverse to the Company.
- (b) No employee may be employed by or have, directly or indirectly, a financial interest in any business enterprise (corporate or otherwise) with which the Company has business dealings or from which it solicits business, or with any business that is owned or controlled by any company or principal of any company with which the Company does business.
- (c) Employees shall be required to report immediately to the Corporate Compliance Officer any situation in which a member of the employee's family has a personal or financial interest in any transaction directly or indirectly involving the Company, regardless of whether the transaction may be considered adverse to the Company. The Compliance Officer, in turn, will promptly report to the Monitor all corporate transactions involving a family member or members of any of the owners of the Monitored companies.

17. Government Contracts

Transactions with government entities constitute a portion of the Company's business. The Company is therefore committed to ensuring that all its employees comply with the highest ethical and legal standards in transacting business with any government entity. All of the provisions set forth in the Code apply fully to Company business relating to government contracts.

The Company will observe the laws, rules, and regulations that govern the acquisition of goods and services by federal, state, and local governments. The Company will compete fairly and ethically for all such business opportunities. For example:

- (a) any employee who makes any representation, claim, or bid to the government or an agency thereof should do so truthfully and accurately.
- (b) collusive bidding by government contractors, making false or fraudulent statements, or filing false claims in the government procurement process can result in felony prosecution of the employee involved, the Company or both.

Additionally, federal law and many state laws prohibit employment discussions with a government procurement official involved with an ongoing procurement, the solicitation or acquisition of proprietary information of competing contractors, or the solicitation or acquisition of confidential "source selection information" of the government (e.g., bid prices, costs, source selection plans, technical evaluation plans, cost or price evaluations of proposals, competitive range determinations, and rankings of bids). Company personnel engaging in any of these prohibited practices will be subject to disciplinary action and risk or may face criminal prosecution.

18. Political Contributions and Activities

The Company will comply with any and all applicable federal, state and local election laws.

Employees are prohibited from using Company funds, facilities (including the telephone, fax machines and photocopiers), or other Company assets to support, either directly or indirectly, any political candidates, political parties, or Political Action Committee (PACs) inside or outside the United States.

Employees may make contributions of time or money to a political candidate, political party, or Political Action Committee only in their individual capacities. However, it is contrary to Company policy for employees to exert any pressure, direct or indirect, on other employees, or provide any inducement or reward for employees to decide whether, to whom, and in what amount to make a political contribution.

19. Government Investigations and Audits

The Company has established guidelines on how and when to respond to government inquiries. These guidelines are contained in the Company's "Corporate Policy on Investigations," which is set forth in detail in this Plan. All employees are expected to read and be familiar with these procedures.

While it is Company Policy to respond in a proper and timely manner to all appropriate government inquiries and investigations, the Corporate Compliance Officer must be notified whenever any employee is contacted by any federal, state or local law enforcement agency seeking

information about any aspect of the Company's operations or the job-related activities of any Company personnel. The Corporate Compliance Officer, in turn, will promptly notify the Monitor of such inquiries. Such timely notice to the Corporate Compliance Officer helps ensure that no accurate or incomplete information is given the government, and that confidential or privileged information of the Company, to the extent permitted by law, is protected from unnecessary or improper disclosure.

Full cooperation with the Monitor is essential to avoid sanctions against the Company. Any employee who refuses cooperate or who intentionally provides the Monitor with false or misleading information with regard to any matter or inquiry, properly within the scope of the Monitor's duties, may be terminated.

D. IMPLEMENTATION AND ENFORCEMENT OF THE CODE

All employees will receive a copy of the Code and training regarding its content and application. Each employee will be required to review the Code and acknowledge an understanding of the principles contained therein. Understanding of, and compliance with, the principles set forth in the Code will be a factor in employees' annual performance evaluations. Supervisors also will be held responsible for ensuring that these policies are known and observed by the employees under their supervision, and will be evaluated on their subordinates' record of compliance with the Code.

In addition to the initial training all current and newly hired employees will receive, the Corporate Compliance Officer will ensure that all employees receive annual re-training on the Code and, as needed, periodic presentations to update all staff on pertinent changes in the law, government regulations, [industry standards], and Company compliance policy.

E. BASIS FOR TERMINATION OR DISCIPLINARY ACTION

The Company expects its employees' conduct to be governed by the highest ethical standards, good judgment and consideration for others. Any act by any employee that may be considered to be contrary to the policy and purposes of the Code, or harmful to another employee or the Company, may be cause for disciplinary action up to and including discharge. It is not an acceptable defense that the employee was acting in the best interest of the Company and/or received no personal benefit.

Disciplinary action may be taken for any of the following actions or omissions

- Authorization of, or participation in, actions that violate the Code, federal, state or local criminal law, government regulations, or any other written Company policies, rules, procedures and regulations [hereinafter collectively referred to as "violations" or "violation"].
- Failure to report any violation or to cooperate in any resulting investigation.
- Failure by a violator's supervisor(s) to detect and report any violation if such failure reflects inadequate supervision or lack of proper oversight.
- Retaliation against an individual for reporting an actual violation or a violation the reporter honestly believed occurred.

Disciplinary action will be determined on a case-by-case basis, taking into consideration the seriousness of the violation, the employee's degree of culpability, the employee's work record, including the nature of prior violations, if any, and extenuating or aggravating circumstances. The

discipline imposed for violations may range from warnings and reprimand to suspension and discharge from employment.

All disciplinary decisions will be made by operating management subject to review by the Corporate Compliance Officer and the Trustees. All disciplinary proceedings and decisions will be memorialized and will be reviewed by the Corporate Compliance Officer and the Monitor. During the pendency of the Monitorship, the Corporate Compliance Officer will keep the Monitor regularly apprised of the status of all ongoing disciplinary cases. The Corporate Compliance Officer also will report periodically to the Company's Trustees all disciplinary action take against Company employees for any of the above-described violations.

It is the Company's policy to dismiss any employee or officer who, subsequent to the implementation of this Plan, is convicted of any felony violation of law.

F. EMPLOYEE REPORTING

1. Background and Purpose

As previously noted, although the Corporate Compliance Officer and Monitor have been given significant powers to monitor and investigate all aspects of the Company's business and operations, no oversight of the Company -- no matter how vigorous and far reaching -- can be completely effective without the help and assistance of all Suburban employees. Simply put, we need and expect your help in making sure that everyone at the Company observes all laws and rules applicable to our business.

Compliance with these duties is important to promoting and safeguarding the ethics and integrity of the Company and to our success and future in the industry. Any employee who refuses or fails to report any known or apparent violation, or who refuses to cooperate in an investigation of such an allegation will be subject to disciplinary review and corrective action unless there are mitigating circumstances.

2. Reporting Procedures

Reports of unlawful or unethical conduct can be made in three distinct ways. First, the Company has established a toll free "hotline" telephone number to be used to report violations. That number, which may be called without any charge to you, is 1-877-838-4427 (1-877-8ETHICS). The hotline will operate 24 hours a day, seven days a week. Callers may identify themselves or remain anonymous. The operation of this hotline will be assumed by the Company after the Monitor's tenure.

Remember, the hotline is not a **gripe line**. Complaints about a nasty supervisor, the failure to get a raise, or other matters of this nature should be addressed up the chain of command at the Company in accordance with Company policy. The hotline, on the other hand, should be used to report actual or suspected violations of local, state or federal law, violations of government regulations involving the private carting and waste management industry, and violations of Company policies and procedures.

Second, each employee will be furnished with the name, telephone number and/or mailing address of the Corporate Compliance Officer.

Third, you may telephone or write the Monitor at the following address or telephone number:

Walter S. Mack, Esq.
Doar Devorkin & Rieck
233 Broadway, 10th Floor
New York, NY 10279
(212) 619-3730

The identity of anyone who reports a violation or suspected violation will, to the maximum extent possible, be kept in confidence. No one who makes a good faith report will suffer retaliation, embarrassment or any other adverse consequence for making the report. If, however, the person making the report is involved in the underlying violation, the Company will carefully consider the employee's act of self-reporting, the employee's cooperation in any ensuing investigation undertaken by the Corporate Compliance Officer or the Monitor, and any other mitigating (or aggravating) circumstances in determining the corrective action (if any) to be taken against the employee.

The Compliance Officer or the Monitor will promptly review and, where appropriate, investigate all reports which appear to allege a violation of law, an applicable government regulation, or a Company policy. No one, however, should ever use the Company's reporting mechanisms to harass or intentionally injure an innocent worker. While we are committed to conducting full and fair assessments of all reported violations, we are equally committed to protecting Company personnel from intentionally made false allegations. Thus, in the event that the Corporate Compliance Officer or the Monitor concludes that an employee knowingly made a false report, the Company will take appropriate corrective action.

3. Examples of Violations

Because people regularly find new (and sometimes ingenious) ways to circumvent the law, it is virtually impossible to predict every situation that should be reported. We can, however, give you general guidance about the categories of wrongdoing you should be thinking about, as well as some concrete examples that are specific to the waste management industry.

Every employee should be alert to the general categories of misconduct set forth below, and report any actual or suspected violations to the Corporate Compliance Officer or the Monitor:

- **fraud** [*e.g.*, issuing or using falsified billing statements, vendor invoices, manifests, insurance claims, internal reporting forms or other records]
- **extortion and threatening behavior** [*i.e.*, threatening physical or economic harm to a co-worker, competitor, customer or vendor for any reason]
- **kickbacks and bribes** [*i.e.*, accepting money or anything of value from vendors, customers or competitors in return for doing something unlawful or in violation of Company policy; unlawfully giving money or anything of value to a labor or government official]
- **embezzlement** [*i.e.*, stealing or illegally diverting Company funds or proceeds]
- **theft of equipment, property or confidential information** [*i.e.*, stealing Company equipment or office supplies; using Company equipment, including

telephones, computers or fax machines, to conduct a private business; providing confidential Company records or information to competitors]

- **unfair competition, including improper dealings or agreements with competitors** [e.g., agreeing not to service particular customers; fixing prices with competitors; soliciting only the customers of a particular vendor]
- **conflicts of interest** [e.g., working a second job for a competitor]
- **safety or health violations** [e.g., unlawful or non-permitted transportation of federal or state regulated materials; unsafe machinery or working conditions]
- **discrimination of any kind, including sexual harassment** [e.g., using racially discriminatory hiring and promotion practices; permitting co-workers to make uninvited requests for sexual favors or to engage in other unwanted conduct (such as displaying pornography or telling off color jokes), which creates a hostile work environment]
- **gambling** [i.e., operating or participating in the operation of an illegal gambling business]

Please keep in mind that these categories illustrate only a few of the legal and ethical risks facing Company employees every day.

In addition to the general categories of misconduct outlined above, we have included for your guidance a few specific scenarios of unlawful (or potentially unlawful) behavior that have occurred in our industry in the past. All of us should be extremely sensitive to these situations and report any examples of such conduct immediately to the Corporate Compliance Officer or the Monitor.

- **Threats or acts of intimidation intended to discourage a customer from selecting another vendor.** [Any such statement or action by a driver or other Company employee would certainly constitute serious criminal offenses and violate the rules and regulations of licensing authorities having jurisdiction over the private carting and trade waste industries.]
- **Soliciting or accepting payments for quicker or better service.** [If a Company employee at a transfer station, for example, were to request or accept payments from drivers in turn for allowing them to jump to the head of the line, that employee would be guilty of the crime of commercial bribe receiving and also would be violating Company policy.]
- **Accepting medical waste at a transfer station or transporting medical waste disguised as household or commercial trash to a dump site.** [Virtually all states have stringent laws covering the acceptance, transportation and disposal of medical waste. By accepting such contaminated materials at a transfer station or by causing such waste to be transported and dumped in violation of applicable law, the participating employees expose both the Company and themselves to serious criminal charges as well as enormous monetary penalties and fines.]

- **Accepting a bribe or kickback from a vendor doing business or hoping to do business with the Company.** [No one should ever demand or accept a bribe or kickback from a vendor seeking to sell products or services to the Company. Such conduct deprives the Company of the opportunity to choose the best vendor to fill its particular needs and, equally important, constitutes a serious criminal offense.]
- **Damaging a competitor's containers.** [If the Company loses an account to a competitor, we should find out why the customer made the change and work hard at winning back the account by providing better service or prices. On the other hand, if one of our employees reacts to such a loss by damaging the competitor's containers or by engaging in any other form of retaliation, the employee is engaging in criminal activity which may jeopardize the Company's ability to do business in the jurisdictions in which we compete and will be terminated if caught.]
- **Stealing from the Company or co-workers.** [When radios disappear from Company trucks or the valuables of co-workers are stolen from their lockers or other work areas, the resulting losses of money and trust hurt everyone at the Company. Stealing -- no matter what the item and no matter the cost -- injures everyone. If observed, it should be reported immediately.]
- **Using hand-written tickets at Company scales with the intent to defraud.** (Hand-written tickets that are generated under suspicious circumstance should be reported to the Corporate Compliance Officer or the Monitor.)
- **Making false and disparaging remarks about a competitor's services or integrity.** [Because such defamatory statements may harm the reputation of the competitor and discourage customers from doing business with it, such remarks are treated harshly under the law and may result in the imposition of large money damage awards against the Company.]

Should you have any questions regarding your reporting obligations, the procedures for making reports, or the kinds of information or situations you should be disclosing, you are encouraged to contact the Corporate Compliance Officer or the Monitor immediately for further guidance.

III. CORPORATE POLICY ON IMPLEMENTATION AND ADMINISTRATION OF THE COMPLIANCE PROGRAM

A. The Corporate Compliance Officer

1. Designation, Reporting and Authority

The Company has established the position of Corporate Compliance Officer, charging that employee with the responsibility of administering the Company's Corporate Compliance Program. The Corporate Compliance Officer will report directly to the Company's officers, having direct and immediate access to these individuals at all times. Additionally, the Corporate Compliance Officer will report to the Monitor on a regularly scheduled basis and will provide him with immediate reports of any actual or suspected violations of the Code or Plan of which the Compliance Officer has knowledge.

2. Duties

The Corporate Compliance Officer's oversight and administration of the Program generally will involve employee ethics and compliance training; investigation and response to complaints and reports of violations; designing and implementing an effective internal audit program in consultation with the Monitor or other outside professional consultants [e.g., auditors, counsel, or investigative consultants]; oversight of audits by the Company's outside consultants; reporting annually or more frequently to the Company's Officers and Monitor on the operation and effectiveness of the Plan; developing and maintaining a comprehensive Corporate Records Retention Policy; and performing any other function necessary to ensure that the Plan's objectives are met.

The specific duties of the Corporate Compliance Officer include, but are not limited to, the following:

(a) Audit Responsibilities
(To Be Implemented After Monitorship Terminates)

In consultation with outside professional consultants, if needed, the Corporate Compliance Officer will be responsible for designing, implementing and overseeing internal audits conducted by the Company. These audits will be conducted on an annual basis (or more frequently if circumstances require such additional examinations), and will focus on: 1) the Company's efforts to comply with applicable federal, state and local statutes and regulations, including its compliance with the procedures and mandates imposed by the Plan and the Code, 2) business conduct that may result in legal risk to the Company, and 3) whether the Company's compliance policies and procedures have been effective.

The Corporate Compliance Officer also will oversee the monitoring activities and annual compliance audits conducted by the outside consultants retained by the Company. In monitoring and auditing the Program, the consultants will assess, among other things, whether the existing compliance policies and procedures adequately protect the Company from the risk of internal or external fraud and abuse, including whether the policies are reasonably effective in detecting, deterring and preventing violations of law and other instances of wrongdoing by employees or those with whom the Company does business. As part of this monitoring and audit function, the consultants will, as necessary, recommend appropriate modifications to the Program, including the adoption of new policies or other changes to improve the Company's internal controls and ability to detect and prevent misconduct. Further, the consultants will present an impartial yearly assessment of the effectiveness of the Program's implementation, operation, and administration, including the extent to which Company employees, supervisors and management have followed the policies and procedures of the Program.

The Corporate Compliance Officer will develop a plan and expedited schedule for addressing any compliance issues developed during the Company's internal or outside audits.

(b) Employee Compliance and Ethics Training

The Corporate Compliance Officer will be responsible for overseeing the development and use of employee training seminars to ensure that all employees receive adequate training on the Company's Corporate Compliance Program and Code of Conduct and Business Ethics. The Corporate Compliance Officer will ensure that all training is conducted in accordance with the Company's "Corporate Policy on Compliance and Ethics Training" set forth in this manual.

(c) **Investigations**

The Corporate Compliance Officer will ensure that reports of all violations are promptly documented, communicated to the Monitor, and investigated. The Corporate Compliance Officer may conduct an investigation personally, delegate it to another appropriate manager to perform or, after consultation with the Officers and Monitor and securing their approval, retain outside counsel or other professional consultants to conduct the inquiry. In the event the Monitor informs the Corporate Compliance Officer that he (the Monitor) will investigate a reported violation, neither the Corporate Compliance Officer nor any other Company employee or agent will take any action with respect to the matter unless authorized to do so by the Monitor. Except in extraordinary circumstances (or with regard to matters handled directly by the Monitor), all investigations, regardless of the person conducting the inquiry, must be completed within 30 days or less.

The Corporate Compliance Officer will report the results of each investigation to the Monitor and, with the approval of the Monitor, to the subject employee's supervisor. In the event an investigation substantiates one or more violations, the Corporate Compliance Officer will promptly consult with the appropriate level of management to ensure that appropriate corrective action is taken.

The Corporate Compliance Officer will record the results of all investigations and any resulting corrective action, and will provide the Officers with quarterly reports concerning such matters. The Corporate Compliance Officer will promptly report all completed matters to the Monitor. Whenever an initial report of wrongdoing discloses an apparent violation of criminal law or a serious breach of the Company's Corporate Compliance Plan, or when an investigation substantiates such a violation, the Corporate Compliance Officer will immediately inform the Monitor and, after the Monitor's tenure is over, the Officers of such matter. The Corporate Compliance Officer may also consult with legal counsel and, in consultation with the Monitor (or after the Monitor's tenure is over, the Officers), may refer an employee's conduct for criminal prosecution or civil action.

(d) **Reports to the Officers and Monitor**

The Corporate Compliance Officer will meet on a regular basis with the Company's Officers and Monitor to review the findings of any audit and to report on the administration, operation and effectiveness of the Company's Corporate Compliance Program.

IV. CORPORATE POLICY ON EMPLOYEE COMPLIANCE AND ETHICS TRAINING

The Company has developed a training program to ensure that all of its employees are fully familiar with the Plan and understand all of the policies, procedures and standards contained in both the Plan and the Code.

As an important part of the implementation process, all current employees will receive a copy of the Corporate Compliance Plan and will, if they have not already, participate in a one-hour training session within 30 days of the Plan's adoption and implementation or as soon thereafter as practical. The training will focus on the Plan's objectives and goals, including its key policies and procedures, and will place particular emphasis on the standards of conduct and business ethics contained in the Code. At the conclusion of the training sessions, all employees will sign an attendance sheet with a statement acknowledging their understanding of the policies and procedures contained in the Plan and the Code, and their agreement to abide by them.

Within 30 days of employment, all new employees of the Company will receive a copy of the Corporate Compliance Plan and a one-hour training session covering the areas described above. New employees will sign attendance sheets and acknowledgments. The Corporate Compliance Officer will review the attendance records and acknowledgments of current and new employees to ensure that all Company personnel receive and understand the required training.

After the initial compliance and ethics training, all employees will attend an annual retraining session. This session, which will be conducted at the direction of the Corporate Compliance Officer, will review the policies and procedures contained in the Plan (including any changes that have been made since the Plan's implementation), and will focus on important changes in federal, state, or local laws and regulations which affect the delivery of services.

Other training sessions may be held periodically to address changes in the Plan, changes in relevant federal, state or local law, or matters that are otherwise of particular interest or importance to the Company. Additionally, specialized training may be provided for specific employees whose responsibilities, if performed improperly, could expose the Company to specific legal risks (e.g., employees responsible for billing government customers).

The Corporate Compliance Officer will be responsible for developing and conducting all training sessions in consultation with the Monitor and outside professional consultants. The Corporate Compliance Officer will provide written course materials for all training sessions, keep accurate records of all training materials provided to employees and, as noted above, take attendance at all training sessions and maintain records of course attendance.

V. CORPORATE POLICY ON RECORDS MANAGEMENT

A. Retention of Records, Generally

During the course of its business, the Company generates and receives a substantial volume of documents. Certain records must be maintained for given periods of time, as specified in applicable laws or contracts. In order to ensure that the Company's records retention practices comply with these mandates, the Corporate Compliance Officer will develop and maintain a comprehensive Records Retention Schedule applicable to all Company records and update the Schedule on an annual basis. All personnel with responsibilities relating to the retention of the Company's records are required to familiarize themselves with the Schedule as well as all other pertinent the Company's policies and procedures, statutory requirements, and government and private contract provisions.

The Company's Records Retention Schedule will meet the following minimum guidelines:

1. All records will be retained for at least the minimum periods as stated in any applicable laws or contracts.
2. All records that may substantially affect the obligations of the Company will be retained for the periods of time that will reasonably assure the availability of those records when needed.
3. Destruction of any records requires prior approval from the monitor. Assuming that approval is granted, destruction of records will take place pursuant to a standard policy developed for proper business reasons, which policy also will contain a mechanism to prevent or stop immediately the destruction of records upon notice to the Company of any litigation or government investigation pertaining to the Company (see paragraph C below

for the Company's records procedures concerning litigation and investigations).

4. Vital records will be identified and appropriately safeguarded.
5. The security and privacy of all records will be appropriately assured.
6. Records maintained on magnetic tape or other electronic data processing storage media will be covered by the Company's Retention Schedule.

B. Annual Review of Records

On an annual basis, the Company's managers will identify and arrange for the destruction of unnecessary duplicate documents and multiple copies of document; review and arrange for the destruction of documents which have exceeded their required retention period; identify, group and label all inactive documents which require further retention period; identify, group and label all inactive documents which require further retention (marking such documents with a disposal date beyond the period established for retention); and transfer such inactive documents to the Company's designated records storage site. All records subject to more specific confidentiality restrictions (e.g., privileged documents) must be stored securely and destroyed in a manner that ensures confidentiality, such as shredding, mutilation or incineration.

Each manager involved in the Company's records management process will develop a log system to document the following procedures:

- the transfer of records to storage;
- the identification and maintenance of records in storage;
- the retrieval/return of records from storage; and
- the destruction of records and deletion from the records inventory. (As stated above, destruction of documents requires prior approval of the monitor.)

The Corporate Compliance Officer will have responsibility for overseeing that the above procedures are followed.

C. Investigations and Litigation

In the event the Company receives notice regarding the initiation of an investigation or litigation, the Corporate Compliance Officer will notify all persons in possession of potentially relevant documents as promptly as practicable and direct them to cease the scheduled destruction of any relevant documents pending further notice that the investigation or litigation has been concluded. In addition, unless a new lawsuit is routine commercial litigation, the Corporate Compliance Officer will notify the Monitor upon receipt of any such notice.

D. Vital Records

Vital records are those records which, as determined by Company management, are essential to the continuity of the Company or to the Company's legal and financial status; are necessary for fulfillment of obligations to shareholders, employees, government or private customers with whom the Company has contracts, or other outside interests; or establish Company ownership of assets that

would otherwise be difficult to prove. Vital records must be duplicated and duplicates must be stored in an off-site location for reconstructive use in the event of catastrophic document loss.

E. Departing Employees

The business files of employees who are terminating their employment or transferring within the Company should be reviewed by the employee and his or her supervisor concurrent with the employee's departure. These files may either be purged (if permitted under the Company's Records Retention Schedule) or reassigned to another employee, as appropriate. The Company or the Corporate Compliance Officer promptly will notify the Monitor of the names, anticipated (or actual) departure dates, and home addresses and telephone numbers of all departing employees.

VI. CORPORATE POLICY ON INVESTIGATIONS

It is important for Company personnel to respond in a proper manner to all government investigations. Accordingly, in the event the Company becomes subject to a government investigation or audit, the procedures set forth below must be observed.

A. Cooperation

It is Company policy to cooperate in any investigation or audit and to urge its employees to do likewise. To achieve that end, the Company must be informed promptly of any external review of its business practices. Accordingly, any employee who has reason to believe that the Company is under investigation is encouraged to inform the Corporate Compliance Officer of his or her belief.

On occasion, government auditors or investigators may contact Company employees at their homes in search of information. In these circumstances, the employee is under no obligation to consent to be interviewed. This does not apply to the Monitor, with whom cooperation is required. If the employee consents to be interviewed by government auditors or investigators, he or she may terminate the interview at any time, consult with counsel before deciding to be interviewed, or have counsel present during the interview. Upon request of an employee who has been contacted for an interview, the Company may, in its sole discretion, provide counsel for the employee. If an employee consents to be interviewed, he or she should respond to all questions truthfully and accurately.

Federal law makes it a crime to obstruct justice or to make false statements to a federal agent. Thus, Company employees must never:

- Alter or destroy documents sought in an investigation;
- Falsely deny knowledge of information or intentionally make false statements;
- Corruptly influence another person to exercise the privilege against self-incrimination; or
- Intimidate a witness with the intent of influencing testimony or retaliating against a witness for testifying in an official proceeding.

B. Document Requests

If an employee receives a formal or informal document request or a subpoena pertaining to Company business from a government representative or any individual outside the Company, a copy

of such request must be provided immediately to the Corporate Compliance Officer, who in turn will notify the Monitor of the request. The Corporate Compliance Officer will contact the proper records custodian, who will identify, locate and retrieve the records being sought. Thereafter, the Corporate Compliance Officer, in consultation with Company counsel and Officers, will review the records to determine whether they are responsive to the request, and whether any are subject to a privilege that would prevent their disclosure.

The Corporate Compliance Officer and/or Company counsel will ensure that all responsive, non-privileged documents are transmitted to the requesting entity with an accompanying letter. The transmittal letter will identify the documents being supplied and ask that the requestor acknowledge receipt of the materials by signing and returning a copy of the letter.

VII. CORPORATE POLICY ON SOLICITATION OF CUSTOMERS

Its is Company policy to comply with the spirit as well as the letter of all federal, state and local laws and to honor the principles of fair competition. Therefore:

1. No person employed by or associated with the Company shall solicit any customers for his or her own benefit or for the benefit of any corporation or entity with which that person may be associated.
2. The Company, while adhering to the principles of fair, open and vigorous competition, shall make its best efforts to retain its customers and to obtain new customers. The Company shall on a monthly basis inform the Monitor, in writing, of the identities, addresses, telephone numbers and reasons (to the extent known) of any and all customers lost during that month.
3. If a customer decides for whatever reason not to continue its relationship with the Company, a competitor with which a Company officer, employee or other representative is associated, may seek the business of that customer. However, the officer, employee or other representative who is also associated with the competitor must disclose to the customer his or her relationship with both the Company and the competitor.
4. Where an entity seeking the business of a former customer has an officer, trustee, employee or other representative in common with the Company, that individual will make best efforts to give written notice to the Monitor five business days prior to the finalization of any transaction in which a former customer of the Company contracts with said entity.

VIII. STATEMENTS ACKNOWLEDGING RECEIPT AND ACCEPTANCE OF THE CORPORATE COMPLIANCE PLAN AND CODE OF CONDUCT

After reviewing the foregoing, please execute the statement at the last page, detach the page, and forward it to the Corporate Compliance Officer through your immediate supervisor. In executing the statement, you are acknowledging that you have received and reviewed the Plan and the Code; that you will strictly comply with the Plan and the Code; and that you are subject to disciplinary action for a violation thereof.

This Corporate Compliance Plan and Code of Conduct and Business Ethics is not an employment contract.

EMPLOYEE STATEMENT

I acknowledge that I have received and thoroughly reviewed the ALLIED WASTE INDUSTRIES, INC. CORPORATE COMPLIANCE PLAN AND CODE OF CONDUCT AND BUSINESS ETHICS dated JANUARY, 2001.

I agree to comply strictly with the principles set forth in the Corporate Compliance Plan and Code of Conduct and Business Ethics.

I understand that I will be subject to disciplinary action if I violate the principles set forth in the Corporate Compliance Plan and Code of Conduct and Business Ethics.

I further understand that the Corporate Compliance Plan and Code of Conduct and Business Ethics is not a contract of employment.

(Signature)

(Please Print Name)

(Date)

(Social Security Number)

DRAFT

**ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL**

DO NOT DISSEMINATE

MEMORANDUM

TO: Walter Mack
FROM: Don Sobocienski
DATE: July 26, 2001
RE: Interview of Chris Ridenhour

On 7/24/2001, Investigator Don Sobocienski interviewed Chris Ridenhour at his residence at [REDACTED]. Also present for a portion of the interview was Mr. Ridenhour's wife and his father, Gerald Ridenhour. The investigator identified himself as working with the federal court appointed monitor for Allied Waste companies in Westchester County and explained the scope of the monitorship. The investigator advised Mr. Ridenhour that the purpose his interview was to ascertain facts surrounding Mr. Ridenhour's recent termination of employment with Allied. The investigator emphasized to Mr. Ridenhour that he was not Mr. Ridenhour's advocate in this matter nor was there any likelihood that the information provided by Mr. Ridenhour would result in his being rehired by Allied. Mr. Ridenhour acknowledged the investigator's statements and advised that he was hopeful that his information might prevent another employee of Allied from being the subject of a similar occurrence.

The following information was provided by Mr. Ridenhour:

Mr. Ridenhour stated that he began his employment at Valley Carting in 1986. He was hired on the referral of his father who remains a current employee. Mr. Ridenhour stated that became a member of IBT Local 813 in 1988. Mr. Ridenhour first worked as a helper until he became a driver in 1993. He has operated as the driver of the same route since 1995. Mr. Ridenhour described his route as being a commercial route, consisting principally of restaurants and businesses that discard food waste. Consequently, the waste that Mr. Ridenhour picked up on his route was wet and heavy. Mr. Ridenhour stated that he made two trips per day to Westchester Resco at Charles Point. On certain days of the weeks, especially Mondays, the weight of Mr. Ridenhour's truck, when full, was approximately 24 to 25 tons, which he described as unsafe. Mr. Ridenhour advised that the type of garbage truck that he drove is not designed to carry that amount of weight which causes excessive wear to the vehicle's suspension and springs.

Mr. Ridenhour stated that he was chastised by Matt Hickey for wearing out the springs on his truck which he attributed to the fact that Mr. Ridenhour drove too fast.

Mr. Ridenhour advised that in the beginning of June, 2001 while working his Saturday route, he was unable to pickup containers at two schools because there was a large group of children on the premises due to ball games.. Mr. Ridenhour explained that he regularly worked his Saturday route every other week and someone else did the route on the Saturdays that he was off. Mr. Ridenhour stated that in addition to Saturday, the two schools are also picked up during the week by another driver named Larry Ward. Mr. Ridenhour advised that for this particular Saturday he forget to report to the office that he failed to make the pick up of these schools. Mr. Ridenhour advised that in the beginning of the following week he was confronted by Matt Hickey who verbally abused Mr. Ridenhour in front of all the other workers for not making the pickup at the schools. Mr. Ridenhour stated that he apologized to Mr. Hickey for his error and explained that he had simply forgotten to report it. Mr. Hickey responded that he was going to "write up" Mr. Ridenhour for the incident. According to Mr. Ridenhour, Mr. Hickey unsuccessfully attempted to instigate a confrontation between Larry Ward and Mr. Ridenhour, by asking Mr. Ward if he was going to let Mr. Ridenhour "get away with this" in that Mr. Ridenhour's failure to make the pickup resulted in additional work for Mr. Ward the following week.

Mr. Ridenhour stated that on the morning of 6/18/2001 he was instructed to use Truck # 53 because his regular Truck # 71 was being serviced. Shortly into his route, Mr. Ridenhour discovered a problem with "the cable" on this truck and telephoned the shop for onsite repair. John LNU, a mechanic, arrived on the scene driving Truck # 61 which he exchanged for Truck # 53. Mr. Ridenhour knew Truck # 53 to be operated by Willie Curtin who worked a residential route. Additionally, Mr. Ridenhour had noticed that morning that Truck # 61 was parked in the yard and designated as "not to be used". A short period into the route, Mr. Ridenhour discovered that he was dropping waste from his truck, which he determined to be caused from a large hole in the body of Truck # 61. He called the shop to report the problem where after a mechanic arrived to exchange Truck # 61 with, the now repaired, Truck # 53. Mr. Ridenhour stated that at approximately 1800 hours that evening he was returning to the yard when he passed Matt Hickey driving his car in the opposite direction on Route 100. Upon seeing Mr. Ridenhour, Mr. Hickey turned his car around and followed Mr. Ridenhour's truck back to the yard. According to Mr. Ridenhour, Mr. Hickey pulled his car within a few feet of Mr. Ridenhour's truck, whereby he departed the vehicle and proceeded in a loud voice to reprimand Mr. Ridenhour for causing damage and unnecessary repair to the trucks that he operates. Mr. Ridenhour stated that he departed his vehicle and proceeded in a loud voice to accuse Mr. Hickey of continually riding him, and asserted that he felt that Mr. Hickey was prejudiced. Within minutes, Anthony Cardillo, Sr. departed the building carrying a wooden club, which Mr. Ridenhour believed Mr. Cardillo intended to use to assault him. Upon seeing Mr. Cardillo approach, Mr. Hickey moved towards Mr. Cardillo in an effort to prevent him from reaching Mr. Ridenhour. Mr. Cardillo and Mr. Hickey wrestled for control of the club and fell to the ground. Once on their feet, Mr. Hickey instructed Mr. Ridenhour to park the truck and "go home". Mr.

Hickey and Mr. Cardillo walked back into the building.

Before departing for home, Mr. Ridenhour stopped by the Village of Ossining Police Department to file a complaint against Mr. Cardillo, only to find that the part time police headquarters was closed. When he arrived home, Mr. Ridenhour telephoned Allied in Scottsdale, Arizona and spoke with a woman from Human Resources (whose name Mr. Ridenhour could not recall, but believes that he recorded) who advised him that he should not report to work the following day. On the morning of 6/19/2001, Mr. Ridenhour called in sick for work that day. Later that day he received a telephone call from Matt Hickey telling him that he had been fired. Also this date, Mr. Ridenhour filed a complaint against Anthony Cardillo with the Village of Ossining Police, but indicated that he did not wish to press charges. Mr. Ridenhour telephoned his union and spoke to Lou LNU, his delegate. Lou advised him that he had been informed by Matt Hickey that Mr. Ridenhour assaulted him and that Hickey had fifteen witnesses to attest to that fact. Lou advised Mr. Ridenhour that Matt Hickey advised that he would not press charges, if Mr. Ridenhour resigned. Mr. Ridenhour stated to Lou that he had no physical contact with Mr. Hickey, to which Lou advised him that fifteen witnesses' accounts would be difficult to refute. Lou furthered advised him that he had been told by Anthony Prestamo that Mr. Ridenhour would receive all compensation to which he was entitled plus an additional something extra that Mr. Prestamo would add to his envelope.

Mr. Ridenhour subsequently learned from fellow employees that there was both a plain clothes and a uniformed police officer on the company premises that day. Mr. Ridenhour's father stated that he saw a uniformed police officer in the yard on 6/19.

On 6/20/2001, Mr. Ridenhour received, by fax, at his home, a copy of the resignation letter which he signed and returned by fax. Mr. Ridenhour stated that he signed the resignation letter because he feared that he would otherwise be arrested. He stated that at the time, he was confused and concerned for the well being of his wife and six children should he go to jail. Upon reflection, Mr. Ridenhour realized that he had made a mistake in signing the letter and called Lou at Local 813, who advised him that by signing the resignation he forfeited any representation that the union could provide him. Mr. Ridenhour also called the woman he had previously spoken with from Allied's Human Resources Department. She similarly advised him that by him signing the letter, he effectively prevented the matter from being pursued any further.

Mr. Ridenhour was asked the names of those persons who witnessed the altercation of 6/18/2001. Mr. Ridenhour stated that there may have been as many as six to eight employees present. Mr. Ridenhour believed that Mike Oglesby, Jay Egan and Terrence Gamble were among those present. Mr. Ridenhour advised that during his verbal confrontation with Matt Hickey, he was approached by an employee who Mr. Ridenhour felt was intending to restrain him. Mr. Ridenhour advised this employee that he should back away, because he (Ridenhour) required no restraint. Mr. Ridenhour identified this employee as a new hire, and described him as a big tall guy.

Mr. Ridenhour advised that subsequent to his termination, he was advised by Willie Curtin that the hole in Truck # 61 had there for a long time. Mr. Ridenhour explained that Truck #61, even with the hole, could still be used for the type of residential waste that Mr. Curtin picked up because residential waste is not as wet and heavy as the commercial waste that Mr. Ridenhour picked up.

Mr. Ridenhour advised that Mr. Cardillo attempted to assault him with the club on another occasion before Allied acquired Valley. Mr. Ridenhour advised that in approximately 1998, Mr. Cardillo tried to make his father (Gerald Ridenhour) quit, claiming that he was old to be able to perform his job. According to Mr. Ridenhour, Mr. Cardillo assigned the senior Ridenhour to degrading work assignments in effort to force him to resign. Mr. Ridenhour advised that he took offense to Mr. Cardillo's comments and actions and confronted him about it. The confrontation resulted in Mr. Cardillo getting his club and swinging it at Mr. Ridenhour before they were both restrained by fellow employees. Mr. Ridenhour believed that Aaron Deems, John Davis and John Manocchi were present during this altercation. Afterwards, Mr. Ridenhour was visited at his home by James Hickey, who apologized for Mr. Cardillo's actions.

Mr. Ridenhour advised that one of the pickups on his route was Engelhard Corporation in Peekskill. Mr. Ridenhour described Engelhard as a manufacturer of cosmetics. Mr. Ridenhour stated that the waste he picked up had a horrible odor. Mr. Ridenhour learned, through conversations with one of the supervisors at Engelhard, that the company used to deliver its own waste to Westchester Resco until being told by Resco that they could no longer deliver there because the chemical composition of their waste was causing damage to the incinerator's burners. Mr. Ridenhour advised that the waste he picked up at Engelhard was co-mingled with the other waste in his truck and regularly delivered to Westchester Resco. Because Mr. Ridenhour felt that he would eventually be asked by the Engelhard supervisor as to where Allied was disposing of the Engelhard waste, he informed Matt Hickey and Anthony Cardillo of his conversations with the supervisor and asked their advice as to how he should respond. Mr. Hickey advised Mr. Ridenhour that if he is asked this question, he should simply state that the waste is being disposed of at "one of our (Allied's) facilities".

Mr. Ridenhour advised that one of the pickups on his route was a company called Metalized Carbon in Ossining which had a 5 yard container as part of its contract with Allied. Mr. Ridenhour stated that due to a change in his route made by Matt Hickey, Metalized Carbon began getting picked up later in the day. Mr. Ridenhour stated that the change of time caused Metalized Carbon to exceed its container's capacity by the time he arrived. Metalized Carbon was delivered a second 8 yard container for which the owner of Metalized Carbon advised Mr. Ridenhour "I'm not signing a contract for this 8 yard container".

Mr. Ridenhour stated that he was instructed by Matt Hickey to regularly go to a restaurant named Seven Seas in Yorktown where construction was being done. Mr. Ridenhour picked up all types of construction debris at this site which he co-mingled with the existing waste in his truck. Mr. Ridenhour stated that he once commented to Peter, the owner of the restaurant, that

he must be paying Allied a fortune to have his debris removed. Peter responded that he wasn't paying anything. Matt Hickey later stated to Mr. Ridenhour that the reason that the restaurant was not being charged was "to get the stop".

Mr. Ridenhour advised that Valley kept a 40 yard roll off container out of sight on the premises which was used by the route trucks to dump their waste without having to go to a disposal facility so that they could return to their routes more quickly. The contents of the container was regularly disposed of after it became full. Gerald Ridenhour advised that the container had been removed from the premises this past week.

Mr. Ridenhour stated that he had seen the photographs of Aaron Deems pumping gas into his pickup truck. Gerald Ridenhour stated that he had also seen the photographs. Both men stated that the photographs were in the possession of Jimmy Nigel when they saw them. Mr. Ridenhour stated that he knew the photographs to have been taken by a former mechanic named Ivan (presumably Ivan Ward). Mr. Ridenhour stated that he asked Matt Hickey how Aaron Deems was able to get away with it. According to Mr. Ridenhour, Mr. Hickey's response was "I just told them that he (Aaron) paid me for the gas" and then commented "I've got him out of a lot a trouble already".

Mr. Ridenhour advised that on one occasion, approximately one year ago, when he returned late from his route he witnessed an unknown individual pumping gas into what he believed was a non Allied owned vehicle.

Mr. Ridenhour stated that some time after Allied acquired Valley, he and three other employees were selected by Matt Hickey to carry approximately 150 to 200 banker type boxes full of records from the basement of the building to Mr. Ridenhour's garbage truck for disposal. The task took approximately one hour and was supervised by Matt Hickey and John Costello. Mr. Ridenhour recalled that Bobby Williams was one of the employees who participated in this task

Mr. Ridenhour stated that he was aware of the trash can marking system on the New Castle routes. Mr. Ridenhour stated that it was his understanding that residents without service contracts or former customers who had canceled their service contracts were paying drivers and their helpers for disposing of their garbage. Mr. Ridenhour had heard that one employee received total payments of \$25,000 in this manner and another received \$17,000. When asked if could identify the employees who participated in this scheme, Mr. Ridenhour responded that all the New Castle route drivers were involved.

Mr. Ridenhour stated that he recently saw an individual driving a roll off truck that Allied had delivered to Brookfield for salvage. Mr. Ridenhour opined that he felt the vehicle was in fairly good shape to have been sent to Brookfield for salvage. The individual advised Mr. Ridenhour that he had purchased the vehicle from Brookside. Mr. Ridenhour stated that when trucks were sent to Brookfield Salvage during the years that Jim Hickey owned Valley, the

employees were required to witness the trucks being cut up.

Mr. Ridenhour advised that there is management employee at ESI who as apart of his job receives telephone inquiries from prospective customers about cleaning out their garages and basements. This employee, who Mr. Ridenhour described only as being as a "short guy", would privately undertake the work, and remove the debris himself. Mr. Ridenhour stated that he did not believe that this individual used an Allied vehicle to do the work, but suspects that cost to dispose of the debris was borne by Allied.

Mr. Ridenhour stated that he is close to both Pat and Ken Cartelemini. Mr. Ridenhour advised that Pat owns AAA Carting and Ken owns the Karta transfer station. According to Mr. Ridenhour, the two brothers do not get along. Mr. Ridenhour stated that Karta lost a lot of its business to Metro Enviro.

[REDACTED]

Mr. Ridenhour stated that Pat Cartelemini is currently not permitted to dump at Metro Enviro because he has not paid his bill. Pat Cartelemini told Mr. Ridenhour that he did pay his bill, but that his cancelled were not stamped. Mr. Ridenhour understood him to mean that the checks were cashed, but because they were not stamped, he is unable to determined who cashed them.

Mr. Ridenhour stated that Aaron Deems and Jim Hickey are very close. Mr. Ridenhour stated that Jim Hickey recently started a new waste oil business called Enviro Waste which is located in Brewster together with IPPI. According to Mr. Ridenhour Jim Hickey hired Aaron Deems to run Enviro Waste. Mr. Ridenhour stated that Matt Hickey and Jim Hickey recently had a falling out over something involving Aaron Deems.

Mr. Ridenhour stated that he has observed an increase in Matt Hickey's prosperity since the acquisition of Valley by Allied. Mr. Ridenhour stated that Matt Hickey is presently building a home in Florida for approximately half a million dollars. According to Mr. Ridenhour, during the years that Jim Hickey owned Valley, Matt would always receive Jim Hickey's old car whenever he replaced it with a new one. At present, Matt Hickey is driving a new Mercedes Benz..

Mr. Ridenhour stated that one of the employees who works at Metro Enviro involved in the metal recycling, told him that Matt Hickey is stealing from the company but will eventually get caught due to his sloppiness. Mr. Ridenhour does not know this individual's name, but described him as an older gray haired man who walks with a limp and also has a son who works

for Allied.

Mr. Ridenhour stated that he was present at Metro Enviro on the day that the FBI executed a search warrant and seized the computers. Mr. Ridenhour explained that Metro Enviro was part of his route. Mr. Ridenhour stated that Matt Hickey was also present at Metro Enviro on that day and appeared visibly shaken by the FBI's presence.

Mr. Ridenhour advised that Jim Hickey still owns the land on which the Valley companies operate. Mr. Ridenhour stated that immediately after Allied acquired the companies and for more than a year after, Jim Hickey would be in the building on a daily basis. He, Matt Hickey and Aaron Deems would sit in back conference room. It is Mr. Ridenhour's understanding that Jim Hickey no longer visits the premises at Allied's request.

Mr. Ridenhour opined that Paul Apollonio was Jim Hickey's front man for Metro Enviro, because the Village of Croton-on-Hudson would not permit Hickey to own and operate the facility. Apollonio was a good front man because he is a retired Ossining police officer and is experienced in the hauling business and the transfer station business.

Mr. Ridenhour stated that he assisted in the clean up of the stockpiled debris at the Metro Enviro transfer station. Mr. Ridenhour stated that he helped to load the trucks. Mr. Ridenhour was asked if he remembered On-Sight Trucking as the hauler of the debris. He responded affirmatively. Mr. Ridenhour was asked if MSI trucks operated by Paul Apollonio's son also hauled debris from the site.


Mr. Ridenhour stated that James Hickey was the hidden owner of Regional Container. The business was recently sold to Pat Carteleme for \$250,000. According to Mr. Ridenhour, Aaron Deems was also some how involved in the business. Deems was promised by Hickey that he would receive all monies from the sale of the business in excess \$250,000. Mr. Ridenhour advised that Deems was obviously upset by the final sale price. Mr. Ridenhour had heard that Mike Giacomo retired to Florida after Regional was sold.

Mr. Ridenhour stated that John Costello received a new truck from Jim Hickey after Allied acquired Valley and that Hickey gave Aaron Deems the money to buy his home.