WASTE MANAGEMENT ACQUISITION OF OAKLEAF CHALLENGED AS VIOLATION OF ANTITRUST LAWS

FOR IMMEDIATE RELEASE

(MADISON) The Center for a Competitive Waste Industry (Center)* today petitioned the Department of Justice to review and then unwind Waste Management’s $425 million acquisition of Oakleaf, the largest waste broker. The Center also called on Justice to seek an immediate temporary restraining order from the D.C. District Court to seal Oakleaf’s confidential market data because of the threat of irreparable harm to local haulers and commercial customers were that data to be disclosed to Waste.

On July 28th, Waste Management, the nation’s largest waste company, announced that it had closed on a deal to takeover Oakleaf, the nation’s largest waste broker. “Apparently,” said Center Executive Director, Peter Anderson, “Waste did so without first complying with the requirements of the Hart-Scott-Rodino Amendments to the Clayton Act.” That law requires mergers valued at over $62.1 million to submit the proposed transaction to the Department of Justice (DOJ) to decide, prior to closing, whether the combination would substantially lessen competition.

The Center reminded the DOJ that the waste industry is already too concentrated for free markets to flourish. In addition to the fact that Waste Management and Republic Services together generate 10 × the annual revenues of the next largest firm, as well as control upwards of two-thirds of critical landfill capacity, they have also been aggressively pursuing stealth pricing in the commercial sector to extort monopoly rents. Stealth pricing is the use of hidden price increases, such as the well-known baggage fees in the airline industry, to confuse and deceive customers.

Oakleaf’s brokerage and its stable of now 2,500 local haulers has significantly counteracted the duopoly’s growing market power over multi-location large commercial customers, Anderson said. By shuttering Oakleaf as an independent broker, and placing it under the control of Waste, the takeover eliminates for this sector the only major independent horizontal competitor to the waste duopoly, Anderson said. From what is now in the public record, this is a clear violation of the Sherman and Clayton Acts, he added, and demands dissolution.

Anderson expressed particular incredulity at Waste’s CEO, David Steiner, public defense of the takeover. “First, Mr. Steiner claimed that the acquisition ‘enhances customers’ one-stop shopping for environmental solutions.’ Then he contended that Waste ‘can provide Oakleaf’s vendor haulers with opportunities to maintain and increase their business by utilizing our extensive post-collection network.’ Yes,” Anderson quipped, “just like Chicago shopkeepers in the 1930s were indebted to Al Capone’s protection racket for insuring their stores did not burn down, and today the Syrians are indebted to Bashar al-Assad and his tanks for facilitating a peaceful transition to democracy. In fact, if large commercial customers and local haulers had not seen Waste as a threat, they would not have eschewed every overture Waste has previously made.” Copies of the petition are on-line: www.competitivewaste.org.

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*The Center for a Competitive Waste Industry is an independent non-profit organization, based in Madison, Wisconsin, with its mission to encourage competition in the waste industry. See www.competitivewaste.org.