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Missouri Attorney General Launches State-Wide Office Depot Investigation

Alexandria, VA (February 3, 2009) - The Attorney General's Office for the State of Missouri has announced that it has opened a state-wide investigation of Office Depot regarding allegations of fraudulent pricing and overcharging on government contracts.

The National Office Products Alliance (NOPA) observed that these announcements follow the opening of two other state investigations of similar allegations within the past year. In Florida, the Attorney General's Office announced its ongoing investigation of these allegations in May 2008 and North Carolina opened an investigative audit of its own on October 28. All three investigations are based on the testimony of David Sherwin, a protected whistleblower in Florida, where Office Depot is headquartered.

These three investigations concern allegations associated with Office Depot's participation as the sole-source vendor on the "U.S. Communities" national contract for office and classroom supplies. The annual value of that contract is conservatively estimated at \$600-700 million. State, county and municipal government agencies and school districts in all 50 U.S. states participate in the U.S. Communities contract.

In recent years, this contract has supplanted the long-term business relationships that small independent office product dealers enjoyed with local governments and school districts. More recently, several state governments also have made use of the U.S. Communities contract as a new purchasing option for state agency employees.

In some cases this step has been taken as an alternative to rebidding state office supplies contracts – a decision that has effectively prevented independent dealers from fairly competing for government business, while denying government agencies and taxpayers the benefits of ongoing competition. In addition, a growing number of public institutions, including hospitals and universities, have taken this non-competitive approach and now increasingly rely on sole-source contracts with national companies – often without auditing them on a regular basis.

Bob Chilton, NOPA chairman and president, Supply Division of The Phillips Group, said "The stated rationale for sole-source contracting – that it will result in 'best value' for government and institutional customers – should be questioned rigorously in light of the expanding number of news reports on state and local government audit results and investigations that suggest the contrary is true." He added, "NOPA continues to advocate for more, not less competition that includes independent small businesses in our industry, with multiple contract awards consistently made to ensure there is ongoing, daily competition for government business"

About NOPA

The National Office Products Alliance (NOPA) is the trade Association for independent office products dealers and their trading partners. Founded in 1904, the Association provides government advocacy, research, information, and networking services to office products dealers. More information on NOPA resources is available online at www.nopanet.org or by calling (800) 542-6672.

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