



## Front Page News:

### Reimbursement From Office Depot? Get in Line

By J. Douglas Allen-Taylor  
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Berkeley City Manager Phil Kamlarz said Tuesday night that his office has asked for the return of more than a

quarter of a million dollars Berkeley claims it is owed by office supply giant Office Depot. But to get the money, Kamlarz and the city are going to have to stand in a long line of government officials from around the country.

Local and state governments from California to Florida, site of Office Depot's corporate headquarters, are claiming similar charges against the company.

Last week, the Daily Planet reported a charge by Berkeley City Finance Director Robert Hicks that Office Depot company had overcharged the city by as much as \$250,000 during the course of a three-year, \$550,000-a-year contract to provide miscellaneous office supplies and recycled copy paper to the city. Hicks began an investigation of the overcharge after the Berkeley City Council was approached by Radston's Office Plus President Diane Griffin, who said her analysis of city records showed that Office Depot was giving Berkeley less than the 55 percent discount on certain items promised in its contract.

Griffin, a member of the board of directors of the National Office Products Alliance (NOPA), estimated that the Office Depot overcharges were accumulating at a rate of \$8,000 a month, and in a March 21 San Francisco Business Times article, Hicks estimated the overcharges at \$262,000.

NOPA has been conducting what amounts to a national campaign against alleged overcharges in some of Office Depot's government office supply contracts. In a statement released to Reuters earlier this year, the association's chairperson, Bob Chilton, said, "NOPA continues to advocate for more, not less, competition that includes independent small businesses in our industry, with consistent multiple contract awards to ensure there is ongoing, daily competition for government business."

Office Depot neither admits nor denies Berkeley's allegations. In an e-mail response to the Daily Planet's query, Jason Shockley, senior manager of public relations for Office Depot, said that "We are aware of these allegations and Office Depot intends to fully cooperate with any audit conducted by the City of Berkeley, as we do with all government and regulatory agencies. Office Depot is committed to pricing integrity, and we consistently work with our customers to ensure we are providing the best service and the greatest value possible."

An Internet search shows that Office Depot has had a long string of government audits and charges to cooperate with in recent years. Among them:

- Following a state audit last year, Office Depot agreed to reimburse the state of California \$2.5 million for overcharges incurred during a two-year period of \$57 million in state office supply purchases.
- A 2008 North Carolina state audit concluded that Office Depot had overcharged North Carolina state agencies by more than \$294,000 over a six-month period. Among the charges in the state audit was that the company inflated base retail prices on the bid so that it would look like it was offering a higher discount than it actually was, included unauthorized items in shipments during the course of the contract, and switched brands so that the value of the products shipped to North Carolina was less than what was contracted and paid for. In a prepared news release, North Carolina State Auditor Leslie Merritt said that "There are numerous reports that Office Depot has engaged in a pattern of overcharging and violating state contracts in Georgia, California, Nebraska, Florida, and now North Carolina."
- Last year, Nebraska State Auditor Mike Foley found that Office Depot overcharged the state as much as 400 percent (\$1.06 for staples that were supposed to be bought for 21 cents, for example) on purchased items included in the state's \$3 million per year, three-year contract with the company.
- Also in 2008, the state of Georgia terminated its \$40 million per year office supply contract with Office Depot over charges by state officials that the company "repeatedly overcharged and mispriced items for state employees," according to the Atlanta Journal-Constitution.
- Earlier this year, the Missouri attorney general's office began an investigation into allegations that Office Depot had overcharged government agencies, nonprofit agencies and charitable groups in that state by using "bait-and-switch" tactics.

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