

News Updates:

Office Depot Will Reimburse Berkeley for Overcharges

*By J. Douglas Allen-Taylor
Monday April 06, 2009*

The City of Berkeley is expecting a small amount of budget relief this month—\$289,000 in refunds for overcharges on office supplies by Office Depot. In a memo this week from City Manager Phil Kamlarz to Mayor Tom Bates and the Berkeley City Council, Bates said Office Depot had agreed to refund the money by April 17.

“During the first term of this agreement,” Kamlarz wrote in his memo, “there was a lack of attention to the management of our account,” and that contributed to the overcharges. Kamlarz said his office will monitor the remaining three months of the Office Depot contract on a quarterly basis “to ensure compliance with the terms” of the original bid.

The three-year, \$550,000-a-year contract with Office Depot ends in June of this year, but in his memo Kamlarz said the city’s finance department intends to exercise the city’s option to extend the contract through June of 2010.

The revelation about the Office Depot overcharges were first made to the City Council last October by Diane Griffin, president of Radston’s Office Plus supply store of Hercules and a member of the board of directors of the National Office Products Alliance. Griffin, whose company had bid on the city contract won by Office Depot, submitted a 100-page analysis to the city on her own initiative, documenting her allegations that Office Depot had overcharged the city.

Councilmember Kriss Worthington, who helped Griffin get some of the city documents that helped confirm the allegations, said by telephone this week that Berkeley “owes [Griffin] a lot of gratitude. Who would have figured all of [the overcharges] out without her assistance?” Worthington already scheduled City Council consideration of a city honor for Griffin for the April 21 council meeting prior to receiving information about the Office Depot reimbursement.



Front Page News:

Reimbursement From Office Depot? Get in Line

By J. Douglas Allen-Taylor
Wednesday March 25, 2009

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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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The Daily Californian Online

Officials Claim Office Depot Overcharged City

By [Carol Yur](#)

Contributing Writer

Friday, March 20, 2009

Category: [News](#) > [City](#) > [City Council](#)



[Victoria Chow](#)/Staff

Office Depot reportedly overcharged the city of Berkeley by about \$8,000 per month. According to Robert Hicks, Berkeley's finance director, the amount totalled \$262,000.

Office Depot allegedly overcharged the city of Berkeley by more than a quarter million dollars for office supplies and recycled paper, city officials revealed Tuesday.

In a three-year, \$1.65 million dollar contract, the company reportedly overcharged the city by \$262,000, according to Robert Hicks, Berkeley's finance director.

The city's finance department first began looking into potential overcharges in October, when media outlets reported Office Depot was facing similar allegations in other states.

At around the same time, Diane Griffin, president of Radston's Office Plus in the city of Hercules, informed the Berkeley City Council that the city's purchase reports revealed overcharges of about \$8,000 per month.

"It just dawned on me, I got to take another look at Berkeley, at their purchasing," Griffin said. "I was wondering how Berkeley got an exceptionally good deal."

Following a confirmation of allegations by city officials during a budget workshop Tuesday, Councilmember Kriss Worthington said the city needs to go after the money.

"Now we can demand restitution," Worthington said. "The taxpayers in Berkeley want to know they're getting their money's worth, so it's very important the city follow up on this."

Jason Shockley, Office Depot's senior manager of public relations, said in an e-mail that the company is aware of the allegations and is planning to work with the city.

"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," he said in the e-mail.

According to Hicks, the finance department had already submitted its overcharge findings to Office Depot on Feb. 20.

Hicks said he hopes the company will refund the money so the city will not have to take further action to seek compensation.

"We're hoping Office Depot will take a look at the analysis ... and will send us a refund without legal action," he said.

Hicks said the city should have received a discount rate of 55 percent on its office product purchases. Instead, according to Griffin, it was given a 40 percent discount rate, which led to the overcharge.

According to Griffin, overcharge allegations against the company are not unique to Berkeley. She said attorneys general in Missouri and Florida are investigating company overcharges in government contracts.

Worthington said e-mails from other states?-including a council member in Florida who also pushed her city staff to investigate similar alleged overcharges-praised Berkeley for seriously looking into the issue.

"I see it as a giant victory that the city of Berkeley took the time to go through all these tedious documents, that they are standing up to Office Depot," he said.

Tags: Office Depot

Article Link: <http://www.dailycal.org/article/104961>



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City of Berkeley, CA Finds \$250,000+ in Office Depot Overages

ALEXANDRIA, VA (March 19, 2009) – Further evidence of serious problems with sole-source contracts and new allegations of fraudulent pricing practices on government office supplies contracts with Office Depot emerged this week. J. Douglas Allen-Taylor of the Berkeley Daily Planet broke the news that the City of Berkeley, CA had completed an audit of its office supplies contract with Office Depot and found more than \$250,000 in overcharges.

At a council meeting held on March 17th, Berkeley Finance Director Robert Hicks confirmed that, based on a 100-page analysis of the Office Depot-City of Berkeley contract from 2006 to 2008, more than \$250,000 in overages were found. The audit was undertaken after the City reviewed a pricing analysis prepared by Diane Griffin, president of Radston's Office Plus in Hercules, CA, and submitted to Council member Kriss Worthington. Worthington then sought the examination by Hicks. Ms. Griffin is also a board director of the National Office Products Alliance (NOPA).

Worthington, a proponent for small business who questioned awarding the contract to Office Depot in 2006, considers this a victory for the taxpayers and the City of Berkeley. "We owe a big debt of gratitude to Diane for bringing this issue to our attention and for the collaborative efforts of our city's finance, purchasing, auditor and attorney's offices to investigate the allegations," said Worthington. "Moving forward, it should be every city's duty to address fiscal responsibility and to demand accountability."

A growing number of state and local government audits and a multi-agency federal investigation have been spawned due to allegations from ex-Office Depot senior account manager David Sherwin, whose complaints have led to these investigations. NOPA reports that the Berkeley audit results add to a long string of documented abuses involving large sole-source office supplies contracts, and highlights again the serious inherent problems of such contracts.

Earlier this year, the Missouri Attorney General announced a state-wide civil investigation of Office Depot based on allegations of fraudulent pricing and overcharging under the so-called U.S. Communities national contract, which various state and local government agencies, universities, public school districts and non-profits use in Missouri and other states. Florida and North Carolina have similar investigations pending. And in its latest quarterly SEC filing in February, Office Depot acknowledged that three federal agencies (General Services Administration and the U.S. Departments of Defense and Education) are investigating its government contract pricing practices in coordination with the U.S. Justice Department.

About NOPA

The National Office Products Alliance (NOPA) is the trade Association for independent office products dealers and their trading partners. More information on NOPA resources is available at www.nopanet.org or by calling (800) 542-6672.

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NOPA is a division of the Independent Office Products and Furniture Dealers Association

Front Page News:

City Says Office Depot Overcharged on Supply Contract

*By J. Douglas Allen-Taylor
Wednesday March 18, 2009*

The director of finance of the City of Berkeley says the Office Depot company has overcharged the city by as much as a quarter of a million dollars during the course of a three-year, \$550,000-a-year contract to provide miscellaneous office supplies and recycled copy paper to the city.

Finance Director Robert Hicks made the revelation after being questioned by Councilmember Kriss Worthington on the matter at the Tuesday City Council budget workshop.

The Office Depot Media Relations office at the company's corporate headquarters in Boca Raton, Florida, does not provide a direct telephone number to contact. An e-mail message to the office requesting a comment for the story was not answered by press time.

Hicks' revelation supported the allegations first made to the City Council last October by Diane Griffin, president of Radston's Office Plus supply store of Hercules and a member of the board of directors of the National Office Products Alliance (NOPA).

According to the conclusion of an analysis of more than 100 pages of the Office Depot-City of Berkeley contract provided to the city by Griffin, Office Depot charged the normal retail price on 135 of what it called "core" office supplies, but promised a 55 percent discount to the city for items not on the "core item" list. Griffin says that in fact, Berkeley received only a 39.7 percent discount on those non-core items, the basis for her estimate of the \$250,000 overcharge.

Radstons, the 101-year-old office supply company that operated in Berkeley for the first 98 years of its existence, was one of five vendors that bid on the Berkeley office supply contract in the summer of 2006.

Griffin's analysis only covers the period between July of 2006 and November of 2008 for a contract scheduled to run from July of 2006 through June of this year.

At Tuesday's budget hearing, Finance Director Hicks said that his office has "been analyzing beyond [the] period of time" in Griffin's analysis, leaving the possibility that

the city's estimate of the Office Depot overcharges could run higher than \$250,000.

Griffin herself said she believes the Office Depot overcharges on its City of Berkeley contract are accumulating at a rate of \$8,000 a month.

It is not clear if the city will attempt to collect the money it believes it was overcharged and, if so, if there are any provisions in the contract to do so. Finance Director Hicks did not return a telephone call asking for a comment for this story.

“The taxpayers of Berkeley are lucky that Diane was willing to go line by line on this contract to see what was actually happening,” Councilmember Worthington said by telephone. “When she first brought up the allegations, she got some ridicule because people thought she was just a disgruntled business owner who lost a city contract. But now the allegation is being made by the city itself.” Worthington also said that it was significant that Finance Director Hicks had backed up the original allegation. “He’s well-known for being meticulous in his research,” Worthington said. The councilmember also called it a “positive sign that Berkeley government is not ignoring these concerns, but is going forward with investigating them.”

In explaining how she first got involved in investigating the Office Depot contract, Griffin said by telephone that she was “aware of some irregularities” in the Office Depot bid when the City of Berkeley contract was first decided three years ago, but “put it on the back burner” until last summer, when she became aware of allegations of Office Depot overcharges in contracts in Florida and with the State of California. “That’s when I decided to go back to look and see if Berkeley had actually gotten what they paid for. It was mostly just a curiosity.”

Griffin said that personnel with the city’s Finance Department were “helpful” in providing her with documents relating to the performance of the Office Depot contract, and said that more detailed information was provided after Councilmember Worthington interceded to help with her investigation.

At this point, she says that now that the city Finance Department has taken up the investigation, her role in it is over “unless they want to call me in to give any technical information. But at this point, the ball is out of my court.” She says her purpose in researching the Office Depot contract was twofold. “I’d like the city to get what they bargained for,” she said. “I want the city to get a check. The Finance Department did a good job in negotiating the contract. They got a wonderful contract. It just hasn’t been followed.” Griffin also said that as a member of the national organization of office supply companies, the allegations surrounding Office Depot “are not giving our industry a good name.”