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Federal Investigation Highlights Problems of Sole-Source Office Supplies Contracting

Alexandria, VA (February 25, 2009) – The evidence of serious inherent problems in sole-source contracting for office supplies continues to grow, according to the National Office Products Alliance (NOPA). In its latest quarterly SEC filing, Office Depot acknowledged that three federal agencies (General Services Administration and the U.S. Departments of Defense and Education) are investigating Office Depot's government contract pricing practices in coordination with the U.S. Justice Department.

This news follows a recent investigative report by Leisa Zigman, I-Team investigative reporter for St. Louis television station KSDK, concerning allegations of the company's pricing practices in Missouri. In early February, the Attorney General's Office for the State of Missouri announced that it had opened a state-wide civil investigation of Office Depot regarding 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. Two other states, Florida and North Carolina, have similar investigations pending that question Office Depot's charging practices.

"The latest news of federal investigations into alleged pricing and other abuses involving large sole-source office supplies contracts highlights again the serious, inherent problems associated with reliance on a single vendor by governments at all levels," said Chris Bates, president of NOPA. "Over the last decade, federal, state and local governments have steadily reduced opportunities for real competition among qualified suppliers of office products. 'Strategic' sole-source contracting has damaged competitive independent small businesses around the country; reducing choice and raising prices for government customers," he added.

Bob Chilton, NOPA chairman and president, Supply Division of The Phillips Group said, "The rationale that sole-source contracting will result in 'best value' for government and institutional customers should be questioned rigorously in light of the expanding number of state and local government audit results and now federal government investigations that strongly suggest the contrary is true." He concluded, "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. 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