

Brunswick Students Victims Of Milk Bid-Rigging Scheme

BY SUSAN USHER

Students in the Brunswick County Schools were among those in more than 40 school systems in eastern and central North Carolina victimized during the mid to late 80s by a bid-rigging scheme that illegally inflated milk prices.

According to Jim Gulik, spokesman for the state Attorney General's office, Pine State Creamery—the latest company to plead guilty in the bid-rigging scandal—supplied some of the milk used by Brunswick County Schools during the period in question, 1983 to 1988.

During the last five of the years in question the school system purchased about \$400,000 of milk, said Rebecca Brandon, the new director of child nutrition for the Brunswick County Schools. At 15 cents a carton, the school system bought an estimated 530,000 half-pint cartons of milk a year for which it may have been overcharged.

As a result, the local school system can expect to share at least in restitution to be paid by Pine State and one of its officials in a series of five annual payments. Whether other suppliers to the county were involved in bid-rigging has not been announced. Gulik said the investigation is continuing and "involves more companies than action has already been taken against." He would not elaborate further.

Pine State is the third company identified thus far as being party to the scheme. Other include Coble and Pet Inc.

"They were all big players, bidding and supplying a number of school districts," said Gulik.

Pine State routinely "bid" for milk contracts in more than 40 counties, Gulik said, and supplied milk to all or part of 22 school districts. In

addition to Brunswick schools, area districts paying too much for milk included New Hanover, Pender, Columbus and Duplin county schools and the Whiteville City Schools.

According to the Attorney General's office, from 1982 to 1988, a number of dairy companies illegally circumvented competitive bidding laws by splitting the state into non-competitive territories.

During that time period three companies supplied a part of the county schools' milk needs.

Coble Dairy, one of the company's already identified as having been involved in the bid-rigging scheme, supplied milk to three schools in the southern attendance district, South Brunswick High, South Brunswick Middle and Southport Elementary.

Maola supplied milk to Bolivia Elementary, North Brunswick High, Leland Middle and Lincoln Primary schools. Pine State Creamery serviced West Brunswick High, Shallotte Middle, Waccamaw Elementary and Union Primary.

"It's going to be interesting," said Ms. Brandon. "Coble was the low bidder during all those years, but we were still being served by Pine State and Maola too."

Since joining the school system administrative staff earlier this year, Ms. Brandon said milk has been her "nemesis".

"We've had to send tons of paperwork to Raleigh on it," she said. "Any records we could find."

The earliest records, for the years 1981 through 1983, were no longer available.

A statement filed in Wake County Superior Court by the Attorney General's office indicates Pine State joined the conspiracy in

1983.

Two Pine State officials, Benjamin W. Kilgore, president, and Newell Vance Williams, vice president of sales, pleaded guilty to one charge each of conspiring to rig bids. They will be sentenced later by a judge.

Officials of Coble Dairy have pleaded guilty in federal court to bid-rigging charges.

Pet Inc., a St. Louis-based corporation, pleaded guilty to bid-rigging, but at the time no longer employed the individuals who had been involved in the scheme.

Pet Inc. sold its dairy operation in 1985 to Land O'Sun, which earlier this year filed for reorganization under a Chapter 11 bankruptcy proceeding in Jacksonville, Fla., said Gulik.

"The company has been sending notices to the schools with claims," said Gulik. "We will be proceeding with whatever action can be taken."

The state expects to file additional charges against other companies as the two-year-old investigation continues.

The Attorney General's chose to negotiate pleas with the companies involved rather than taking the cases to trial because it appeared "that we would do as well with a settlement as we could by going into court and trying to prove it," said Gulik. "We

would not have been able to collect all the damages we could prove."

Gulik said the state feels the company is able to pay and has agreed to pay through settlement as much in restitution as the state could have obtained otherwise.

"In addition a guilty plea saves us the trouble and risk of trying to prove it to a jury," he said. "And we have witnesses who have agreed to cooperate in our investigation."

Pine State has agreed to pay restitution to the victimized schools of \$350,000, with the first annual payment of \$70,000 made Monday, with interest accruing on the payments not yet made. Also, Kilgore is separately paying \$150,000 in restitution, in annual payments of \$30,000 each under identical terms.

Pine State is the school system's current milk supplier, submitting a low bid that resulted in a 5-cent reduction per half-pint carton in the price students pay for milk.

No school officials are suspected of involvement in the bid-rigging scheme, Attorney General Lacy Thornburg said Monday in a news conference.

The milk bid-rigging scheme is the second such scandal to come to light relating to large-scale bidding for school food contracts. The earlier scheme involved bread suppliers



STAFF PHOTO BY DORIS CURGANUS

Reign Nears End

As the end of her reign as Miss Brunswick County approaches, Lisa Dale Young waves to the crowds along Shallotte's Main Street in the annual Christmas parade.

Offices Set Holiday Hours

County and municipal offices will close on varying schedules for the Christmas and New Year's holidays.

Brunswick County offices will be closed Dec. 24-26 for the Christmas holidays and Jan. 1 for New Year's Day.

All 11 Brunswick County schools and the system's administrative offices will be closed Dec. 20 through Jan. 1, resuming operation Jan. 2. Schools will dismiss at their usual time today (Thursday).

Holden Beach Town Hall will be closed Dec. 24-26 and again Jan. 1. Shallotte, Ocean Isle Beach and Sunset Beach town halls will be closed Dec. 25 and Jan. 1 only.

At Sunset Beach garbage collection, which is usually every Wednesday, will be rescheduled to the Thursday after each holiday.

Calabash Town Hall will be open from 9 a.m. until noon Christmas Eve, Dec. 24, and Friday, Dec. 27. It will be closed Dec. 25 and 26 and then Jan. 1.

The garbage dump site on Persimmon Road will be closed each holiday Wednesday.

The Shallotte Post Office will be open from 8:30 a.m. until noon Christmas Eve, Dec. 24, and New Year's Eve, Dec. 31. It will be closed Christmas Day and New Year's Day.

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