



Attorneys at Law

The State of New York Attorney General recently announced an \$18 million settlement with food management services provider Compass Group USA, Inc. ("Compass") for improperly overcharging New York schools and school districts. Compass secured discounts from food vendors with which it worked, but did not pass on those savings to New York schools, as required by law. In addition to making the \$18 million payment, Compass will institute a "nutritional code of conduct" that will result in better quality food for school children in New York.

The Attorney General's investigation found that Compass, over a period of seven years from 2003 to 2010, failed to disclose or pass through to many of its school customers cost-saving rebates paid to the company by vendors and suppliers on its food-related purchases. Those actions violated specific contractual obligations, as well as various state and federal regulations. As a result, New York schools and school districts were charged more than was permitted for the food that Compass provided. The investigation was conducted by the Taxpayer Protection Bureau, which the New York Attorney General established in 2011 to combat fraud and abuse of taxpayer dollars. The roughly \$3 million in overcharges will be returned to schools and school districts throughout New York, and the remaining \$15 million will be returned to New York State taxpayers.