



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, SEPTEMBER 1, 1992

AT
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LAND-O-SUN DAIRIES CHARGED WITH BID RIGGING
ON SCHOOL DAIRY PRODUCTS CONTRACTS

WASHINGTON, D.C. -- The Department of Justice said a one-count felony information was filed in a federal court against Land-O-Sun Dairies Inc. today, charging it with an antitrust violation for participating in a dairy products bid rigging conspiracy involving North Carolina public schools.

The information, filed in U.S. District Court in Greensboro, North Carolina, charged Land-O-Sun Dairies, a Delaware corporation headquartered in Johnson City, Tennessee, with conspiring to rig bids submitted to certain school boards in North Carolina for the award and performance of contracts to supply dairy products to public schools in various school districts in the state.

The information charged that Land-O-Sun's participation in the conspiracy began at least as early as 1985 and continued at least through August 1989.

In 1989, Land-O-Sun pleaded guilty to similar charges of bid rigging on contracts to supply milk, dairy products and fruit juice to Florida public schools.

In July 1992, an information was filed against Phillip

(MORE)

Dennis Holder, a former Land-O-Sun regional manager, charging him with bid rigging on dairy products contracts.

At the same time, former Land-O-Sun manager Paul W. Tucker was indicted on one count of bid rigging and four counts of mail fraud involving contracts to supply milk and dairy products to public schools in North Carolina. Tucker's case is scheduled for trial in U.S. District Court in Greensboro.

Land-O-Sun does business in Alabama, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

Charles A. James, Acting Assistant Attorney General in charge of the Antitrust Division, said today's charges arose in connection with grand jury investigations in Wilmington and Greensboro, both North Carolina, into collusive practices by dairy products suppliers in North Carolina. James said the investigation, being conducted by the Division's Litigation I Section in Washington, D.C., is continuing with the assistance of the Federal Bureau of Investigation office in Wilmington, North Carolina.

The maximum penalty for a corporation convicted under the Sherman Act for a violation occurring prior to November 16, 1990, is a fine that is the greatest of \$1 million, twice the gross

(MORE)

pecuniary gain derived from the crime or twice the gross pecuniary loss caused to the victims of the crime.

Including today's filing, the Antitrust Division has filed 55 criminal cases involving collusion in the dairy products industry against 27 corporations and 42 individuals. Thus far, cases have been brought in Florida, Georgia, North Carolina, South Carolina, Virginia, Kentucky, Illinois and Texas. To date, 23 corporations and 29 individuals have been convicted and fines of about \$22.2 million imposed. Total civil damages have exceeded \$6.2 million. Thirty-two grand juries in 21 states are investigating the milk industry.

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