

Sodexo Pays \$20 Million To Settle Rebate Case

New York schools and State University overcharged, AG Cuomo says

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Sodexo, Inc., the global food service contractor, has agreed to pay \$20 million to settle charges that it withheld vendor rebates from 21 school districts and the State University, New York Attorney General Andrew M. Cuomo has announced.

“The investigation continues to examine the rebating practices of other large, multinational corporate providers of food service and facilities management to taxpayer-funded organizations in New York State,” according to a statement issued by the Attorney General’s office.

The withheld rebates, credits and discounts averaged 14% of purchases between September 2004 and August 2009, the statement said.

\$3.6 Million Reward

The investigation was triggered by a whistleblowers’ contact to the AG’s office by several former Sodexo employees. They will receive \$3.6 million of the settlement fund.

Settlement terms include requirements that the company disclose its rebate policies to public clients; pay for an independent auditor’s review of its off-invoice rebate practices for the next three years, and establish a hotline for clients to ask questions about rebates.

The settlement terms affect only Sodexo’s operations in New York State.