

Incompetent or Corrupt or Both?

Part 1

A History of the Contracts between The University of Southern Mississippi and Coca Cola

Let's go back to the 1990s when Aubrey Lucas was still president of the University of Southern Mississippi. It was not yet 1997 when Horace Fleming arrived to become the first new president of the University in more than twenty years. Shelby Thames was nearly a decade away from stepping into the Presidency.

In this series we will report about two contracts with Coca Cola for periods 1996 through 2005 and 2006 through 2015. (*The Hattiesburg American* reported about the 2006-2015 Coke contract in a recent article: "[USM eyeing contracts](#)" on June 9, 2012. We applaud *THA's* report; however, it is limited in scope and perspective. A problem with many news organizations, including *THA*, is the lack of historical perspective.)



Aubrey Lucas

Surely, you think, Dr. Lucas would never enter into an exclusive contract under which Coca Cola paid less to the University of Southern Mississippi than it paid other universities or even to a Texas high school. You would be wrong. However, even then, under the Lucas administration, there was a contract between the Coca-Cola Company and the Hattiesburg Coca-Cola Bottling Company and the University.



James Henderson

On January 2, 1996, James Henderson, who was then Vice President of Business and Finance and associate professor of accounting at USM, signed on behalf of the University an exclusive "Sponsorship Agreement" with The Coca-Cola Company and Hattiesburg Coca-Cola Bottling Company. Under that contract, USM agreed "that all Beverages sold...on Campus...will be [Coca-Cola] Products...No competitive Products shall be made available or advertised on [USM] Campus."

Under the terms of the contract, no other soft drink company could sell its products anywhere on campus – in the dining halls, vending machines, and at sporting events. In fact, these other companies could not even advertise their products on campus. (Ever wonder why you never saw a sign board for Pepsi at The Rock? Now you know why.)

In short, Coca-Cola had a monopoly on the sale of soft drink products on the USM campus. Who pays the monopoly prices set by Coca-Cola? Obviously, the students pick up most of the cost, but everyone who purchases a soft drink on campus shares the bill.

Oddly enough, if you take a few classes in the College of Business, the faculty extols the virtues of competition. Yet in practice, the University's administrators choose an exclusive contract with limited payments to benefit the University.

Stay tune for part II.