

**UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION**

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In the Matter of	)	
	)	
<b>Service Corporation International,</b>	)	Docket No. C-4423
a corporation, and	)	File No. 131 0163
	)	
<b>Stewart Enterprises, Inc.,</b>	)	
a corporation	)	
_____	)	

**PETITION FOR APPROVAL OF PROPOSED DIVESTITURE**

Pursuant to Section 2.41(f) of the Federal Trade Commission (“Commission”) Rules of Practice and Procedure, 16 C.F.R. § 2.41(f) (2012), and Paragraphs II.A of the Decision and Order contained in the Agreement Containing Consent Orders accepted for public comment in this matter (“Decision and Order”), Respondent Service Corporation International (“SCI”) hereby petitions the Commission to approve the divestiture to Rollings Funeral Service, Inc. (“Rollings”) of the Divestiture Businesses that include the following three facilities: (i) Cannon Memorial Park, Funerals & Cremations, 1150 North Main Street, Fountain Inn, SC 29644, (ii) Cannon Memorial Park, Funerals & Cremations, Jones Chapel, 603 West Curtis Street, Simpsonville, SC 29681, and (iii) Bush River Memorial Gardens/Caughman-Harman Funeral Home, St. Andrews Chapel, 5400 Bush River Road, Columbia, SC 29212.

The Commission previously recognized the death care experience of Rollings’ President, Gregory Rollings. A company affiliated with Mr. Rollings was

approved by the Commission as a buyer in connection with divestitures required in the Commission's review of SCI's acquisition of Alderwoods.

Subject to the Commission's approval of this Petition, the Divestiture Businesses associated with these facilities (as defined in the Decision and Order, and hereinafter collectively referred to as the "Divestiture Assets") will be sold to Rollings pursuant to an Asset Sale Agreement by and among Rollings and affiliates of SCI (the "ASA") dated March 31, 2014.

### Background

On December 23, 2013, SCI and Respondent Stewart Enterprises, Inc. ("Stewart") (collectively, the "Respondents") executed an Agreement Containing Consent Orders that included the Decision and Order and Order to Hold Separate and Maintain Assets (collectively, the "Consent Agreement") to settle the Commission's charges that the proposed acquisition by SCI of Stewart would violate Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18. On December 23, 2013, the Commission accepted the Consent Agreement for public comment, and on December 23, 2013, SCI consummated its acquisition of Stewart. Stewart is now a wholly owned subsidiary of SCI. The Consent Agreement is presently before the Commission for final approval and issuance of the orders contained therein.

Because this petition and its attachments contain confidential and competitively sensitive business information relating to the divestiture of the Divestiture Assets—the disclosure of which may prejudice the Respondents and Rollings, cause harm to the ongoing competitiveness of the Divestiture Assets, and impair the Respondents'

ability to comply with their obligations under the Consent Agreement—the Respondents have redacted such confidential information from the public version of this petition and its attachments. Pursuant to Sections 2.41(f)(4) and 4.9(c) of the Commission’s Rules of Practice and Procedure, 16 C.F.R. § 2.41(f)(4) & 4.9(c) (2012), the Respondents request that the non-public, confidential version of this petition and its attachments and the information contained herein be accorded confidential treatment. The confidential version of this petition should be accorded such confidential treatment under 5 U.S.C. § 552 and Section 4.10(a)(2) of the Commission’s Rules of Practice and Procedure, 16 C.F.R. § 4.10(a)(2) (2012). The confidential version of this petition is also exempt from disclosure under Exemptions 4, 7(A), 7(B), and 7(C) of the Freedom of Information Act, 5 U.S.C. §§ 552(b)(4), 552(b)(7)(A), 552(b)(7)(B), & 552(b)(7)(C), and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. § 18a(h).

Respondent SCI desires to complete the proposed divestiture of the Divestiture Assets as soon as possible. All conditions other than Commission approval, those described below, and those customarily satisfied at closing have already been satisfied such that SCI and Rollings will be in a position to close the divestiture within a few days of Commission approval.

In addition to Commission approval, Rollings must obtain approval from the South Carolina Board of Funeral Service and the South Carolina Perpetual Care Cemetery Board, and obtain a favorable audit finding from the South Carolina Department of Consumer Affairs to operate the Divestiture Businesses. Rollings does not anticipate any issues in obtaining these approvals and this finding.

Rollings filed for approval from the South Carolina Board of Funeral Service on March 17, 2014. Rollings expects to receive approval subject to final inspection of the embalming rooms at the Cannon Funeral Home and Cremation Service and Caughman-Harman Funeral Home-St. Andrews Chapel facilities. In the past, Rollings has had several applications with the South Carolina Board of Funeral Service and neither Respondents nor Rollings foresee any issues with approval.

Rollings filed for approval from the South Carolina Perpetual Care Cemetery Board on March 17, 2014. The South Carolina Perpetual Care Cemetery Board requires a completed trust audit prior to approval, which must first be approved by the South Carolina Department of Labor, Licensing and Regulation. Respondents have obtained the required audit for the two Cannon Memorial Park facilities and anticipate obtaining a completed audit for the Bush River facility soon. Neither Respondents nor Rollings foresee any issues with approval.

Rollings requested an audit for the Divestiture Assets from the South Carolina Department of Consumer Affairs on March 24, 2014. Rollings has received favorable letters from the Department for two of the three facilities and understands that the third letter is still pending. Neither Respondents nor Rollings foresee any issues in obtaining the third favorable letter.

Prompt consummation will further the purposes of the Decision and Order and is in the interests of the public, Rollings, and the Respondents, because it will allow Rollings to move forward with its business plans for the competitive operation of the Divestiture Assets. SCI accordingly requests that the Commission promptly commence the period of public comment pursuant to Section 2.41(f)(2) of the Commission's Rules of

Practice and Procedure, 16 C.F.R. § 2.41(f)(2) (2012), limit the public comment period to the customary 30-day period, and grant this petition by approving the divestiture of the Divestiture Assets to Rollings pursuant to the above-referenced ASA as soon as practicable after the close of the public comment period.

## **I. The ASA Is Final and Consistent with the Decision and Order's Terms**

Paragraph II.A of the Decision and Order requires the Respondents to divest the Divestiture Businesses (as defined in the Decision and Order) within 180 days of the date on which the Order is issued.<sup>1</sup> Pursuant to this requirement, SCI diligently has sought buyers that would be acceptable to the Commission, through an extensive auction process that produced great interest in the properties. As noted above, on March 31, 2014, affiliates of SCI entered into the ASA with affiliates of Rollings, which requires SCI to sell the Divestiture Assets to Rollings. The executed ASA is attached hereto as Confidential Exhibit A.

The ASA with Rollings complies with the requirements of Paragraph II of the Decision and Order.

Paragraph II.A.1 requires that Respondents divest the Divestiture Assets, absolutely and in good faith. Pursuant to the ASA, Rollings will acquire the Divestiture Assets. See ASA § 1.1.

Paragraph II.A.2 of the Decision and Order requires Respondent to grant a License to all Retained Intellectual Property that will permit the Acquirer to operate the relevant Divestiture Business in substantially the same manner as Respondents. The ASA licenses certain Retained Intellectual Property to Rollings. See ASA § 1.1(k). Rollings will have all the

<sup>1</sup> The Commission has not yet issued the Order as final.

intellectual property it needs to operate the Divestiture assets in substantially the same manner as Respondents.

Paragraph II.B requires that Respondents divest the facilities in Greenville, South Carolina, to no more than one Acquirer. The Greenville group is defined as (i) Cannon Memorial Park, Funerals and Cremations – Fountain Inn, 1150 North Main Street, Fountain Inn, South Carolina 29644 and (ii) Cannon Memorial Park, Funerals and Cremations – Jones Chapel 603 West Curtis Street, Simpsonville, South Carolina 29681. The ASA contemplates that Rollings will acquire both of these facilities, satisfying this requirement. See ASA § 1.1 and Recitals, pp. 1-2.

Paragraph II.C of the Decision and Order provides that Respondents may use the “Cannon” trade name for the funeral home located at 603 West Curtis Street, Simpsonville, South Carolina 29681, if applicable, for a period of up to twelve (12) months after the Divestiture Date. The ASA does not include a license to SCI as contemplated by this paragraph.

Paragraph II.C of the Decision and Order requires Respondents to grant an Acquirer a license to use the trade name “Caughman-Harman St. Andrews” for the funeral home located at 5400 Bush River Road, Columbia, South Carolina 29212 for a period of up to twelve (12) months from the relevant Divestiture Date. Pursuant to the ASA, SCI will license the use of the “Caughman-Harman St. Andrews Funeral Home” name to Rollings for a period of up to twelve (12) months from the Divestiture Date. See ASA § 5.27.

Rollings has acknowledged that the Divestiture Assets, together with the Rollings’ existing resources, enable Rollings to operate the Divestiture Businesses as ongoing entities and that no other assets are needed from SCI to do so. See ASA § 4.4.

Pursuant to Part II.F of the Decision & Order, Respondents also petition the Commission for approval of two Transitional Services Agreements between Rollings and affiliates of SCI. For a short period of time, not to exceed six months, Rollings can obtain Transitional Services from affiliates of SCI. Copies of the Transitional Services Agreements are enclosed as Exhibits G and H to the ASA. Rollings is not required to purchase any minimum amount of preparation services under the agreement and may cease use of these services at any time. Nothing in the Transitional Services Agreements prevents Rollings from utilizing alternative preparation rooms.

\* \* \*

As demonstrated above and in the accompanying ASA, SCI has entered into an agreement relating to the divestiture of the Divestiture Assets that fully complies with the Commission's Decision and Order with respect to the divestiture of these assets. Accordingly, Respondents hereby seek Commission approval of the proposed divestitures pursuant to Paragraph II.A of the Decision and Order.

## **II. The Prospective Acquirer Will Be a Strong and Effective Competitor**

Rollings has extensive experience in acquiring and operating funeral homes and cemeteries, has the financial wherewithal to make this acquisition, and the acquisition of the businesses in question by Rollings will ensure that those businesses remain strong and effective competitors in Greenville and Columbia, South Carolina.

The Commission has previously recognized that Mr. Rollings has the experience and financial wherewithal to be a viable and successful buyer for divestiture assets. As described in more detail below, this operational experience and financial support makes Rollings a strong steward for the Divestiture Assets in this matter.

## A. Background

Rollings is a privately-held company headquartered in Peachtree City, Georgia. Greg and Debbie Rollings founded Rollings in May 2001 with the acquisition of three funeral homes from SCI.<sup>2</sup> The company remains privately held today, with Mr. and Mrs. Rollings serving as the only shareholders.

Since 2001, Rollings and its affiliated companies have grown through several acquisitions. These acquisitions include the purchase of two funeral home locations in Augusta, Georgia, from the Alderwoods Group in 2004, and the acquisitions of several other funeral homes and cemeteries from independent owners in Georgia and South Carolina. In 2007, the Commission approved Rollings as a buyer for divestiture assets in Georgia related to SCI's acquisition of Alderwoods Group.<sup>3</sup> The properties and businesses acquired in these transactions over the last twelve years constitute the current holdings of Rollings and its affiliates today: 16 funeral homes, one cemetery, and two crematories, with locations in Georgia and South Carolina.<sup>4</sup>

In 2013, these facilities owned and operated by Rollings and its affiliates provided approximately [REDACTED] calls and interments and produced annual revenues of approximately [REDACTED]. Rollings and its affiliated companies are on pace to serve even more families and produce even greater revenues this year.

Mr. and Mrs. Rollings have spent their entire careers in the death care industry. As described in more detail below, Mr. Rollings started his career as a licensed funeral director and embalmer more than 20 years ago and has worked as a funeral director at a family-owned

<sup>2</sup> This initial acquisition was not part of any FTC-mandated divestiture.

<sup>3</sup> See Petition for Approval of Proposed Divestiture to Rollings Funeral Service, Inc., [http://www.ftc.gov/sites/default/files/documents/cases/2007/01/070105petition\\_public.pdf](http://www.ftc.gov/sites/default/files/documents/cases/2007/01/070105petition_public.pdf); FTC Approves Proposed Divestiture in Matter of Service Corporation International, Apr. 10, 2007.



funeral home and as a regional manager at The Loewen Group (which later became Alderwoods). Mr. Rollings also served as President of Meridian Mortuary Group, a funeral home operating company, before founding Rollings with his wife in 2001.

Mrs. Rollings is the Secretary/Treasurer of Rollings Funeral Service, Inc. Mrs. Rollings is in charge of financially consolidating bookkeeping for all of the company's locations. She has extensive experience not only in bookkeeping for funeral homes and cemeteries but also in cemetery operations, which will facilitate Rollings' acquisition of the Divestiture Assets. She started her career after high school preparing books for various companies and establishing a partnership in a management company. In 1975, Mrs. Rollings was invited to join Skyline Memorial Gardens, a large combination funeral home and cemetery facility, as the lead bookkeeper and Office Manager for the cemetery. Mrs. Rollings worked with pre-need salesmen, prepared payroll, tax reports, payables and receivables, and supervised all aspects of managing the facility's office. Skyline Memorial Gardens was sold to SCI, and Mrs. Rollings continued as Office Manager until 1987, at which time she accepted a position with SCI's cemetery division's home office in San Diego. Her duties in that position included training cemetery office staff on acquisitions and transitioning the accounting system to SCI's platform. While in that position, Mrs. Rollings designed the Policy and Procedures Manual for cemetery operations. In 1996, Mrs. Rollings left SCI and began her current position with Rollings in 2001.

Rollings operates its facilities with the motto "Large enough to serve, small enough to care." Consistent with this motto, Rollings has grown at a very disciplined rate and continues to have a strong focus on the operation of the facilities, rather than on simply growing

<sup>4</sup> The sole exception to 100% ownership is at DeLoach-McKerley Funeral Home & Cremation Service in Waynesboro, Georgia, of which the current manager, Mr. Jason McKerley, owns 10%.

in size. The present acquisition is consistent with Rollings' focus on funeral homes in small towns in the Southeast.

As detailed on the company's website, Rollings was founded to "provide personalized service to the communities in which they own a funeral home," and not simply for profit. Rollings prides itself on the outstanding reputation earned by its facilities. It also enjoys a favorable reputation among the regulatory agencies involved in the funeral industry and has no regulatory actions, past or present, with any state in which Rollings operates. For more information on Rollings and its approach to funeral home operations, please refer to Rollings' website ([www.RollingsFuneralService.com](http://www.RollingsFuneralService.com)).

**B. Financial Capability**

[REDACTED]

Mr. Rollings is very experienced in obtaining funding for transactions. He spent four years with Meridian Mortuary Group, a funeral home company backed by the venture capital firm of Thoma-Cressey, [REDACTED]

  
  
**C. Operations Experience**

As noted above, Mr. Rollings has more than 20 years of experience in the death care industry. He is very highly respected and enjoys excellent contacts in the industry. As demonstrated by the acquisitions described above, Mr. Rollings has significant experience purchasing and integrating funeral homes into larger operations. As a result, Mr. Rollings understands the requirements for successful transition of funeral homes to new ownership and to a new corporate structure. Throughout his career, Mr. Rollings has worked with managers to keep them motivated and focused on serving families and keeping businesses within operating budgets. Mr. Rollings expects to continue this approach with the facilities acquired through the proposed divestiture.

Mr. Rollings began his career operating a family firm after becoming licensed as a funeral director and embalmer in 1984. In 1992, Mr. Rollings was named “Young Funeral Director of the Year” by the State of California. Two years later, his firm was purchased by The Loewen Group (which later became Alderwoods), where he rose to the rank of Vice President in 1996 and eventually became Senior Vice President for the Southern Division. As both Vice President and Senior Vice President, Mr. Rollings was responsible for the operations of more than 300 funeral home locations. In 1999, Mr. Rollings left The Loewen Group to serve as President/CEO at Meridian Mortuary Group, a venture capital-backed funeral home company that owned approximately 50 funeral homes. Thirty-nine of these locations were acquired during Mr. Rollings’ tenure at Meridian.

Because of his experience at Loewen, Mr. Rollings was able to create and structure a program to transition funeral homes from privately-owned status to a more structured corporate style of operations, and integrate them into the existing corporate organization. While at The Loewen Group, Mr. Rollings gained substantial experience in this type of integration because Loewen was experiencing rapid growth at the time, and relied heavily on operations personnel (such as Mr. Rollings) to integrate new firms into the corporate structure. In 2001, Mr. Rollings decided to leave the corporate world and return to his independent-operator roots, at which time he founded Rollings with the purchase of an initial three funeral homes described above. Since that time, Rollings and its affiliates have made several acquisitions to grow to a total of 16 funeral homes, one cemetery, and two crematories.

Consistent with past practice, Rollings will offer [REDACTED]

[REDACTED]

[REDACTED] In addition, Rollings plans to add [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Shortly after closing the transaction with SCI, Rollings plans to [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Rollings plans to grow these businesses, not just maintain the status quo. Rollings believes these initial changes along with his sufficient operating expertise will not only ensure the continued competitiveness of the Divestiture Assets, but will enhance it.

### **III. The Proposed Divestiture Agreement Will Achieve the Purposes of the Decision and Order and Result in No Harm to Competition**

The proposed divestiture of the Divestiture Assets, as embodied in the ASA, will achieve the purposes of the Decision and Order. Rollings is an experienced operator of funeral homes and cemeteries, with a proven track record of successfully operating and enhancing the funeral homes and cemeteries that it has acquired in the past. Rollings enjoys a strong financial position that will enable it to complete this acquisition, continue the operation of the Divestiture Assets, and enhance their competitiveness in the death care industry. Combining the Divestiture Assets with Rollings' experience and financial wherewithal will ensure that the objectives of the Commission's Decision and Order will be realized.

The proposed acquisition of the Divestiture Assets does not present any competitive concerns because the Divestiture Assets do not compete with Rollings' current locations. Rollings currently owns the following properties:

#### South Carolina

Barron Funeral Home, 133 Wylie Street, Chester, SC  
 Culler-McAlhany Funeral Home, 4541 Savannah Highway, North, SC  
 Dantzler-Baker Funeral Home, 26 Underwood Avenue, Great Falls, SC  
 Stoudenmire-Dowling Funeral Home, 2402 S Irby Street, Florence, SC

#### Georgia

Central Savannah River Crematory, 3465 Peach Orchard Road, Augusta, GA  
 Clark Funeral Home, 351 Commerce Street, Hawkinsville, GA  
 DeLoach-McKerley Funeral Home & Cremation Service, 842 N. Liberty Street, PO Box 595, Waynesboro, GA  
 Forest Hills Cemetery, 231 Heard Street, Elberton, GA  
 Frazier and Son Funeral Home, 1016 4th Avenue, Rochelle, GA  
 Freeman Harris Funeral Home, 212 E Elm Street, Rockmart, GA  
 Hephzibah Funeral Home & Cremation Service, 2546 GA Highway 88, Hephzibah, GA  
 Hicks Funeral Home & Cremation Service, 231 Heard Street, Elberton, GA  
 Hopkins Funeral Home, 416 E Robert Toombs Avenue, Washington, GA  
 Jeff Eberhart Funeral Home, 123 Watson Drive, Dallas, GA  
 Ivey Funeral Home, 502 S Scott Street, Bainbridge, GA  
 Poteet-South Funeral Home, 3465 Peach Orchard Road, Augusta, GA  
 Roy Davis Funeral Home, 5935 Mulberry Street, Austell, GA  
 West Georgia Crematory, 5756 Harrison Avenue, Austell, GA

Watson-Mathews Funeral Home, 322 N Dooly Street, Montezuma, GA

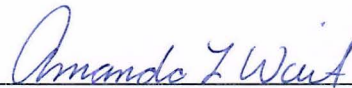
The proposed divestiture will result in no harm to competition. Rollings does not currently compete in any market, as defined in the Commission's Complaint, in which the Divestiture Assets operate. Consequently, the proposed divestiture does not raise any competitive issue.

In sum, the proposed divestiture will remedy any alleged anticompetitive effects that could result from the Acquisition. The ASA will achieve the Commission's stated purposes of ensuring the continued use of the Divestiture Assets in the same business in which they were engaged at the time of the announcement of the Acquisition and remedying the lessening of competition as alleged in the Commission's Complaint.

Conclusion

For the foregoing reasons, the Respondents respectfully request that the Commission approve the proposed divestiture of the Divestiture Assets to Rollings, as embodied in the ASA, as soon as practicable after expiration of the public comment period.

Respectfully submitted,



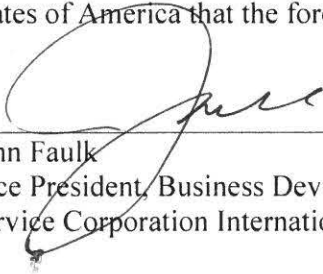
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Amanda L. Wait  
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Washington, D.C. 20037  
Counsel for Respondents

Dated: April 2, 2014

CERTIFICATION OF SERVICE CORPORATION INTERNATIONAL

The facts and information related in the foregoing Petition, insofar as they pertain to Service Corporation International, its subsidiaries, and its assets, are, to the best of my knowledge, true, correct, and complete.

Pursuant to 28 U.S.C. § 1746, I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.



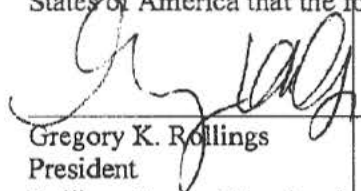
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John Faulk  
Vice President, Business Development  
Service Corporation International

CERTIFICATION OF ROLLINGS FUNERAL SERVICE, INC.

The facts and information related in the foregoing Petition, insofar as they pertain to Rollings Funeral Service, Inc., their subsidiaries, and their assets, are, to the best of my knowledge, true, correct, and complete.

Pursuant to 28 U.S.C. § 1746, I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.



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Gregory K. Rollings  
President  
Rollings Funeral Service, Inc.



**CONFIDENTIAL**

**EXHIBIT A**