

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

In the Matter of)	
)	
Service Corporation International,)	Docket No. C-4423
a corporation, and)	File No. 131 0163
)	
Stewart Enterprises, Inc.,)	
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 Hunsaker Partners, LLC (“Hunsaker”) of the Divestiture Business that includes the following two facilities: (i) Holly Hill Memorial Park, 359 West Broad Street, Fairburn, Georgia 30213 and (ii) Eastlawn Memorial Park, 640 McGarity Road, McDonough, Georgia 30252.

The Divestiture Business associated with these facilities (as defined in the Decision and Order, and hereinafter collectively referred to as the “Divestiture Assets”)

will be sold to Hunsaker pursuant to an Asset Sale Agreement by and among Hunsaker and SCI (the “ASA”).¹

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 Commission issued the Consent Agreement as final on April 29, 2014.

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 Hunsaker, cause harm to the ongoing competitiveness of the Divestiture Assets, and impair the Respondents’ ability to comply with their obligations under the Consent Agreement—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), Respondents request that the non-public, confidential version of this petition and its attachments and the information

¹ This ASA amends and restates the ASA submitted in connection with the divestiture petition filed on March 7, 2014, on behalf of SCI with regard to the proposed divestiture to Hunsaker Partners, LLC of Cheatham Hill Memorial Park/Southern Cremations & Funerals, 1860 Dallas Highway SW, Marietta, Georgia 30064.

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, following Commission approval thereof. All conditions other than Commission approval and those normally satisfied at closing have already been satisfied so that SCI and Hunsaker are in a position to close the divestiture within a few days of such approval. Prompt consummation will further the purposes of the Decision and Order and is in the interests of the public, Hunsaker, and Respondents because it will allow Hunsaker 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 Hunsaker 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.² 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, SCI has entered into an ASA with Hunsaker, which will require SCI to sell the Divestiture Assets to Hunsaker. The ASA is attached hereto as Confidential Exhibit A.

The ASA complies with the requirements of Paragraph II of the Decision and Order. Paragraph II.A requires that Respondents divest the Divestiture Assets, absolutely and in good faith. Pursuant to the ASA, Hunsaker will acquire the Divestiture Assets. See ASA § 1.1.

Paragraph II.B.8 of the Decision and Order requires that Respondents divest the cemeteries in Atlanta, Georgia, to no more than one Acquirer. The Atlanta group is comprised of the following two facilities: (i) Holly Hill Memorial Park, 359 West Broad Street, Fairburn, Georgia 30213 and (ii) Eastlawn Memorial Park, 640 McGarity Road, McDonough, Georgia 30252. Pursuant to the ASA, Hunsaker will acquire these two facilities. See ASA § 1.1.

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

* * *

² The Commission issued the final Order on April 29, 2014.

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, the 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

A. Background and Operations Experience

Hunsaker has extensive experience in acquiring and operating cemeteries and funeral homes, has the financial wherewithal to make this acquisition, and the acquisition of the Divestiture Assets by Hunsaker will ensure that the Divestiture Assets remain strong and effective competitors in Georgia.

Christine Hunsaker grew up in the funeral business. Her father has been a funeral director for 59 years and still works in the industry. After graduate school, Ms. Hunsaker began her career in funeral service and has over 25 years of experience in the cremation, funeral, and cemetery business. She has been a corporate officer for two of the largest publically traded funeral companies in the United States—Stewart Enterprises and SCI. She is a successful owner of several businesses, one of which is a large pet cremation company that employs more than 25 individuals and assists over 8,000 families annually.³ Ms. Hunsaker also owns Hunsaker Properties, LLC, a commercial property holding company. Hunsaker Properties owns the real estates for the pet company as well as other commercial buildings, which include the new corporate offices for Hunsaker Partners where they are currently operating.

³ The company, which Ms. Hunsaker started in 2004, is named Paws, Whiskers & Wags, Your Pet Crematory, and is located at 2800 E Ponce De Leon Ave., Decatur, GA 30030. See www.PawsWhiskersAndWags.com.

Ms. Hunsaker was employed by Stewart Enterprises, Inc. (“Stewart”), now a wholly-owned subsidiary of SCI, but has discontinued her employment. She served Stewart as Senior Vice President, Cremation from 2009 to mid-2014. In that role, she was responsible for all aspects of the \$150 million cremation operations and business development, growth, and strategic planning across all lines of business in the organization, including cemetery, funeral, pre-need sales, marketing, compliance, operations, and vendor partnerships.

As Senior Vice President, Cremation, at Stewart, Ms. Hunsaker created and achieved several major company goals, including but not limited to the following:

- built a new department that managed a \$ [REDACTED] annual investment in cremation/cemetery memorialization;
- developed extensive cremation garden projects so that cemeteries would be more accommodative to cremations, which yielded an incremental \$ [REDACTED] in cemetery cremation sales through the first six months of fiscal year 2013;
- created and trademarked four new cremation cemetery brands; established new cremation merchandising and signage to increase sales, resulting in a [REDACTED] year-over-year increase in cremation funeral home profitability over a three-year period;
- established Stewart’s first cremation training program (Face2Face for Cremation) for at-need arrangers and pre-need counselors, resulting in a [REDACTED] increase in sales averages since inception; and
- implemented and managed direct buying relationships with suppliers on granite, urns, and other cremation products.

Before joining Stewart, from 2001 to 2004, Ms. Hunsaker served as President, Cremation Services/Cremation Operations, North America, for SCI. In this role, Ms. Hunsaker was responsible for all aspects of SCI’s North American cremation operations, expansion, growth, and personnel. She led the expansion of SCI’s cremation brand, National Cremation Society, into over 20 new markets in just 18 months, taking the company from [REDACTED] operating profit to [REDACTED] operating profit growth and [REDACTED] operating profit growth in the two subsequent years.

Prior to this role, Ms. Hunsaker served as Director, National Cremation Society Brand Development & Marketing, North America, for SCI. She was responsible for SCI's North American business expansion of the National Cremation Society brand, while leading current operating locations and personnel toward successful business practices. In this capacity, Ms. Hunsaker managed over 125 employees. Ms. Hunsaker also served, prior to this role, as Manager, Revenue Services, North America, for SCI. In this role, Ms. Hunsaker was responsible for the development, selection, merchandising, and placement of all cremation revenue, generating a [REDACTED] increase over prior years. She coordinated and directed the activities of 17 Regional Vice Presidents in the rollout of company revenue strategies.

Before joining SCI, Ms. Hunsaker was a marketing manager for Hillenbrand Industries, where she assisted in the launch of a new cremation brand, "Options by Batesville," which is one of North America's largest cremation supply brands, owned by Batesville Casket Company. In this capacity, Ms. Hunsaker managed all sales and business practices for the brand for 10 states. She also served as a sales representative, developing 62 customer accounts in Northern California and Southern Oregon.

Since entering the workforce after graduate school, all but two years of her 25-year professional career has been in the death care industry. Ms. Hunsaker has worked in every facet of the funeral, cemetery and cremation business, including, but not limited to, waiting on families, sales, marketing, management, leadership, cemetery operations, funeral home operations, crematory operations, market expansion and executive management.

Ms. Hunsaker belongs to the following professional organizations in the death care industry: Cremation Association of North America; International Cemetery and Cremation Funeral Association; and the National Funeral Directors Association.

Ms. Hunsaker plans to bring seasoned professionals to the management of the Divestiture Assets. Brett Newbern, Vice President, Finance and Business Practices, and Rhonda Fuller, Vice President, Funeral Operations and Sales, will comprise the management team. These two individuals combined have more than 45 years of experience in the death care industry.

The Divestiture Assets also will benefit from the operational and management experience of Rhonda Fuller, who will serve as General Manager for both facilities. Mrs. Fuller is an accomplished death care professional offering a successful 17-year career, which encompasses sales, marketing, and management of cemeteries. Her past experience in the cemetery industry includes Sales Counselor, Sales Manager, General Manager, Area Sales Executive, and Director of Community and Family Service. As General Manager she was responsible for daily operations of the cemetery. Some of her responsibilities are: (1) managing maintenance staff, administrative staff and sales staff, (2) ordering supplies and merchandise, (3) scheduling services, (4) overseeing customer satisfaction, (5) developing processes for proper burials, and (6) managing maintenance schedules for equipment. During her tenure with Stewart Enterprises, she managed 21 cemeteries across North Carolina, South Carolina and Georgia. Mrs. Fuller directly supervised the operations of Holly Hill Memorial Park, Eastlawn Memorial Park, and Cheatham Hill Memorial Park.

Mrs. Fuller's management experience includes managing a sales force of 45 sales people with 20 sales directors. She has also managed cemetery crews, administrative personnel, and telemarketers. During her career, Mrs. Fuller has successfully implemented a regional sales training program and standardized regional sales presentations. Mrs. Fuller is a certified crematory operator through the International Cemetery, Cremation and Funeral Association and

is an active member of the National Funeral Directors Association and Cremation Association of North America.

Ms. Hunsaker has also retained the services of Lemasters Consulting. Lemasters Consulting specializes in the death care profession by providing a resource for funeral homes, cemeteries, and crematories on issues such as operations, regulatory compliance, risk management, proper forms/documentation, and liability issues. The experience of Lemasters Consulting is based on Poul Lemasters, who is both a licensed funeral director/embalmer with over 20 years of experience in the field and a practicing attorney with experience as corporate counsel for various death care providers, including the former Alderwoods Group. Lemasters Consulting represents death care providers across the entire United States and is recognized as an expert in the field. Lemasters Consulting also serves as counsel for various death care organizations, including the International Cemetery, Crematory, and Funeral Association.

Hunsaker has sufficient operating expertise to not only ensure the continued competitiveness of the Divestiture Assets, but to enhance them. Ms. Hunsaker has planned several marketing and several strategic initiatives for the Divestiture Assets, including the following:

- Website/Social Media: Ms. Hunsaker will launch a complete interactive strategy, including a new website and an aggressive social media campaign, on day one.
- Advertising: Ms. Hunsaker will implement an aggressive go-to-market strategy that will encompass all avenues of advertising, including print, direct mail, consumer surveys, outdoor, television, and radio.
- Signage: Ms. Hunsaker will implement new signage within 30 days to leverage the street visibility and to display the new branding strategy.
- Cemetery Sales Growth: Ms. Hunsaker will endeavor to increase cemetery sales by a grass-roots efforts, which will include community outreach, aftercare follow up, and referrals and leads generated by the marketing activities described above.

B. Financial Capability

Hunsaker expects to pay SCI the purchase price of [REDACTED]

[REDACTED]

Hunsaker does not anticipate any problems [REDACTED]

[REDACTED]. Moreover, the facilities and equipment of the Divestiture Assets are in good repair.

Hunsaker does not anticipate needing any funds beyond working capital to make improvements to the physical property and facilities.

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. Hunsaker is an experienced operator of death care industry assets. Hunsaker 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 market for cemetery services. Combining the Divestiture Assets with Hunsaker's experience and financial wherewithal will ensure that the objectives of the Commission's Decision and Order will be realized.

The proposed divestitures to Hunsaker in this petition and the petition filed on March 7, 2014, will result in no harm to competition. Hunsaker does not currently compete in

any market, as defined in the Commission's Complaint, in which the Divestiture Assets operate.⁴ Consequently, there is no overlap between the operations of Hunsaker and the Divestiture Assets in both petitions, and the proposed divestitures do 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.

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⁴ Pet cremation assets do not compete with human disposition.

Conclusion

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

Respectfully submitted,



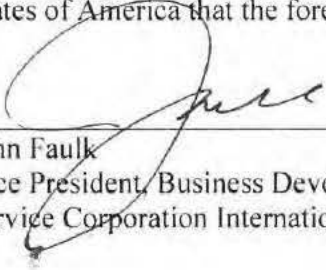
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Dated: July 3, 2014

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.




John Faulk
Vice President, Business Development
Service Corporation International

CERTIFICATION OF HUNSAKER PARTERS, LLC

The facts and information related in the foregoing Petition, insofar as they pertain to Hunsaker Partners, LLC, 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.



Christine Hunsaker
Managing Member
Hunsaker Partners, LLC

CONFIDENTIAL

EXHIBIT A