

**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 Alliance Funeral Group, Incorporated (“Alliance”) of the Divestiture Businesses that include, respectively, the following two facilities: (i) Greenwood Cemetery, 3500 Tazewell Pike, Knoxville, Tennessee, and (ii) New Gray Cemetery, 2724 Western Avenue, Knoxville, Tennessee.

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 Alliance pursuant to the Asset Sale Agreement dated July 15, 2014, by and among Alliance and SCI Tennessee Funeral Services, LLC, an affiliate of SCI (the “ASA”).

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 (the “Acquisition”) 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 Alliance, cause harm to the ongoing competitiveness of the Divestiture Assets, and impair 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 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 customarily satisfied at closing have already been satisfied, such that SCI and Alliance are in a position to close the divestitures 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, Alliance, and the Respondents, because it will allow Alliance to move forward with their 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 Alliance 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.¹ Pursuant to this requirement, SCI diligently has sought buyers that would be acceptable to the Commission, through an extensive auction process that produced

¹ The Commission issued the final Order on April 29, 2014.

great interest in the properties. As noted above, on July 15, 2014, SCI entered into the ASA with Alliance, which requires SCI to sell the Divestiture Assets to Alliance. The executed ASA is attached hereto as Confidential Exhibit A.

The ASA with Alliance 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, Alliance will acquire the Divestiture Assets. See ASA § 1.1.

Paragraph II.A.2 of the Decision and Order requires Respondents to grant a License to all Retained Intellectual Property that will permit Alliance to operate the relevant Divestiture Business in substantially the same manner as Respondents. Along with Alliance's current assets, Alliance will have all the intellectual property it needs to operate the Divestiture Assets in substantially the same manner as Respondents.

Paragraph II.B requires that Respondents divest the cemeteries in Knoxville, Tennessee, to no more than one Acquirer. These facilities are (i) New Gray Cemetery, 2427 Western Avenue, Knoxville, Tennessee, and (ii) Greenwood Cemetery, 3500 Tazewell Pike, Knoxville, Tennessee. The ASA contemplates that Alliance will acquire all of these facilities, satisfying this requirement. See ASA § 1.1.

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

* * *

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

Background

Alliance has extensive experience in acquiring and operating cemeteries, has the financial wherewithal to make this acquisition, and the acquisition of the businesses in question by Alliance will assure that those businesses remain strong and effective competitors in Knoxville, Tennessee in this matter.

Alliance is a closely held Tennessee corporation, established in 2000, headquartered in Knoxville, Tennessee. Controlling stock interest in Alliance was purchased in June 2009 by Dennis A. Bridges of Knoxville, Tennessee. Kim Powers Bridges, also of Knoxville, Tennessee, subsequently acquired a material stock ownership interest in Alliance. Alliance intends to purchase and operate the Divestiture Assets, along with the seven cemetery properties currently owned and operated by Alliance.

Alliance was originally formed to acquire six East Tennessee cemetery operations and their related assets from the Tennessee affiliates/subsidiaries of Loewen Group International, which were offered for sale in connection with the 1999 LGI bankruptcy. Subsequently, Alliance sold one cemetery and acquired the assets of two additional cemeteries that were privately owned and operated by a subsequent investor/shareholder of Alliance. As a result of these transactions, Alliance currently operates the following seven cemeteries:

Anderson Memorial Gardens
640 Oliver Springs Highway
Clinton, TN 37718

Kingston Memorial Gardens
129 Oak Drive
Kingston, TN 37763

Dandridge Memorial Gardens
945 E. Hwy 25-70
Dandridge, TN 37871

McMinn Memory Gardens
1739 County Road 560
Athens, TN 37303

Eastview Memorial Gardens
PO Box 242
1320 Andrew Johnson Highway
Strawberry Plains, TN 37816

Roane Memorial Gardens
1400 N. Gateway Avenue
Rockwood, TN 37854

Jefferson Memorial Gardens
812 E. Broadway
Jefferson City, TN 37760

Financial Capability

Alliance has the financial wherewithal to acquire and successfully operate the Divestiture Assets. Alliance intends to finance the purchase of the Divestiture Assets [REDACTED]

[REDACTED] Alliance intends to improve advertising and jointly market and sell goods and services of the Divestiture Assets through the operations of Bridges Funeral Home, a full service, traditional funeral home owned and operated by Dennis A. Bridges, a principal of Alliance. Cross-selling of cemetery goods and services through Bridges Funeral Home will provide significant marketing and sales opportunities, benefiting both the Divestiture Assets and Bridges Funeral Home.

Alliance intends to [REDACTED]

Alliance intends to [REDACTED]

[REDACTED] Alliance intends to leverage some or all of

these employees to also be involved in the administrative and maintenance obligations at Alliance's other cemeteries.

Neither Alliance, nor any affiliates of its principals, have competitive cemetery operations in Knoxville, Tennessee.

Alliance has sufficient operating expertise to not only insure the continued competitiveness of the Divestiture Assets, but to significantly enhance them alone and pursuant to the contemplated affiliation with Bridges Funeral Home.

Operations Experience

Alliance has sufficient operating expertise to not only ensure the continued competitiveness of the Divestiture Assets, but to enhance it.

Other than dispositions and acquisitions of rural cemetery property among the original principals of Alliance, Alliance has continued to own and operate its core group of seven cemeteries in East Tennessee. Alliance operates its cemeteries and related business operations in compliance with applicable laws and regulations, and has a satisfactory reputation in the industry and with cemetery regulators in the State of Tennessee.

In addition to their ownership and operating experience of Alliance's seven cemeteries located in East Tennessee, the principals of Alliance have extensive personal and professional experience in the industry, both from an acquisition and operational standpoint.

Dennis A. Bridges is the president of Alliance. He has been engaged in the industry since 1982, as a licensed funeral director and embalmer, and acquired progressively increasing management responsibility and authority in the funeral home and cemetery operations of the Loewen Group. Mr. Bridges formerly was employed in various regional management positions by Loewen Group International, after which he formed and operated Denco Holdings,

Inc. to acquire, re-sell, and/or operate funeral home and cemetery business assets in multiple states. Since 2003, Mr. Bridges has been the owner and operator of Bridges Funeral Home. In 2005, Mr. Bridges became a principal of Alliance, and subsequently acquired controlling interest of Alliance, along with Kim Powers Bridges, in June 2009.

Mr. Bridges has been the principal, owner and operator of several industry acquisition entities, which have closed numerous acquisition and sale transactions, principally involving business properties previously operated by the former Loewen Group International, and its successor, Alderwoods Group, Inc., and their respective subsidiaries and affiliates. Since 2000, Mr. Bridges, Denco Holdings, Inc., and their affiliates, have negotiated seven major industry acquisitions involving approximately 200 cemetery and funeral home business properties and their operating assets, located in 19 states. Mr. Bridges personally formed, owns and operates Bridges Funeral Home, Inc., a Tennessee corporation, and its single business property, Bridges Funeral Home located in Knoxville, Tennessee. Bridges Funeral Home is a full service, traditional funeral home.

Kim Powers Bridges holds the position of vice president and chief compliance officer of Alliance. She also is an owner and director of Alliance. Since 2002, she has been a principal of Denco Holdings, Inc. and its affiliated companies that are engaged in the acquisition, operation and/or resale of funeral homes and cemeteries in the states of Mississippi, Texas, Colorado, New Mexico, and Illinois. From 1999 to 2002, she founded and operated Memorial Concepts Online, Inc., an online retail funeral merchandise seller. She has been actively engaged in the cemetery management industry for twenty plus years, having originally been a corporate officer of Loewen Group International, employed as a vice president with responsibility for

regional, preneed sales programs for cemetery properties located in multiple states, including the implementation of regional and location budgets of up to \$20 million.

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. Alliance is an experienced operator of cemeteries with a proven track record of successfully operating and enhancing the group of seven cemeteries that it has acquired in the past. Alliance enjoys a strong financial position that will enable it to complete this acquisition, continue the operation of the Divestiture Assets and enhance their competitiveness for cemetery services in Knoxville, Tennessee. Combining the Divestiture Assets with Alliance's current businesses, experience, and financial wherewithal will ensure that the objectives of the Commission's Decision and Order will be realized.

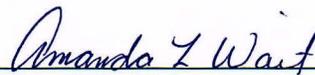
The proposed divestiture will result in no harm to competition. Alliance does not currently compete in any market, as defined in the Commission's Complaint, in which the Divestiture Assets operate. Alliance's current cemetery operations are all outside of Knoxville, Tennessee. Consequently, there is no overlap between the operations of Alliance and the Divestiture Assets, and 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, Respondents respectfully request that the Commission approve the proposed divestiture of the Divestiture Assets to Alliance, as embodied in the ASA, as soon as practicable after expiration of the public comment period.

Respectfully submitted,



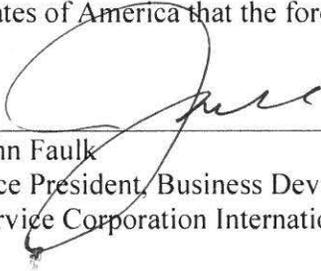
Amanda L. Wait
Hunton & Williams LLP
2200 Pennsylvania Ave, NW
Washington, D.C. 20037
Counsel for Respondents

Dated: July 24, 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.

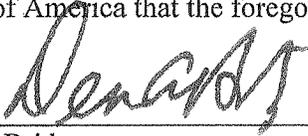


John Faulk
Vice President, Business Development
Service Corporation International

CERTIFICATION OF ALLIANCE FUNERAL GROUP, INC.

The facts and information related in the foregoing Petition, insofar as they pertain to Alliance Funeral Group, 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.



Dennis Bridges
President
Alliance Funeral Group, Incorporated

Confidential

Exhibit A