

**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”),<sup>1</sup> Respondent Service Corporation International (“SCI”) hereby petitions the Commission to approve the divestiture to Edward Sagel Funeral Direction, Inc. (“Sagel”) of the Divestiture Businesses that include the following facility: Edward Sagel Funeral Direction, Inc., 1091 Rockville Pike, Rockville, Maryland 20852.

Subject to the Commission’s approval of this Petition, Sagel will acquire Edward Sagel Funeral Direction, Inc. (which owns the assets of the Divestiture Business associated with the Edward Sagel Funeral Direction facility as defined in the Decision and Order, and hereinafter collectively referred to as the “Divestiture Assets”), and Danzansky-Goldberg Memorial Chapels, Inc. (which owns the assets of the Danzansky-Goldberg

<sup>1</sup> Unless otherwise defined herein, capitalized terms shall take on the same meaning as they have in the Decision and Order.

Memorial Chapel facility located at 1170 Rockville Pike, Rockville, MD 20852) pursuant to the Stock Sale Agreement dated February 28, 2014, by and among Sagel and SCI (the “SSA”). The executed SSA is attached hereto as Confidential Exhibit A.

### 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 Sagel, 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 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, including extension of leases to occupy the Sagel location, so that SCI and Sagel 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, Sagel, and the Respondents, because it will allow Sagel 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 Sagel pursuant to the above-referenced SSA as soon as practicable after the close of the public comment period.

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

The SSA complies with the requirements of Paragraph II of the Decision and Order. In particular, Paragraph II.A.1 requires that the Respondents divest the Divestiture Assets, absolutely and in good faith. Pursuant to the SSA, Sagel will acquire the Divestiture Assets. See SSA § 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. Sagel has all the intellectual property it needs to operate the Divestiture Assets in substantially the same manner as Respondents.

Sagel has acknowledged that, in light of his position as manager of the Divestiture Assets, he has intimate and in-depth knowledge of the Divestiture Assets and its operations. See SSA § 4.4.

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As demonstrated above and in the accompanying SSA, 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****A. Background**

Sagel has extensive funeral home operations experience, has the financial wherewithal to make this acquisition, and the acquisition of the Divestiture Assets by Sagel will

ensure that the Edward Sagel Funeral Direction, Inc. business remains a strong and effective competitor in Rockville, Maryland.

Edward Sagel, founder of Edward Sagel Funeral Direction, Inc., is a first-generation funeral director. He built his brand with the recognition that funeral services could be held in many different venues, giving families both more flexibility and better value. Mr. Sagel started his funeral home in 1994 and owned and operated it until 1996. In 1996, he sold the funeral home to SCI but continued to operate the facility.

Mr. Sagel has been involved in the death care industry and has catered to the Jewish community in the Washington, D.C./Maryland suburbs area for 23 years, serving thousands of families. Sagel is also a member of The Jewish Funeral Directors of America. Mr. Sagel's reputation is well known throughout the profession and especially well regarded by Jewish funeral directors throughout North America. Mr. Sagel does not currently operate any competitive assets in the Washington, D.C./Maryland suburbs area.

**B. Financial Capability**

Mr. Sagel has the financial capability to acquire and profitably operate the Divestiture Assets. He has obtained a Small Business Association loan via Live Oak Bank for [REDACTED] and, through personal resources, has raised [REDACTED] to cover the total purchase price, closing costs, and initial working capital.

**C. Operations Experience**

Mr. Sagel has sufficient operating expertise to not only ensure the continued competitiveness of the Divestiture Assets, but to enhance it. He has operated the Sagel business for over 18 years. He has ample experience as demonstrated by SCI's continued employment. In addition, he intends to retain Albert Bloomfield to assist in the operation of the Divestiture

Assets. Mr. Bloomfield is a 42-year old funeral director who ran the largest Jewish businesses in his North Jersey community, with two locations, for the past 15 years. Mr. Bloomfield has been a manager for SCI for more than 15 years. Both Mr. Bloomfield and Mr. Sagel have been trained by SCI as managers and are well-equipped to operate the Divestiture Assets.

All current employees at the Divestiture Assets (as of the date of the closing) will continue to be employed. Sagel will provide benefits equal to the current benefits and compensation equal to the current compensation.

### **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 SSA, will achieve the purposes of the Decision and Order. Sagel is an experienced funeral home operator, with a proven track record of successful operation, including of the facility he now seeks to acquire. Sagel enjoys a strong financial position that will enable it to complete this acquisition, continue the operation of the Divestiture Assets and enhance their competitiveness. Combining the Divestiture Assets with Sagel's 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. Sagel once owned the Divestiture Assets and currently operates them. Mr. Sagel owns no other competitive assets in the Washington, D.C./Maryland suburbs area. Consequently, there is no competitive overlap between the operations of Sagel 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 SSA 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 Sagel, as embodied in the SSA, as soon as practicable after expiration of the public comment period.

Respectfully submitted,



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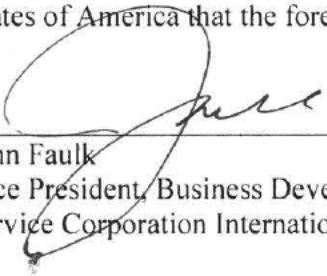
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Washington, D.C. 20037  
Counsel for Respondents

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 SAGEL FUNERAL DIRECTION, INC.

The facts and information related in the foregoing Petition, insofar as they pertain to Sagel Funeral Direction, 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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Edward Sagel  
Managing Member  
ESFD, LLC

**CONFIDENTIAL**

**EXHIBIT A**