

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

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In the Matter of	)	
	)	
<b>Service Corporation International,</b>	)	Docket No. C-4174
A corporation, and	)	File No. 061-0156
	)	
<b>Alderwoods Group, Inc.</b>	)	
A corporation	)	

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**Petition of Legacy Holdings in Support of  
Respondents' Petition for Approval of  
Proposed Divestitures to Legacy Holdings**

Legacy Funeral Holdings, LLC, Legacy Funeral Holdings of Louisiana, LLC, and Legacy Funeral Holdings of Mississippi, LLC, (together "Legacy Holdings") respectfully request that the Federal Trade Commission (the "Commission") approve the proposed divestiture of certain assets (the "Legacy Divestiture Assets") by Service Corporation International ("SCI") to Legacy Holdings. Specifically, Legacy Holdings has entered into an agreement dated October 26, 2006 with an affiliate of SCI, SCI Funeral Services, Inc. (the "Sale Agreement"), to purchase certain funeral homes and cemeteries located in small markets in Texas, Louisiana, and Mississippi. The Sale Agreement and these facilities are the subject of SCI's "Petition for Approval of Proposed Divestitures to Legacy Funeral Holdings, LLC, Legacy Funeral Holdings of Louisiana, LLC, and Legacy Funeral Holdings of Mississippi, LLC" filed in this matter (the "Petition").

Legacy Holdings has provided information along with SCI in the Petition. Legacy Holdings submits this separate petition of highly-confidential information in support of SCI's

proposed divestiture to Legacy Holdings of the Legacy Divestiture Assets as a separate submission because Legacy does not want to share this information with its future competitor, SCI.

This petition and its attachments contain confidential and competitively sensitive business information relating to Legacy and its affiliates and to the Legacy Divestiture Assets it proposes to acquire. The disclosure of this information to the public may prejudice Legacy and cause harm to the ongoing competitiveness of the Legacy Divestiture Assets. Accordingly, Legacy has 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) (2006), Legacy requests that the confidential version of this petition and its attachments and the information contained herein be accorded 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) (2006). 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).

**Legacy's Marketing Strategy for the Acquired Properties**

Legacy's management<sup>1</sup> has inspected and analyzed each of the funeral homes and cemeteries it will acquire in this transaction. Its due diligence indicates that these properties are significantly underperforming their potential, largely because [redacted]. Legacy's experience with small town properties in Texas, Louisiana, and Mississippi previously acquired from SCI gives Legacy confidence that it can succeed in operating these similar properties competitively

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<sup>1</sup> Resumes of Legacy's management appear in Exhibit 1.

and profitably, without raising prices, and indeed, in some instances by lowering prices. While Legacy does not own any facilities that are in the same geographic markets as the Legacy Divestiture Assets, the divestiture locations are close enough to Legacy's existing facilities for Legacy's Regional Managers to oversee them, so that no substantial increase in corporate overhead will occur as a result of the acquisition.

As noted in the Petition, Legacy acquired 24 funeral homes from SCI in May 2005. All were small town properties. Legacy retained almost all the staff employed by these funeral homes before their acquisition and was able to recruit former owners and managers of these same facilities who had been unhappy working for SCI. All of these facilities continue to serve their communities today, and they do so with a more highly motivated staff that Legacy believes is more attentive to customer needs. While providing better service, and despite the time and expense of integrating these properties with Legacy's other locations, these properties have exceeded budget expectations under Legacy's management. [redacted] See Confidential Exhibit 2.

Legacy believes that by applying the methods it employed at its previously-acquired funeral homes it will be able to lower the operating costs and expand the sales of the funeral homes and cemeteries to be acquired in this transaction. As a result, the Legacy Divestiture Assets will become more competitive with other independents and the funeral chains. Legacy plans further investments to improve the competitiveness of the facilities it will acquire, including a 1200 square foot expansion to Sunset Memorial Funeral Home in Odessa, Texas and major modifications to Resthaven Gardens of Memory Funeral Home in Baton Rouge, Louisiana to increase their capacity for handling multiple funerals simultaneously. Legacy also believes a number of the facilities will benefit from improved maintenance under its management.

Legacy executive management interviewed the management and key staff at each of the properties to be acquired, and held “town meetings” with all employees to field questions directly. Legacy’s acquisition plans have been warmly received by the key personnel at each of the funeral homes and cemeteries it will acquire, consistent with Legacy’s experience in such acquisitions in the past.

Legacy has prepared a financial analysis separately for each location, including a pro forma projection based upon conservative assumptions drawn from Legacy’s experience in this business. Legacy projects that these properties will be significantly more successful under its business model than their historical performance under SCI or Alderwoods.

**[redacted]** The financial analysis is contained in Confidential Exhibit 3.

#### **Financing of the Transaction**

Legacy has the financial ability to complete this transaction promptly following clearance of this transaction pursuant to the Decision and Order contained in the Agreement Containing Consent Orders accepted for public comment in this matter. Legacy has secured full appraisals, surveys, and Phase I environmental studies on the properties, **[redacted]**. See Confidential Exhibit 4. To date, Legacy has spent over \$200,000 in due diligence expenses.

Legacy has secured financing for the transaction through Funeral Directors Life Insurance Company (FDLIC), [www.funeraldirectorslife.com](http://www.funeraldirectorslife.com), a Texas legal reserve life insurance company and one of the strongest providers of burial insurance in North America, with an A.M. Best Company rating of A- (Excellent). Legacy has enjoyed a long relationship with FDLIC that includes other financing and the marketing of FDLIC’s pre-need funeral products to the general public.

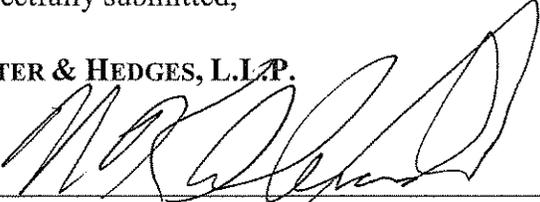
FDLIC has endorsed Legacy's financial and operating capabilities by committing to provide all of the financing required to complete Legacy Holdings's acquisition of the funeral homes and cemeteries from SCI through a sale and lease back of the funeral home real estate (with Legacy Holdings retaining the right to repurchase this real estate) and long term mortgage loans for the cemeteries. The term sheet for this financing is attached as Confidential Exhibit 5.

**Conclusion**

Legacy Holdings is a qualified buyer for the Legacy Divestiture Assets. Legacy has both the financial capability and the experience necessary to operate the acquired properties as successful competitors, and plans to invest in making them more competitive in their respective markets. Legacy does not presently operate any funeral homes or cemeteries that compete with these assets, so the proposed divestiture will ensure that competition is maintained in these markets as existed prior to the SCI-Alderwoods transaction. Indeed, Legacy believes that it will operate these facilities more effectively than when they were run by SCI and Alderwoods so that its acquisition of the Legacy Divestiture Assets will intensify competition in these markets in comparison to before completion of the SCI-Alderwoods transaction. Legacy Holdings therefore respectfully requests the Commission approve the divestiture at the earliest possible time so that Legacy Holdings may assume control of these properties as soon as possible to assure their continued and enhanced competitiveness.

Respectfully submitted,

**PORTER & HEDGES, L.L.P.**

By: 

Neil Kenton Alexander  
1000 Main Street  
36th Floor  
Houston, Texas 77002  
(713) 226-6614  
(713) 226-6214

**Attorneys for Legacy Funeral Holdings, LLC,  
Legacy Funeral Holdings of Louisiana, LLC,  
and Legacy Funeral Holdings of Mississippi,  
LLC**

**Certification Of Legacy Holdings**

The facts and information related in the foregoing Petition, insofar as they pertain to Legacy Funeral Holdings, LLC, Legacy Funeral Holdings of Louisiana, LLC, Legacy Funeral Holdings of Mississippi, LLC, their affiliates, 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.

A handwritten signature in black ink, appearing to read "Michael L. Soper", is written over a horizontal line. The signature is stylized and cursive.

Michael L. Soper  
President

Legacy Funeral Holdings, LLC  
Legacy Funeral Holdings of Louisiana, LLC  
Legacy Funeral Holdings of Mississippi, LLC

# **Exhibit 1**

**Petition of Legacy Holdings in Support of Respondents'  
Petition for Approval of Proposed Divestiture of  
Certain Assets of The Divestiture Businesses**

## **Resumes of Management**



**FRANK J. BANTLE, SR.**

- 1989-present York Casket & Matthews International  
Consultant Former owner, Houston Casket Company and York  
Southwest  
Principal owner in the initial public offering of York Group, Inc.
- 1979-1988 Batesville Casket Company  
Sales Representative
- 1963-1979 Orleans Manufacturing Company, New Orleans, Louisiana  
Casket Manufacturing & Distributing

**WILLIAM E. MERCER**

- 2006 Retired
- 1989-2005 National Fiduciary Services, N.A.  
Southwest Guaranty Trust Company, NA  
Chairman of the Board and Chief Executive Officer
- 1970-1989 Service Corporation International  
Executive Vice President, Chief Financial Officer  
Member of Board of Directors
- 1963-1970 Arthur Young & Company  
Certified Public Accountant and Audit Manager

**B. KRIS SEALE, CPA**

- 1985-Present Funeral Directors Life Insurance Company  
President & CEO  
Directors Investment Group  
Chairman of the Board
- 1985 Baylor University, Bachelor of Business Administration  
Accounting and Finance  
Certified Public Accountant

**P. MARK MORRIS, CPA**

- 2006 Legacy Funeral Group  
Senior Vice President, Cemetery Operations
- 2000-Present East Texas Cemetery Services, Inc.  
President
- 1994-1999 Equity Corporation International, Cemetery Division,

Senior Vice President

1989-1991	Arlington Corporation Controller
1985-1989	Golden Era Services, Inc. Controller
1980-1985	Arthur Young & Company Audit Staff, Certified Public Accountant

## ***ADDITIONAL SENIOR MANAGEMENT***

### **JAMES STANLEY MORRISON**

- 2005-Present Legacy Funeral Services of Texas, LLC  
Regional Director/Texas & New Mexico
- 1999-2003 Service Corporation International  
East Texas Area Manager
- 1994-1998 Equity Corporation International  
East Texas Area Manager
- 1990-1994 Texas Panhandle Region, Equity Corporation international  
Manager/Funeral Director
- 1988-1990 Texas Panhandle Region, Service Corporation International  
Manager/Funeral Director
- 1970-1988 Morrison Funeral Directors, Dumas, Stratford and Sunray, Texas  
Owner/Funeral Director
- 1970 Commonwealth College of Sciences, Houston, Texas  
Mortuary Science Degree

### **WILLIAM WIMBERLEY**

- June 2006-Present Legacy Funeral Services of Louisiana, LLC  
Regional Director, Louisiana & Mississippi
- 2000-2006 Service Corporation International  
Market Manager, 48 locations  
Mississippi, Louisiana, Alabama, Florida
- 1995-1999 Settegast-Kopf, Company, Houston, Texas  
Funeral Director & Embalmer
- 1994-1995 LaFond Ardoin Funeral Homes, Opelousas, Louisiana  
Funeral Director & Embalmer
- 1992-1994 University of Southwestern Louisiana  
Commonwealth Institute of Funeral Services  
License Funeral Director & Embalmer
- 1988-1992 United States Army – Infantry  
Communications Sergeant

**Michael L. Soper**

President and Chief Executive Officer  
Legacy Funeral Group, LLC  
Legacy Funeral Services of Texas, LLC  
Houston, Texas

Michael Soper is president and CEO of Legacy Funeral Group; an owner and operator of 30 funeral homes in Texas, Louisiana, Mississippi, New Mexico. Legacy is one of the fastest growing companies in the death care industry. Soper co-founded the company in 2001. Prior to Legacy, Soper was president of Memorial Pre-Care, Inc., a prearranged funeral and burial benefits company. Soper reinsured the company's individual burial policies with Funeral Directors Life Insurance Company in 2001. Prior to Memorial Pre-Care, Soper was vice president of Southwest Guaranty Trust Company from 1991 to 1998, and was responsible for marketing the company's investment management services to funeral homes and cemeteries in 34 states. Soper started his career in the trust and investment business at Kanaly Trust Company in 1990.

Soper graduated from Texas Christian University in 1989 with a Bachelor of Science degree. While attending TCU, Soper started a college entrepreneurship that grew to be one of the largest collegiate imprinted sportswear companies in the southwest. Soper is a graduate of St. Thomas High School in Houston, Texas where he recently served on the Alumni Board of Directors. Soper is an active member of Young Presidents Association (YPO). Additionally, he is chairman of the Juvenile Diabetes Research Foundation Leadership Board - Houston, vice president of the Krewe of Maximilian, has served in various leadership capacities with the Houston Livestock Show and Rodeo and is a member of St. John Divine Episcopal Church.

Professionally, Soper is a past president of the Texas Funeral Service Suppliers Association, past board member of the Texas Funeral Directors Association and a member of the Texas Cemeteries Association, National Funeral Directors Association and International Cemetery & Funeral Association.

Soper is married to Andrea Gregg Soper and they have a two year old son Perri.

**Michael L. Soper**  
2022 Suffolk Drive  
Houston, Texas 77027  
(713) 622-6029

**WORK  
EXPERIENCE**

Legacy Funeral Services of Texas, L.L.C.  
Legacy Funeral Group, L.L.C.  
President & CEO (owner) (March 2001- Present)  
Owner and operator of 30 funeral homes:  
Texas, Louisiana, Mississippi, New Mexico

Memorial Pre-Care, Inc. – Houston, Texas  
President (July 1998 –Present)  
Prearranged Funeral and Cemetery Care Company  
\* Texas and Missouri Master prearranged funeral license  
\* Cemetery management and acquisition consulting

Southwest Guaranty Trust Company - Houston, Texas  
Vice President (May 1991 – July 1998)  
Independent trust company with over two billion dollars in assets under management  
\* Responsible for marketing the company's investment management and trust administrative services to the funeral service industry nationwide.

Kanaly Trust Company - Houston, Texas  
Marketing and Research Development (February 1990 - May 1991)  
Independent financial counseling and trust company.  
\* Marketed financial counseling and investing services to individuals.  
\* Responsible for all pre-need and perpetual care marketing and sales efforts.

Cowtown Apparel - Ft. Worth, Texas  
Entrepreneurship (January 1986 - January 1990)  
Self started imprinted sportswear company with salespeople nationwide.

**INDUSTRY  
ACTIVITIES**

Texas Funeral Service Suppliers Association - Past President  
Texas Funeral Directors Association - Board Member and Legislative Committee  
Texas Cemeteries Association - Member and Advisor to Legislative Committee  
National Funeral Directors Association - Member and Advisor for Prearranged  
Funeral Legislative Issues  
International Cemetery & Funeral Association - Member

**EDUCATIONAL  
BACKGROUND**

Texas Christian University, Ft. Worth, Texas  
Bachelor of Science Degree  
St. Thomas High School, Houston, Texas

**ACTIVITIES**

Young Presidents Organization (YPO) member  
Juvenile Diabetes Research Foundation, Leadership Board, Chairman  
Krewe of Maximilian, Vice President  
St. Thomas High School Alumni Association Board of Directors  
St. John the Divine - Adult youth group leader, confirmation teacher  
Houston Livestock Show and Rodeo - committeeman/vice chairman

# Taylor A. Greene

13503 Maxted Court  
Cypress, Texas 77429  
Hm: (281) 655-5734  
Bus: (713) 529-5770

## EDUCATION/QUALIFICATIONS

Bachelor of Business Administration, Baylor University, 1989  
Certified Public Accountant, 1992

## EXPERIENCE

### **2002-Present            Legacy Funeral Group**

Executive Vice President and Chief Operating Officer, Legacy Services  
Co-Owner and Chief Operating Officer, EasTex Funeral Services  
Co-Owner and Managing Officer, Legacy Funeral Group, LLC  
Owner and President, SouthMiss Funeral Services  
Owner and President, Legacy Funeral Properties  
Owner and President, West Oklahoma Funeral Services

### **1999-2002            Service Corporation International**

2000-2002

Sr. Vice President-Operations, SCI Main Street Region

- Senior Operations Manager for SCI business unit consisting of over 450 deathcare related operations located in 25 states primarily in rural markets
- Managed operations including funeral homes, cemeteries, monument companies, flower shops, and crematoria generating revenues in excess of \$150 million annually
- Participated in the formulation and implementation of operating strategies and procedures which are outside the norms of SCI operating philosophies necessitated by the unique challenges of small market deathcare operations.
- Interacted daily with senior executives from diverse business disciplines including sales, operations management, human resources, legal, accounting, and finance.

1999-2000

Vice President-Operations, SCI Central Region

- Interacted with senior and regional management to facilitate the assimilation of the 400 former ECI locations into SCI operating systems.
- Managed over 100 deathcare related operations including funeral homes, cemeteries, monument companies, flower shops, and crematoria within SCI's Central Region.
- Assisted and advised senior management on employee relations matters in the aftermath of the SCI/ECI merger.
- Evaluated former ECI operations for possible divestiture by SCI.
- Established and managed the accounting center that supported all operations in my area of responsibility.

1992-1999

**Equity Corporation International**

1996-1999

**Vice President – Funeral Operations**

- Managed over 120 deathcare related operations including funeral homes, cemeteries, monument companies, flower shops, and crematoria in diverse regions of the United States and Canada.
- Managed over \$50 million in annual revenues and over 700 employees.
- Performed numerous financial analysis functions including budgeting, forecasting, and results analysis for the funeral operations division.
- Assisted CEO with various special projects including interaction with federal and state regulatory agencies and Wall Street analysis.
- Assisted CFO with quarterly analysis of operating results.

1993-1996

**Financial Analyst / Special Projects – Funeral Operations**

- Responsible for the operational assimilation of all acquired properties (over 100 acquisitions).
- Delivered personalized training to new managers at acquired operations regarding financial management, operations management, human resources, and administration.
- Performed various financial functions including budgeting, forecasting, operations results analysis, and risk management.
- Prepared and delivered various presentations to the Board of Directors including analysis of operating results, operating and capital expenditure budgets, and new construction analysis proformas.
- Assisted CFO in interaction with SEC and FTC in preparation for initial public offering in October, 1994.

1992

**Senior Accountant – Assistant Controller**

- Performed various financial and tax accounting functions.
- Performed various financial analysis functions including budgeting and results analysis.
- Assisted CEO in the analysis and negotiation of two proposed mergers.
- Assisted CEO and VP-Operations with presentations to Board of Directors.

**1991-1992      Basic Capital Management, Inc., Dallas, Texas**  
Staff Accountant – Real Estate

**1990-1991      Electronic Data System, Inc., Dallas, Texas**  
Staff Accountant – Procurement Division

# **Confidential Exhibit 2**

**Petition of Legacy Holdings in Support of Respondents'  
Petition for Approval of Proposed Divestiture of  
Certain Assets of The Divestiture Businesses**

## **Financial Statements**

**Redacted from Public Version**

**Notify before any public disclosure:**

**Neil Kenton Alexander**

**Porter & Hedges, L.L.P.**

**1000 Main Street, 36<sup>th</sup> Floor**

**Houston, Texas 77002**

**(713) 226-6614**

**(713) 226-6214**

**[kalexander@porterhedges.com](mailto:kalexander@porterhedges.com)**

# **Confidential Exhibit 3**

**Petition of Legacy Holdings in Support of Respondents'  
Petition for Approval of Proposed Divestiture of  
Certain Assets of The Divestiture Businesses**

## **Pro Forma Financial Statements**

**Redacted from Public Version**

**Notify before any public disclosure:**

**Neil Kenton Alexander**

**Porter & Hedges, L.L.P.**

**1000 Main Street, 36<sup>th</sup> Floor**

**Houston, Texas 77002**

**(713) 226-6614**

**(713) 226-6214**

**[kalexander@porterhedges.com](mailto:kalexander@porterhedges.com)**

# Confidential Exhibit 4

Petition of Legacy Holdings in Support of Respondents'  
Petition for Approval of Proposed Divestiture of  
Certain Assets of The Divestiture Businesses

## Property Appraisals

Redacted from Public Version

Notify before any public disclosure:

Neil Kenton Alexander

Porter & Hedges, L.L.P.

1000 Main Street, 36<sup>th</sup> Floor

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# **Confidential Exhibit 5**

**Petition of Legacy Holdings in Support of Respondents'  
Petition for Approval of Proposed Divestiture of  
Certain Assets of The Divestiture Businesses**

## **Funeral Directors Life Insurance Co. Directors Investment Group, Inc. Commitment Letter**

**Redacted from Public Version**

**Notify before any public disclosure:  
Neil Kenton Alexander  
Porter & Hedges, L.L.P.  
1000 Main Street, 36<sup>th</sup> Floor  
Houston, Texas 77002  
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(713) 226-6214  
[kalexander@porterhedges.com](mailto:kalexander@porterhedges.com)**