

I. Background

On December 27, 2006, the Commission issued an Order to Show Cause and Order Modifying Order (“Modifying Order”) permitting SCI to exercise its rights under outstanding loan agreements and foreclose on the Memorial Funeral Homes, subject to the prompt divestiture of these businesses by the Trustee appointed by the Commission. The Trustee appointed is Thomas H. Johnson of Johnson Consulting, and this petition is submitted on his behalf. In January, 2007, SCI foreclosed on the Memorial Funeral Homes and since that date those properties have been under the management and control of the Trustee, as required by the Order.

Because this petition, including Confidential Exhibit A, contains confidential and competitively sensitive information relating to the divestiture of the McMullen/Colonial assets – the disclosure of which may prejudice the Buyer, harm the ongoing competitiveness of the assets, and impair the Trustee’s and Respondent’s ability to comply with the obligations of the Order – the Trustee has redacted such confidential information from the public version of this petition. Pursuant to Sections 2.41(f)(4) and 4.9(c) of the Commission’s Rules of Practice, 16 C.F.R. §§ 2.41(f)(4) & 4.9(c) (2006), the Trustee requests that the confidential version of this petition 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, 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).

The Trustee and the parties desire to complete the proposed divestiture of the McMullen/Colonial assets as soon as possible following Commission approval. All pre-closing conditions other than Commission approval have already been satisfied, so that the Sellers and the Buyer are in a position to close the divestiture transaction within a few days of such approval.

Prompt consummation will further the purposes of the Order because it will allow the Buyer to move forward on its business plans for the competitive operation of the divested assets. The Trustee accordingly requests that the Commission promptly commence the public comment period pursuant to Section 2.41(f)(2) of the Commission's Rules of Practice, 16 C.F.R. § 2.41(f)(2) (2006), limit the public comment period to the customary 30-day period, and grant this petition by approving the divestiture of the McMullen/Colonial assets as soon as practicable after the close of the public comment period.

II. The Proposed Acquirer Will be a Strong and Effective Competitor

The owners of the Buyer—James McMullen and his son Allen—have extensive experience in the funeral service business, primarily managing the two funeral homes they are planning to acquire, one of which bears the McMullen family name. They have obtained the necessary financing for the acquisition with coverage ratios that are well within industry standards. As a result, the acquisition by the Buyer of the McMullen and

Colonial Funeral Homes will assure that these businesses will continue to be strong and effective competitors in the Columbus, Georgia and Phenix City, Alabama geographic areas.

Industry Experience

The Buyer is a corporation that James McMullen and his son Allen have established for the purpose of purchasing the McMullen and Colonial Funeral Homes. The McMullens, together, will own 100 percent of this newly established company.

James McMullen attended Georgia Southwestern College and subsequently graduated from the Dallas College of Mortuary Science in 1961. He initially entered the funeral service business as an employee of Striffler Hamby Mortuary in Columbus, Georgia where he was employed for 24 years. In 1987 he opened the McMullen Funeral Home, which he sold to Preferred Funeral Directors in 1995. The investors who backed him financially when he started the funeral home wanted to liquidate their investment. Preferred ultimately sold the McMullen and Colonial Funeral Homes to Memorial Operations, Inc. ("Memorial"), which owned them until SCI foreclosed on these properties in January 2007. The foreclosure was due to the financial difficulties of Memorial and its owner, and not as a result of the management of the McMullen and Colonial Funeral Homes by James and Allen McMullen. In fact, these homes continued to operate profitably under the management of the McMullens notwithstanding the financial and regulatory problems encountered by other entities controlled by Memorial and its owner.

Allen McMullen graduated from Gupton Jones College of Mortuary Science in 1991 and has been with the McMullen Funeral Home since his graduation. Under the prior ownership, Allen served as General Manager of four locations, including McMullen Funeral Home, Colonial Funeral Home, Pearson-Treadwell Funeral home in Blackshear, Georgia, and Hollywood Cemetery in Houston, Texas. This experience will serve him well as he concentrates on managing the McMullen and Colonial establishments.

Cecille McMullen, James' wife, has handled the financial affairs of the firm for many years and will continue to do so in the future. In addition, because they will no longer be subject to the burdens and distractions resulting from the prior ownership, the McMullens will be able to manage the McMullen and Colonial Funeral Homes more efficiently and effectively.

The McMullens have neither competitive assets nor agreements with other funeral homes in the relevant geographic areas.

Financial Capability

The McMullens will fund the acquisition from their own invested capital and borrowed funds.

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Based on the terms and projected cash flows, the Trustee believes that

there will be adequate funds to service the debt and maintain a high level of service that will be very competitive in the market.

Operational Matters

In addition to the hands-on experience that the McMullens will bring to bear on these particular facilities, the new owners fully understand the competitive conditions in the areas where the homes are located. They established the McMullen Funeral Home 20 years ago and have continued to build its reputation and value, first as owners and later as managers under the ownership of Preferred and Memorial.

Because of this continuity, it is expected that most of the current employees will remain with the business. At the same time, as independent owners, the McMullens will be able to introduce a number of measures that will reduce costs and help the businesses to operate more efficiently. These include:

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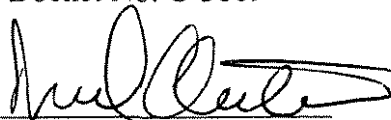
These efforts and others, including the reputation that the McMullens have earned for quality, caring service to families, should enable them to operate these homes more effectively and be an even stronger competitive force in the market.

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

The proposed acquisition of the McMullen and Colonial Funeral Homes by the McMullens, as embodied in the Asset Sale Agreement, will achieve the purposes of the Order. James and Allen McMullen have significant industry experience and a proven track record of increasing the number of families served. This experience should bode well for the future of the businesses. The financial structure of the transaction will allow adequate cash flow for further reinvestment in the firm. The fact that the McMullens will be owners with a strong established reputation in the market (including their name on the larger facility in Columbus, Georgia) will only enhance the competitive viability of these homes.

The proposed divestiture will result in no harm to competition as there is no overlap between the operations of the new owners and the businesses they are seeking to acquire. Consequently, this transaction does not raise any competitive issue. Indeed, since the cash flows of the acquired homes will now be utilized solely for the purposes of promoting these businesses, competition will be enhanced.

Respectfully submitted
On Behalf of Thomas H. Johnson
Hold Separate and Divestiture Trustee
FTC Docket No. C-3869

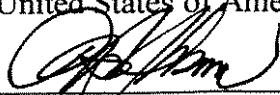
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Dated: May 29, 2007

CERTIFICATION OF TOM JOHNSON

The foregoing Petition has been prepared at my direction and the information contained therein is, 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.



Tom Johnson
Johnson Consulting
Hold Separate and Divestiture Trustee
FTC Docket No. C-3869