

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

In the Matter of)	
)	
Service Corporation International,)	
a corporation, and)	Docket No. C-4174
)	File No. 061-0156
Alderwoods Group, Inc.,)	
a corporation)	
)	

**PETITION FOR APPROVAL OF PROPOSED DIVESTITURES
TO WILSON FAMILY FUNERAL CHAPEL, INC.**

Pursuant to Section 2.41(f) of the Federal Trade Commission (“Commission”) Rules of Practice and Procedure, 16 C.F.R. § 2.41(f) (2006), and Paragraph II.A. of the Decision and Order issued by the Commission in this matter (“Decision and Order”), Respondent Service Corporation International (“SCI”) hereby petitions the Commission to approve the divestiture to Wilson Family Funeral Chapel, Inc. (“Wilson”), of the following facilities:

- Miller’s Tulare Funeral Home, 151 North H Street, Tulare, California 93274; and
- Whitehurst-McNamara Funeral Service, 100 West Bush Street, Hanford, California 93230.

The Divestiture Businesses associated with these facilities (as defined in the Decision and Order, and hereinafter collectively referred to as the “Wilson Divestiture Assets”) will be sold to Wilson pursuant to the Asset Sale Agreement dated February 5, 2007, by and among Wilson and SCI California Funeral Services, Inc. (“SCI California”) and Alderwoods Group (California), Inc. (“Alderwoods California”), both affiliates that are

indirectly wholly-owned by SCI, as amended by the First Amendment to Asset Sale Agreement, dated May 1, 2007 (collectively the “Sale Agreement”). The two executed documents which constitute the Sale Agreement are attached hereto as Confidential Exhibit A.

Background

On October 13, 2006, SCI and Respondent Alderwoods Group, Inc. (“Alderwoods”) (collectively, the “Respondents”) executed an Agreement Containing Consent Orders that included the Decision and Order and an Order to Hold Separate and Maintain Assets (collectively, the “Consent Agreement”) to settle the Commission’s charges that the proposed acquisition by SCI of Alderwoods 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 November 22, 2006, the Commission accepted the Consent Agreement for public comment, and after the close of the public comment period, the Commission gave final approval to the Consent Agreement and issued the Decision and Order. On November 28, 2006, SCI consummated its acquisition of Alderwoods. Alderwoods is now a wholly owned subsidiary of SCI.

Because this petition, including Confidential Exhibit A, contains confidential and competitively sensitive business information relating to the divestiture of the Wilson Divestiture Assets — the disclosure of which may prejudice the Respondents and Wilson, cause harm to the ongoing competitiveness of the Wilson 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. 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), the Respondents request

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 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).

SCI desires to complete the proposed divestiture of the Wilson Divestiture Assets as soon as possible following Commission approval thereof. All pre-closing conditions have already been satisfied, with the exception of Commission approval, so SCI and Wilson are in a position to close the divestiture within a few days of such approval and consent.¹

Prompt consummation will further the purposes of the Decision and Order and is in the interests of the public, Wilson, and the Respondents, because it will allow Wilson to move forward with its business plans for the competitive operation of the Wilson 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) (2006), limit the public comment period to the customary 30-day period, and grant this petition by approving the divestiture of the

¹ In order to transfer ownership of a funeral home, a notification to the California Cemetery and Funeral Bureau ("Bureau") regarding change in control of the funeral home must be submitted at least 30 days prior to closing. SCI California and Alderwoods California submitted this notice in February 2007. Separately, Wilson must also receive new funeral home licenses for these locations, but consistent with Bureau policy, SCI California, Alderwoods California and Wilson may complete the transaction prior to the receipt of these licenses. Based on discussions with the Bureau, and consistent with industry practice, Wilson will submit its applications for funeral licenses on or about the closing date. Once the Bureau considers the applications complete, the new licenses are usually processed within 90 days. Neither party is aware of any other state or local regulatory approvals that would constitute a condition to closing. Under California law, Wilson will be permitted to operate the funeral homes in question while the applications are pending.

Wilson Divestiture Assets to Wilson pursuant to the Sale Agreement as soon as practicable after the close of the public comment period.

I. The Sale Agreement 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 November 28, 2006, the date on which SCI consummated its acquisition of Alderwoods. Pursuant to this requirement, SCI has diligently sought a buyer that would be acceptable to the Commission, through an extensive auction process that produced great interest in the properties. On February 5, 2007, SCI caused SCI California and Alderwoods California to enter into a Sale Agreement that requires SCI California and Alderwoods California to sell the Wilson Divestiture Assets to Wilson, the highest bidder, and the agreement was amended by the First Amendment to Asset Sale Agreement, dated May 1, 2007.

The Sale Agreement with Wilson complies with the requirements of Paragraph II of the Decision and Order. Specifically, Paragraph II.A. requires that Respondents divest the Wilson Divestiture Assets, absolutely and in good faith. Wilson will acquire the Wilson Divestiture Assets pursuant to Section 1.1 of the Sale Agreement.

As required under the Consent Agreement, the Wilson Divestiture Assets are presently among the assets being operated separately from SCI's other operations under the management of Ron Collins, the independent Manager, and under the supervision of Bill Rowe, the Independent Monitor.

* * *

As demonstrated above and in the accompanying Sale Agreement, SCI has caused its affiliates to enter into an agreement relating to the divestiture of the Wilson Divestiture Assets that fully complies with the Decision and Order. Accordingly, the Respondents hereby seek

Commission approval of the proposed divestitures pursuant to Paragraph II.A. of the Decision and Order.

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

The management of Wilson has extensive experience in operating funeral homes, and Wilson has the financial wherewithal to make this acquisition. As a result, the acquisition of the Wilson Divestiture Assets by Wilson will assure that the facilities being acquired remain strong and effective competitors in the Tulare and Hanford, California geographic areas.

Background

Wilson is a locally owned, full-service, family run business that has assisted grieving families for 14 years. The business is operated by Kim and Judith Wilson, who are husband and wife. Wilson was originally formed as a partnership and was incorporated in 2005, with all of the outstanding stock owned by Kim and Judith Wilson, both of whom remain active in the business. Their only current funeral home, which was purchased in 1993 as Worden Funeral Chapel before the Wilsons changed the name to Wilson Family Funeral Chapel, is located at 1240 Winton Way, Atwater, California 93501-3507, at which all funeral services and administration are carried out. In connection with this funeral home, Wilson also operates a crematory that the company started in 1998. The crematory, which is located in an industrial park about half a mile from the Atwater facility, provides crematory services to both Wilson's customers and to customers of other funeral homes.

Until recently, Wilson also owned and operated a funeral home located in Livermore, California, approximately 85 miles from the Atwater location. The Livermore funeral home was purchased in 1994, but was forced to close in January 2007 after the property was taken by the Livermore School District in an eminent domain action that did not provide

Wilson with sufficient remuneration to relocate the facility. Wilson presently has a legal action pending to obtain the additional funds necessary to relocate to a new facility in Livermore.

Kim and Judith Wilson have successfully operated their funeral homes and crematory by remaining true to their mission of providing each family with options for handling death when it comes, celebrating and honoring life as it was lived and providing resources to help with moving on with life. To accomplish the mission, the Wilson family Funeral Chapel offers all facilities, information technology, video and music equipment, funeral merchandise, such as caskets, urns, jewelry, flowers, printed service materials, keepsake items, vehicles and cremation equipment necessary to create a funeral to each family's satisfaction.

Accomplishing this mission has enabled Wilson to grow in terms of both revenues and customers served.

Wilson provides families with personalized options and products to conduct funeral services, and the company has earned an excellent reputation for its outstanding presentation of the deceased, as evidenced by frequent positive written and verbal feedback from families served and the facility's growth in terms of customers served per year. This art and skill cannot be overestimated in the funeral profession and Kim and Judith Wilson consider it among the company's core strengths. The funeral home and crematory also enjoys a fine reputation

with the California Funeral & Cemetery Bureau, as evidenced by the funeral home's exemplary inspection reports.

Wilson has an outstanding record with the California Department of Consumers Affairs, Funeral & Cemetery Bureau, which regulates funeral homes in California. Funeral homes and crematories in California are required to renew licenses each year and are subject to yearly unannounced inspections. The Funeral & Cemetery Bureau has consistently found that Wilson meets or exceeds its legal obligations, and as a result, Wilson is not under investigation by any regulator.

Wilson Family Funeral Chapel does not own any funeral business in either the town of Tulare or the town of Hanford nor any of the surrounding areas as defined in the Decision and Order.

Financial Capability

The financial statements of Wilson validate the financial success of its funeral home business.

Wilson will utilize the assets of its existing funeral home, as collateral for a business loan to cover the purchase price for the two locations included in the divestiture. The loan, which Wilson secured from Brooke Credit Corporation, Overland Park, Kansas, will also provide Wilson with working capital. The debt service will come from existing call volume. The few necessary improvements in facilities

and vehicles will be done over time to avoid disrupting the business. Specifically, minor facility redecorating and painting will be performed in both locations and new vehicles will be required in one location. The cost of updating the facilities and improving the fleet is approximately \$50,000, and working capital and revenues from current volume should also pay for these improvements. Future improvements will be reviewed and made as appropriate in future years. While even the current call volume would cover the cost of the debt service and the improvements, Wilson expects call volumes to increase

. As a result, Wilson does not expect to have any problems making the scheduled loan payments on the money it plans to borrow to finance the proposed transaction and the improvements.

Operations Experience

Sole owners and operators of Wilson, Kim and Judith Wilson have been serving the families of the central valley of California since 1993. Both are licensed funeral directors and Kim Wilson is also a licensed embalmer. Both Kim and Judith Wilson have a broad base of business experience gleaned, in large part, from technical and managerial work in other industries. Kim Wilson is a graduate of San Francisco College of Mortuary Science. He worked in the funeral profession as a young man for his family, then had a career in the printing industry, before returning to the funeral business in 1993. Judith Wilson holds a B.A. in Microbiology from Rutgers University. After training as a microbiologist and chemist, she practiced for ten years as a scientist and general manager of scientists in the laboratory testing industry before becoming a licensed funeral director. Judith is now serving her embalming apprenticeship and plans to attend mortuary college for an embalming license. Additionally, both owners have post

collegiate management training. Kim Wilson's experience comes from working as a funeral director and embalmer, as well as a manager, for family owned and operated funeral homes in Linden, New Jersey and Fresno, California before purchasing his first funeral home in 1993. Kim and Judith Wilson are working owners, Kim handles the embalming duties and Judith assists with final presentation of the deceased. Both meet with families to comfort the bereaved, to arrange funeral services, and to direct funerals. Kim Wilson oversees pre-need funeral planning, as well as crematory operations. Judith Wilson handles daily operations, employees and financial administration. To complete the team, a staff of six funeral assistants works together and meets the funeral needs of each family.

The purchase of Miller's Tulare Funeral Home and Whitehurst McNamara Funeral Service, offers the Wilson's an opportunity to expand its client base and offer its quality funeral service to these two communities.

Kim and Judith Wilson will be administrating and supervising the daily operations of all locations. Three licensed funeral directors, two key managers, and three embalmers have agreed to work with Kim and Judith Wilson to serve families, conduct funeral ceremonies and complete required legal documents. Eight funeral assistants who will help serve client families complete the staff. Kim Wilson will work directly with embalmers and "pre-need" staff serving families who wish to pre-plan and pre-pay their funeral expenses. Judith Wilson will oversee daily operations and accounting functions. Wilson will use a clustering approach to share employees, equipment and facilities. By clustering, the company will cut its labor costs by as much as nine percent on an annual gross basis.

Employment offers have been made to all current funeral directors and funeral assistants in both locations described in the Sale Agreement. The management team will be a compilation of new hires and one existing manger (for the Hanford location) and other current

employees at the two new locations, Kim and Judith Wilson, and Wilson's current employees at its Atwater location.. The new manager slated for the Tulare funeral home has 15 years experience as a funeral director, embalmer and manager in funeral homes in Fresno, Kerman and Barstow, California, as well as in the State of Washington. As a result, the new manager has extensive experience servicing customers in California.

The Wilson's have over 10 years' experience owning and operating two facilities simultaneously in Atwater and Livermore, as well as the related crematory operation in Atwater. Adding two new facilities is a natural extension of their management abilities. Their successful operation of the Atwater and Livery locations have demonstrated both their ability to manage multiple funeral homes, and this acquisition fulfills a long-term goal of Wilson to grow its business beyond its current locations. Adding the funeral homes in this divestiture will enable Wilson to more fully utilize its management team and physical assets, and thereby to benefit from economies of scale. Wilson's previous acquisitions of funeral homes provide it with the experience necessary to complete the present acquisition and to integrate smoothly the two new locations with its facility in Atwater. The proximity of Hanford and Tulare to Atwater will facilitate this integration.

Thus, Wilson has sufficient operating expertise not only to ensure the continued competitiveness of the Wilson Divestiture Assets, but to enhance their competitiveness in the future.

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 Wilson Divestiture Assets, as embodied in the Sale Agreement, will achieve the purposes of the Decision and Order. Wilson's management has significant industry experience and a proven track record of successfully operating and improving funeral homes. Wilson enjoys a strong financial position that will enable it to

complete this acquisition, continue the operation of the Wilson Divestiture Assets, and enhance their competitiveness in the market for funeral services. Combining the Wilson Divestiture Assets with Wilson management's experience and the company's financial wherewithal will ensure that the objectives of the Commission's Decision and Order will be realized.

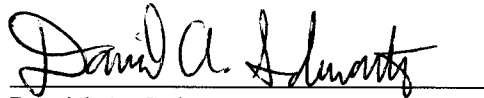
The proposed divestiture will result in no harm to competition. There is no overlap between the operations of Wilson and the Wilson Divestiture Assets. Consequently, the proposed divestiture does not raise any competitive issue.

In sum, the proposed divestiture will remedy any anticompetitive effects that could result from the Acquisition. The Sale Agreement will achieve the Commission's stated purposes of ensuring the continued use of the Wilson Divestiture Assets in the same business in which they were engaged at the time of the announcement of the proposed 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 Wilson Divestiture Assets to Wilson, as embodied in the Sale Agreement, as soon as practicable after expiration of the public comment period.

Respectfully submitted,

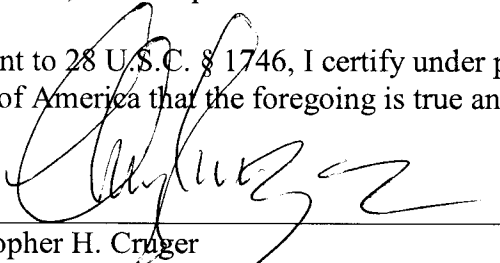


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Counsel for Respondents
Dated: May 14, 2007

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.

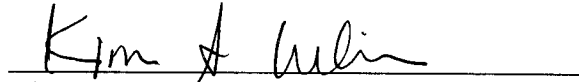


Christopher H. Cruger
Vice President, Business Development
Service Corporation International

CERTIFICATION OF WILSON FAMILY FUNERAL CHAPEL, INC.

The facts and information related in the foregoing Petition, insofar as they pertain to Wilson Family Funeral Chapel, Inc. and its management 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 "Kim A. Wilson", is written over a horizontal line.

Kim A. Wilson

President

Wilson Family Funeral Chapel, Inc.

EXHIBIT A

[REDACTED FROM THE PUBLIC RECORD VERSION]