

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 MGM, 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 MGM, Inc. (“MGM”) of Estes-Leadley Greater Lansing Chapel, 325 West Washtenaw Street, Lansing, Michigan, and Estes-Leadley Holt/Delhi Chapel, 2121 North Cedar Street, Holt, Michigan (collectively referred to as “Estes-Leadley Funeral Homes”).

The Divestiture Businesses associated with these facilities (as defined in the Decision and Order, and hereinafter collectively referred to as the “MGM Divestiture Assets”) will be sold to MGM pursuant to the Asset Sale Agreement dated February 9, 2007 (the “Sale Agreement”), by and among MGM and SCI Michigan Funeral Services, Inc. (“SCI Michigan”), an affiliate that is indirectly wholly-owned by SCI. The executed Sale Agreement is 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 MGM Divestiture Assets — the disclosure of which may prejudice the Respondents and MGM, cause harm to the ongoing competitiveness of the MGM 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 MGM Divestiture Assets as soon as possible following Commission approval thereof. All pre-closing conditions other than Commission approval have already been satisfied, so that SCI Michigan and MGM are in a position to close the divestiture within a few days of such approval.¹

Prompt consummation will further the purposes of the Decision and Order and is in the interests of the public, MGM, and the Respondents, because it will allow MGM to move forward with its business plans for the competitive operation of the MGM 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 MGM Divestiture Assets to MGM pursuant to the Sale Agreement as soon as practicable after the close of the public comment period.

¹ In order to transfer ownership of a funeral home, the Buyer must submit an application to the Board of Examiners of Mortuary Science at least 30 days prior to closing. MGM submitted this notice on January 29, 2007, after it had signed on January 12, 2007, a letter of intent to purchase the MGM Divestiture Assets from SCI. An inspection, which must occur before a new license is granted, is scheduled for April 2, 2007.

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 9, 2007, SCI caused SCI Michigan to enter into a Sale Agreement that requires SCI Michigan to sell the MGM Divestiture Assets to MGM, the highest bidder.

The Sale Agreement with MGM complies with the requirements of Paragraph II of the Decision and Order:

A. Paragraph II.A. requires that Respondents divest the MGM Divestiture Assets, absolutely and in good faith. MGM will acquire the MGM Divestiture Assets pursuant to Section 1.1 of the Sale Agreement.

B. Paragraph II.B. requires that Respondents divest to a single buyer the divestiture assets in the Lansing, Michigan area, including Estes-Leadley Holt/Delhi Chapel, 2121 North Cedar Street, Holt, Michigan and Estes-Leadley Greater Lansing Chapel, 325 West Washtenaw Street, Lansing, Michigan. The Sale Agreement contemplates that MGM will acquire both of these facilities, satisfying this requirement.

As required under the Consent Agreement, the MGM Divestiture Assets are presently among the assets being operated by SCI under the supervision of Bill Rowe, the Interim Monitor.

* * *

As demonstrated above and in the accompanying Sale Agreement, SCI has caused SCI Michigan to enter into an agreement relating to the divestiture of the MGM 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

MGM's management has extensive experience in operating funeral homes, particularly the funeral homes being acquired, and MGM has the financial wherewithal to make this acquisition. As a result, MGM's acquisition of the MGM Divestiture Assets will assure that these facilities remains strong and effective competitors in the Lansing, Michigan area.

Background

MGM is a corporation incorporated on January 12, 2007 by Steven T. Morgan and Jeremy S. Gough for the purpose of purchasing Estes-Leadley Funeral Homes. Mr. Morgan and Mr. Gough are equal fifty percent (50%) shareholders in MGM. Mr. Morgan, who will hold the position of President, has been in the death care industry since 1985 (21 years), has been with Estes-Leadley Funeral Homes for 19 years, and has been a licensed funeral director since 1989 (18 years). Mr. Gough, who will hold the positions of Vice President, Secretary and Treasurer, has been in the death care business since 1994 (13 years), has been a licensed funeral director since 1996 (11 years), and has been at Estes-Leadley Funeral Homes for the last nine years. MGM's headquarters will be at Estes-Leadley Greater Lansing Chapel. MGM currently has only two employees, Mr. Morgan and Mr. Gough, but plans on hiring most of the staff of Estes-Leadley Funeral Homes. Neither MGM nor its owners have any competitive assets in the Lansing, Michigan market; MGM's operations will consist solely of the Estes-Leadley Funeral Homes.

Financial Capability

MGM's financial ability to purchase Estes-Leadley Funeral Homes derives from a variety of resources. Mr. Morgan and Mr. Gough have both invested their own capital to get to this point in the transaction and will continue to do so, as they expect that their equity will cover 5% of the purchase price. For the remainder of the purchase price,

Operations Experience

As noted above, both Mr. Morgan and Mr. Gough have extensive experience in the death care industry including 30 years at Estes-Leadley Funeral Homes between them. They expect to obtain the consulting services of Lance R. Lynch, a former owner of Estes-Leadley Funeral Homes with over 42 years of experience at these funeral homes. MGM plans to retain all of the employees currently employed by Estes-Leadley Funeral Homes, except for those whose duties involve reporting to SCI and aiding SCI in its national proprietary community outreach programs. One of the employees MGM expects to retain is Tiffani Morrell, the third

funeral director presently working at the Estes-Leadley Funeral Homes. MGM also plans to hire a fourth licensed funeral director to help handle the volume of the two Estes-Leadley facilities, an average of 430 funerals a year. Specifically, MGM plans to hire Paul St. Pierre, a former apprentice funeral director at Estes-Leadley. This will return the facility to operating with four funeral directors, a situation that changed in March 2006 when the number of funeral directors fell from four to three.

MGM

therefore expects the Estes-Leadley Funeral Homes to become a stronger competitor after the proposed divestiture than they were prior to the Alderwoods transaction.

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

The proposed divestiture of the MGM Divestiture Assets, as embodied in the Sale Agreement, will achieve the purposes of the Decision and Order. MGM's management has significant industry experience and a proven track record of successfully operating the funeral homes that MGM is acquiring. MGM enjoys a strong financial position that will enable it to complete this acquisition, continue the operation of the MGM Divestiture Assets, and enhance their competitiveness in the market for funeral services. Combining the MGM Divestiture Assets with MGM management's experience and the company's financial wherewithal will ensure that the objectives of the Commission's Decision and Order will be realized.

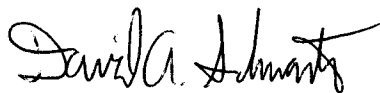
The proposed divestiture will result in no harm to competition. There is no overlap between the operations of MGM and the MGM Divestiture Assets. Consequently, the proposed divestiture does not raise any competitive issue.

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 MGM 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 MGM Divestiture Assets to MGM, as embodied in the Sale Agreement, as soon as practicable after expiration of the public comment period.

Respectfully submitted,

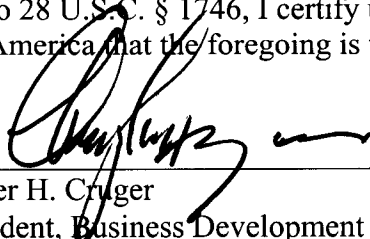


David A. Schwartz
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
(212) 403-1000
Counsel for Respondents
Dated: March 20, 2007

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.

A handwritten signature in black ink, appearing to read "Christopher H. Cruger", is written over a horizontal line. The signature is stylized and includes a long horizontal stroke at the end.

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

CERTIFICATION OF MGM, INC.

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



Steven T. Morgan
President
MGM, Inc.

EXHIBIT A

[REDACTED FROM THE PUBLIC RECORD VERSION]