

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

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

**PETITION FOR APPROVAL OF PROPOSED DIVESTITURE  
TO ROLLINGS FUNERAL SERVICE, 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 contained in the Agreement Containing Consent Orders accepted for public comment in this matter (“Decision and Order”), Respondent Service Corporation International (“SCI”) hereby petitions the Commission to approve the divestiture to Rollings Funeral Service, Inc. (“Rollings”) of Parnick Jennings Funeral Home & Cremation Services, 430 Cassville Road, Cartersville, Georgia.

The Divestiture Businesses associated with this facility (as defined in the Decision and Order, and hereinafter collectively referred to as the “Rollings Divestiture Assets”) will be sold to Rollings pursuant to the Asset Sale Agreement dated November 30, 2006 (the “Sale Agreement”), by and among Rollings and SCI Georgia Funeral Services,

Inc. (“SCI Georgia”).<sup>1</sup> 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 on November 28, 2006, SCI consummated its acquisition of Alderwoods. Alderwoods is now a wholly owned subsidiary of SCI. The Consent Agreement is presently before the Commission for final approval and issuance of the Decision and Order.

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

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<sup>1</sup>The Sale Agreement also includes the sale of Jennings Funeral Home Heritage Chapel, 1148 North Broad Street, Rome, Georgia, and Jennings Oaknoll Funeral Home and Cremation Services, 2542 Shorter Avenue NW, Rome, Georgia. These businesses, which are neither in a relevant geographic market defined by the Complaint in this matter nor in a market served by Rollings, have been included in the divestiture because these are desirable facilities that Rollings would like to own and in order to avoid any issues relating to the common name under which they operate.

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 Rollings 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 and Rollings are in a position to close the divestiture within a few days of such approval.<sup>2</sup> Prompt consummation will further the purposes of the Decision and Order and is in the interests of the public, Rollings, and the Respondents, because it will allow Rollings to move forward with its business plans for the competitive operation of the Rollings 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 Rollings Divestiture Assets to Rollings pursuant to the Sale Agreement as soon as practicable after the close of the public comment period.

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<sup>2</sup> Georgia does not require any type of advance approval for the transfer of a funeral home. Instead, the parties must provide two written notices to the Georgia State Board of Funeral Services (the "Georgia Board"). First, the parties must notify the Georgia Board of the proposed change in ownership before the actual closing of the transfer. Second, the parties must notify the Board after the transfer has been consummated. In compliance with the requirements of Georgia law, Rollings and SCI Georgia have notified the Georgia Board of the proposed transfer of the three locations by letter dated December 12, 2006. The second notice will be provided after closing.

**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's acquisition of Alderwoods was consummated. 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 November 30, 2006, SCI caused SCI Georgia to enter into the Sale Agreement with the highest bidder, Rollings, which requires SCI Georgia to sell the Rollings Divestiture Assets to Rollings.

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

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As demonstrated above and in the accompanying Sale Agreement, SCI has caused SCI Georgia to enter into an agreement relating to the sale of the Rollings Divestiture Assets that fully complies with the Commission's 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**

Rollings has extensive experience in acquiring and operating funeral homes and the financial wherewithal to make this acquisition. The acquisition will assure that the Rollings Divestiture Assets remain strong and effective competition in Cartersville, Georgia.

### Background

Greg and Debbie Rollings founded Rollings in May of 2001 with the acquisition of three funeral homes from SCI, and the company remains privately held, with the couple serving as the only shareholders. Rollings and its affiliated companies own and operate 13 funeral homes, three cemeteries and three crematories, with locations in Georgia, South Carolina and Oregon.<sup>3</sup> These facilities provided services to about 1,345 families in 2005

. Rollings and its affiliated companies are on pace to serve even more families and produce even greater revenues this year.

Mr. and Mrs. Rollings run the company out of their home in Peachtree City, Georgia. They have spent their entire careers in the funeral service industry, with Mr. Rollings starting his career as a licensed funeral director and embalmer more than 20 years ago. As detailed below, Mr. Rollings has experience working as a funeral director at a family-owned funeral home and as a regional manager in The Loewen Group (which later became Alderwoods), after the conglomerate purchased his firm. Mr. Rollings also served as President of Meridian Mortuary Group, a funeral home operating company, before founding Rollings with his wife in 2001.

Rollings began with the purchase of three funeral homes in small towns in central Georgia (Hawkinsville, Montezuma, and Madison) from SCI, and has continued to focus on the operation of small-town facilities. Over the last four years, Rollings and its affiliated companies have continued to grow through several acquisitions. These acquisitions include the purchase of two funeral home locations in Augusta, Georgia, from the Alderwoods Group, the purchase of

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funeral homes in three other small towns in Georgia from independent owners (Washington, Elberton, and Austell), and the purchase of two funeral homes, two cemeteries and two crematories in Coos Bay, Oregon and North Bend, Oregon. The properties and business acquired in these transactions over the last five years constitute the current holdings of Rollings and its affiliates today. The present acquisition is consistent with Rollings's focus on funeral homes in small towns.

Rollings operates its facilities with the motto "Large enough to serve, small enough to care." Consistent with this motto, Rollings has grown at a very disciplined rate, and continues to have a strong focus on the operation of the facilities, rather than on simply getting bigger. As detailed on the company's website, Rollings was founded to "provide [exceptional] service to the communities in which they own a funeral home," and not simply for profit. Rollings prides itself on the outstanding reputation earned by its facilities and enjoyed in its relationship with the regulatory agencies involved in the funeral industry. Rollings maintains the excellence of its facilities by providing local managers with an opportunity to own their own funeral home one day. Specifically, through its management agreements, Rollings provides its local managers with a right of first refusal with respect to any proposed sale of the facility they manage. For more information on Rollings and its approach to funeral home operations, please refer to Rollings's website ([www.RollingsFuneralService.com](http://www.RollingsFuneralService.com)).

Rollings does not have competitive assets in any of the relevant geographic markets served by the facilities it is acquiring. The closest Rollings funeral home to the facilities it is acquiring is more than 25 miles away.

#### Financial Capability

Greg Rollings is very experienced in obtaining funding for transactions. He spent four years with Meridian Mortuary Group, a funeral home company backed by the venture capital firm of Toma-Cressey.

#### Operations Experience

Greg Rollings has more than 20 years' experience in the funeral industry and is very highly respected and enjoys excellent contacts in the industry. Mr. Rollings has significant experience purchasing and integrating funeral homes into larger operations. As a result, Mr. Rollings knows what works and what does not work when transitioning funeral homes to new ownership and to a new corporate structure. Throughout his career, Mr. Rollings has worked with managers to keep them motivated and focused on serving families and keeping businesses within operating budgets. Mr. Rollings expects to continue this approach with the facilities acquired in the proposed divestiture.

Mr. Rollings began his career operating a family firm after becoming licensed as a funeral director and embalmer in 1984. In 1992, Mr. Rollings was named "Young Funeral Director of the Year" by the State of California. Two years later, his firm was purchased by The Loewen Group, where he rose to the rank of Vice President in 1996 and eventually became Senior Vice President for the Southern Division. As both Vice President and Senior Vice President, Mr. Rollings was responsible for the operations of more than 300 funeral home

locations. In 1999, Mr. Rollings left The Loewen Group to serve as President/CEO at Meridian Mortuary Group, a venture capital-backed funeral home company that owns approximately 50 funeral home locations. Thirty-nine of these locations were acquired during Greg Rollings's tenure at Meridian. Because of his experience at Loewen, Mr. Rollings was able to create and structure a program to transition funeral homes from privately-owned status to a more structured corporate style of operations, and integrate them into the existing corporate organization. While at Loewen, Mr. Rollings gained substantial experience in this type of integration because Loewen was experiencing rapid growth at the time, and relied heavily on the operations personnel (such as Mr. Rollings) to integrate new firms into the corporate structure. In 2001, Mr. Rollings decided to leave the corporate world, return to his independent operator roots and found Rollings with the purchase of an initial three funeral homes. Since that time, Rollings and its affiliates have made a total of seven acquisitions to grow to a total of 13 funeral homes, three cemeteries and three crematories. Each acquisition has been successfully integrated into Rollings. Rollings advertises that these locations are privately owned and offers merchandise according to the unique features of each particular market.

Consistent with past practice, Rollings will offer consulting agreements to the former owners of the facilities it is purchasing, who had sold these facilities to SCI, in order to maintain and outline their continued involvement in the business. Rollings will similarly offer management agreements to the current operational managers.



### **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 Rollings Divestiture Assets, as embodied in the Sale Agreement, will achieve the purposes of the Decision and Order. Rollings is an experienced operator of funeral homes, with a proven track record of successfully operating and enhancing the funeral homes that it has acquired in the past. Rollings enjoys a strong financial position that will enable it to complete this acquisition, continue the operation of the Rollings Divestiture Assets and enhance their competitiveness in the market for funeral services. Combining the Rollings Divestiture Assets with Rollings's experience and financial wherewithal will ensure that the objectives of the Commission's Decision and Order will be realized.

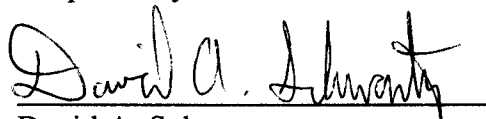
The proposed divestiture will result in no harm to competition. Rollings does not currently compete in any market, as defined in the Commission's Complaint, in which the Rollings Divestiture Assets operate. Consequently, there is no overlap between the operations of Rollings and the Rollings Divestiture Assets, and 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 Rollings 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. Indeed, Rollings has the necessary operating expertise and strategic plan not only to ensure the continued competitiveness of the Rollings Divestiture Assets, but also to enhance their competitiveness.

Conclusion

For the foregoing reasons, the Respondents respectfully request that the Commission approve the proposed divestiture of the Rollings Divestiture Assets to Rollings, as embodied in the Sale Agreement, as soon as practicable after expiration of the public comment period.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David A. Schwartz", written over a horizontal line.

David A. Schwartz

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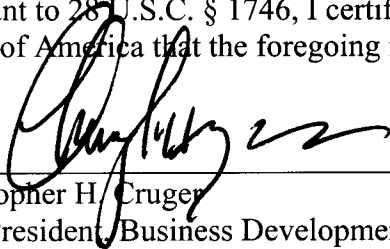
Counsel for Respondents

Dated: January 3, 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.



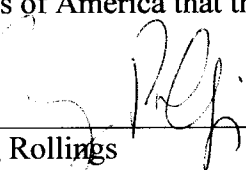
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Christopher H. Cruger  
Vice President, Business Development  
Service Corporation International

CERTIFICATION OF ROLLINGS FUNERAL SERVICE, INC.

The facts and information related in the foregoing Petition, insofar as they pertain to Rollings Funeral Service, Inc., their subsidiaries and affiliates, and their respective 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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Greg Rollings  
President  
Rollings Funeral Service, Inc.

**EXHIBIT A**

**[REDACTED FROM THE PUBLIC RECORD VERSION]**