

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 DIVESTITURE
TO KENT CARE, LLC**

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 III.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 Kent Care, LLC (“Kent”) of Holder Wells Funeral Home, 4007 Main St., Moss Point, Mississippi.

The Divestiture Businesses associated with this facility (as defined in the Decision and Order, and hereinafter collectively referred to as the “Kent Divestiture Assets”) will be sold to Kent pursuant to the Asset Sale Agreement dated May 25, 2007 (the “Sale Agreement”), by and among Kent and Alderwoods (Mississippi), Inc. (“AMI”), an affiliate that is owned 100% 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 Kent Divestiture Assets — the disclosure of which may prejudice the Respondents and Kent, cause harm to the ongoing competitiveness of the Kent 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 Kent Divestiture Assets as soon as possible following Commission approval thereof. All pre-closing conditions other than Commission approval have already been satisfied or will be obtained prior to Commission approval, so that AMI and Kent 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, Kent, and the Respondents, because it will allow Kent to move forward with its business plans for the competitive operation of the Kent 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 Kent Divestiture Assets to Kent 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 III.A. of the Decision and Order requires the Respondents in each Dignity Area designated in the complaint in this matter to either terminate the Dignity Memorial

¹ The Mississippi Board of Funeral Service requires that a Funeral Establishment License Application be completed by Kent, submitted and approved prior to closing. The Board's Executive Director has indicated that the approval process, including a presubmission interview, consumes no more than 30 days from the date of submission. Kent expects to make the submission shortly.

Affiliate Agreement with each Dignity Affiliate in that area or divest the Alternative Divestiture Assets Businesses (as these terms are defined in the Decision and Order) to a purchaser approved by the Commission. Pursuant to this requirement, SCI has diligently sought buyers that would be acceptable to the Commission for the various Alternative Divestiture Assets through an extensive auction process that produced great interest in the properties. On May 25, 2007, SCI entered into a Sale Agreement that requires SCI to sell the Kent Divestiture Assets to Kent, the highest bidder. The Kent Divestiture Assets represent all of the Alternative Divestiture Assets in the Dignity Area in and around Pascagoula, Mississippi.

The Sale Agreement with Kent complies with the requirements of Paragraph III of the Decision and Order. Paragraph III.A.2. allows Respondents to fulfill its obligations under the Decision and Order by divesting the Kent Divestiture Assets, absolutely and in good faith. Kent will acquire the Kent Divestiture Assets pursuant to Section 1.1 of the Sale Agreement. As required under the Consent Agreement, the Kent 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 entered into an agreement relating to the divestiture of the Kent Divestiture Assets that fully complies with the Decision and Order. Accordingly, the Respondents hereby seek Commission approval of the proposed divestitures pursuant to Paragraph III.A.2. of the Decision and Order.

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

Kent's management has extensive experience in operating funeral homes, and Kent has the financial wherewithal to make this acquisition. The acquisition of the Kent

Divestiture Assets by Kent will therefore assure that the business remains a strong and effective competitor in the area around Pascagoula, Mississippi.

Background

Kent was founded by its management team in July 2004. In October 2005, Kent was incorporated as a Delaware LLC. The company is headquartered in Mariana, Florida

Kent currently owns _____, a combination funeral home/cemetery in Tallahassee, Florida, _____, and provides management for funeral homes in Tennessee _____.

Kent began operations by analyzing the funeral industry in order to develop a business plan for its operations. Under this business plan, Kent has determined to focus on acquiring and operating independent funeral homes, primarily in the Southeastern United States. Kent also developed its “model location” concept, detailing the pro-forma financial model of the funeral homes that Kent would ideally like to own. The model includes expected parameters for call volume, revenues, cost structure and geographic location, and the company uses this model to calculate opportunity for financial improvement at potential acquisition targets. The model will also enable Kent to measure progress at the facilities it owns and operates, providing guidance by showing whether certain line items of revenue or expense have strayed too far from their targets. The Kent Divestiture Assets match Kent’s model location criteria, and the company expects to improve the operation of the facility, making it both more profitable and more attractive to customers.

Kent has strong revenues and is profitable. Kent also enjoys good relationships with regulators in Florida and Tennessee, the states in which it currently operates, as well as in Alabama where it has explored acquisition opportunities.

Neither Kent nor its owners own or operate funeral homes in the area around Moss Point and Pascagoula, Mississippi.

Management Team

The Kent leadership team includes two successful funeral home owner/operators with significant hands-on experience supported by two seasoned executives with experience in finance, marketing, merchandising, and general management. Each member of the management team has an ownership interest in Kent. The management consists of the following individuals:

Charles Kent, CEO (Chief Executive Officer), has over 30 years of hands-on experience owning and managing funeral homes. A funeral director, he established a chain of nine homes and three cemeteries from scratch, becoming the largest independent operator in Northwest Florida, with additional funeral homes in Alabama and Georgia. Charles Kent eventually sold his chain to Carriage Services in 1997, and worked at that company for four years. He left Carriage in 2001 to pursue other interests, and in 2002, Charles Kent purchased Marianna Chapel Funeral Home in Marianna, Florida. Charles Kent continues to own this facility,

. Charles Kent is recognized in the industry as one of the top professionals in the field.

Ricky Kent, COO (Chief Operating Officer), Charles Kent's brother, has been in the funeral business for over 25 years and is similarly recognized as a top professional in the field. Ricky Kent has owned and operated successful funeral homes both independently and with his brother, Charles (Ricky Kent had an interest in several of the funeral homes that were sold to Carriage). In addition to and distinct from his role and interest in Kent, Ricky Kent currently co-owns with his ex-wife funeral homes in Eufaula and Clayton, Alabama, that he has owned

since 1982. In 2002, Ricky Kent purchased an interest in a funeral home in Panama City, Florida. At each of these three funeral homes, Ricky Kent provides management experience, but others handle most of the day-to-day operations.

Art Kimbrough, President, is an entrepreneur and business strategist with both start-up and Fortune 100 leadership experience. He founded two companies (Inner Circle Logistics, Inc., a supply chain software company (www.iclogistics.com), and The Art of Strategy, LLC, a strategic planning firm) and led the expansion efforts of two other early stage ventures (DirectPresenter, Inc., and Organic One, Inc.). At Wainwright Industries, the 1994 winner of the Malcolm Baldrige National Quality Award (the nation's highest award for quality), Mr. Kimbrough advised hundreds of CEOs and executives on best-in-class management principles. He is President and CEO of the Jackson County Florida Chamber of Commerce and his funeral industry experience consists of his three years with Kent.

Philip Tyler, CFO (Chief Financial Officer), in addition to serving as Kent's Chief Financial Officer, is a partner with McDaniel Associates, P.A., CPAs and Business Consultants, which provides accounting services to Kent as needed. Previously, Mr. Tyler was CFO and treasurer for ten years of UniMac Company, Inc., a manufacturing firm with 550 employees whose annual revenues grew from \$13 million to \$68 million before being acquired by Raytheon in 1994. Like Mr. Kimbrough, Mr. Tyler's experience in the funeral industry consists of his three years with Kent Care.

Financial Capability

Kent recently completed the acquisition of a combined funeral home and cemetery in Florida.

Kent is a profitable company with access to the equity required to complete this proposed acquisition. The company has established relationships with financial services firms who will provide the debt financing required to complete its desired transactions.

* * *

In view of the foregoing, Kent has sufficient operating expertise to not only ensure the continued competitiveness of the Divestiture Assets, but to enhance them.

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

competitiveness in the market for funeral services. Combining the Kent Divestiture Assets with Kent management's experience will ensure that the objectives of the Commission's Decision and Order will be realized.

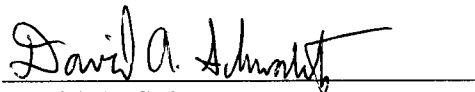
The proposed divestiture will result in no harm to competition. There is no overlap between the operations of Kent and the Kent Divestiture Assets. Consequently, the proposed divestiture does not raise any competitive issue.

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

Respectfully submitted,

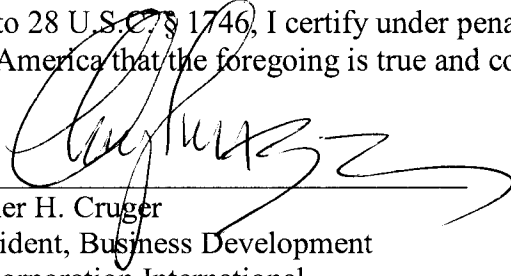


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Counsel for Respondents
Dated: May 29, 2007

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.

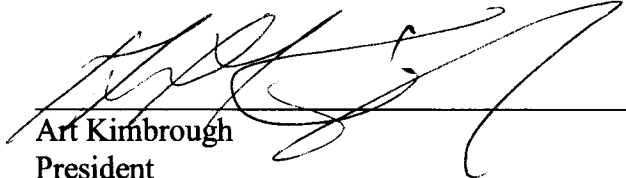
A handwritten signature in black ink, appearing to read 'Christopher H. Cruger', written over a horizontal line.

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

CERTIFICATION OF KENT CARE, LLC

The facts and information related in the foregoing Petition, insofar as they pertain to Kent Care, LLC, its 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.



Art Kimbrough
President
Kent Care, LLC

EXHIBIT A

[REDACTED FROM THE PUBLIC RECORD VERSION]