

**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	)	

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**PETITION FOR APPROVAL OF PROPOSED DIVESTITURES  
TO JANSSEN FUNERAL HOMES, INC., AND  
JANSSEN-EASTMAN PROPERTIES, 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 Janssen Funeral Homes, Inc., and Janssen-Eastman Properties, LLC (collectively “Janssen”) of the following funeral homes:

- Evergreen Memorial Chapel, 737 E. Street, Anchorage, Alaska;
- Evergreen’s Eagle River Funeral Home, 11046 Chugiak Drive, Eagle River, Alaska; and
- Alaska Cremation Center, 3804 Spenard Road, Anchorage, Alaska.

The Divestiture Businesses associated with these facilities (as defined in the Decision and Order, and hereinafter collectively referred to as the “Janssen Divestiture Assets”) will be sold to Janssen pursuant to the Asset Sale Agreement dated June 29, 2007 (the “Sale Agreement”), by and among Janssen and Alderwoods (Alaska), Inc. (“AAI”), an affiliate that is owned 100% by SCI. Specifically, Janssen Funeral Homes, Inc., will

purchase the businesses and their operational assets, while Janssen-Eastman Properties, LLC, will acquire the associated real estate. Scott Janssen, who is presently the General Manager for these locations, is the majority owner of Janssen together with his wife, Debbie Janssen. 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 Janssen Divestiture Assets — the disclosure of which may prejudice the Respondents and Janssen, cause harm to the ongoing competitiveness of the Janssen 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 Janssen Divestiture Assets as soon as possible following Commission approval thereof. All pre-closing conditions other than Commission approval have already been satisfied, so that AAI and Janssen are in a position to close the divestiture within a few days of such approval.<sup>1</sup>

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

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<sup>1</sup> Under Alaska law, Janssen is responsible for obtaining his occupational license and the licenses for each of the three locations included in the Sale Agreement. Janssen must submit the relevant application at least 10 days prior to closing, but the relevant agency in Alaska will not issue these occupational and business licenses until it receives confirmation of closing and SCI surrenders its existing business licenses. Janssen expects to submit the relevant application before the end of July.

**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 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. SCI has entered into a Sale Agreement dated June 29, 2007, that requires SCI to sell the Janssen Divestiture Assets to Janssen, the highest bidder. The Janssen Divestiture Assets represent all of the Alternative Divestiture Assets in the Dignity Area in and around Anchorage, Alaska.

The Sale Agreement with Janssen 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 Janssen Divestiture Assets, absolutely and in good faith. Janssen will acquire the Janssen Divestiture Assets pursuant to Section 1.1 of the Sale Agreement. As required under the Consent Agreement, the Janssen 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 Janssen 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**

Scott Janssen, the majority owner of Janssen, has extensive experience managing the funeral homes that are the subject of the proposed acquisition, and Janssen has the financial wherewithal to make this acquisition. The acquisition of the Janssen Divestiture Assets by Janssen will therefore assure that the business remains a strong and effective competitor in Anchorage, Alaska and the surrounding area.

### Background

Mr. Janssen formed Janssen in order to complete the proposed acquisition, and he is the majority owner of Janssen together with his wife, Debbie Janssen. Mr. Janssen has more than 20 years of experience as a funeral director and has served in a managerial role at the Janssen Divestiture Assets for nearly 20 years. He has been the General Manager of these facilities since 1994, and since that time, the Janssen Divestiture Assets have grown in volume, more than doubled net revenues and nearly doubled profit margins. In addition to being a licensed funeral director and embalmer, Mr. Janssen is a licensed insurance agent (for the sale of insurance products to fund pre-need funeral contracts) and a certified crematory operator.

Like her husband, Mrs. Janssen also has significant experience in the funeral industry. She began working in the funeral business more than 20 years ago, and while she did not work in the funeral industry while she raised their two daughters, she returned to the industry when she started work at the Janssen Divestiture Assets in 2000. Mrs. Janssen is completing the necessary coursework for her funeral director's license in Alaska, which she expects to obtain next year.

The minority owners of Janssen will be Jordan Eastman, Frank Rosenacker, and possibly George Eastman. Jordan Eastman is a third-generation funeral service provider. He moved to Alaska in 2003, and began working part-time for the Janssen Divestiture Assets. In

2005, he became an apprentice funeral director/embalmer. Jordan Eastman will complete his undergraduate studies this coming fall and immediately attend mortuary college, which should enable him to obtain full licensure as a funeral director and embalmer in 2009. Jordan Eastman's father, George Eastman is a second generation funeral service provider at Eastman Funeral Home in New London, Ohio, and will invest \$150,000-250,000 in Janssen. This investment may serve as a gift to his son, so that Jordan Eastman would own a larger minority interest, or George Eastman may retain the minority interest himself. Either way, George Eastman will serve as a consultant to Janssen.

The third minority owner of stock and membership interest is Frank Rosenacker, a fourth generation funeral director/embalmer and an owner and officer of his family funeral home business in Cincinnati, Ohio – Nurre-Mihovk-Rosenacker Funeral Home. Mr. Rosenacker's experience includes serving on the faculty of Cincinnati College of Mortuary Science and writing numerous publications on mortuary law. He is also an attorney, owning and operating Rosenacker and Associates, an international consulting firm dealing with funeral directors and funeral homes offering a wide range of services including business appraisals and evaluations, succession and estate planning, management and employee issues, legal services, accounting and tax services, assistance with acquisitions and sales of funeral locations and law suit representation. Mr. Rosenacker will assist Janssen with its corporate formation and the purchase of Evergreen; accounting, tax and legal issues; business analysis; budgets, cash-flow projections and pro formas; and the review of accounts payable and accounts receivable.

The acquisition of the Janssen Divestiture Assets by Janssen will not raise any competitive concerns. Janssen does not presently own any other funeral homes, and neither do Mr. and Mrs. Janssen. As noted, George Eastman and Frank Rosenacker have interests in other funeral homes, but none of these facilities are in Alaska.

Operations Experience

Mr. and Mrs. Janssen began in the funeral industry nearly 25 years ago when they worked at Bradshaw Funeral and Crematory Services in St. Paul, Minnesota, while Mr. Janssen was studying for his bachelor of science degree in Mortuary Science at the University of Minnesota. After Mr. Janssen graduated in 1985, the Janssens moved to Alaska, and Mr. Janssen joined the Janssen Divestiture Assets, where he immediately began playing a significant role. At the time, the Janssen Divestiture Assets included only the two Anchorage locations (funeral home and crematory), handling approximately 500 services per year. Within the first year, Mr. Janssen was meeting with approximately 40% of the families served even though there were six other licensed funeral directors working at the locations. When one of the owners died in 1988, the other owner and the decedent's wife traveled to Minnesota for the funeral. They stayed there for over a month, and Mr. Janssen was placed in charge of the Janssen Divestiture Assets. In May 1989, the owners promoted Mr. Janssen to Operations Manager, in charge of all aspects of the business.

In 1993, the owners sold the two Anchorage locations to Loewen Group, which later became Alderwoods. Loewen promoted Mr. Janssen to General Manager in 1994, and he has served in that capacity ever since. Once permanently in charge, Mr. Janssen immediately started to increase service volume and operating margins. Mr. Janssen proposed and persuaded Loewen to completely remodel the Alaska Cremation Center in 1995 and the main chapel of Evergreen Memorial Chapel in 1996, and these projects were pursued under Mr. Janssen's direction. Later in 1996, Mr. Janssen proposed and persuaded Loewen to purchase a building in

Eagle River, which began operations as a funeral home in 1997 and operates as Evergreen's Eagle River Funeral Home.<sup>2</sup>

When Mr. Janssen became the General Manager in 1994, total net revenues (gross less cash advances) for the two Anchorage locations were just under \$1M with a profit margin under 25%. Last year, net revenues for the three locations exceeded \$2.5M with profit margins above 45%. Further, Mr. Janssen has increased volume from about 500 cases per year to approximately 730 cases, and he has actively pursued a pre-need program, which currently has in excess of \$2M in funded pre-need insurance. Because of his success, Loewen (and then Alderwoods) used Mr. Janssen as a benchmark against which to compare other General Managers.

Today, Mr. Janssen is involved in all aspects of the operation of the Janssen Divestiture Assets. In addition to being the General Manager, Mr. Janssen works as a licensed funeral director, embalmer and pre-need funeral insurance agent, as well as a certified crematory operator. He is also actively involved in the Anchorage community, including as a 4<sup>th</sup> Degree Knight of Columbus, a past president/treasurer/secretary/board member of the Anchorage Kiwanis Club, a board member and vice president of resource development for the Hospice of Anchorage, and a member of the pastoral council of the Holy Family Cathedral.

Mr. Janssen has hired every person on the current staff. He intends to keep these employees in their current positions.

Helping Scott Janssen with the operation of the Janssen Divestiture Assets is his wife, Debbie Janssen, who began working at the Janssen Divestiture Assets in 2000. Other than embalming, she has worked in all aspects of the funeral business. In early 2005, she became an apprentice funeral director, and in the last two years, she has worked with families on more than

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<sup>2</sup> The Eagle River facility is located in a sparsely populated area and therefore handles a relatively small volume.



600 funerals (or nearly half of the volume at the Janssen Divestiture Assets) under her husband's supervision. Mrs. Janssen attends the University of Alaska part time to acquire the credits needed to obtain her funeral director's license in Alaska, which she expects to receive next year. She is also taking her Life Insurance License examination sometime this summer, which will enable her to sell funeral-related insurance products. After Janssen completes the proposed acquisition and Mrs. Janssen receives her funeral director's and insurance licenses, Mrs. Janssen will oversee the aftercare and pre-need programs and she will make most of the at-need arrangements.

Together, Mr. and Mrs. Janssen have applied their entrepreneurial spirit to their work at the Janssen Divestiture Assets. They have performed every task imaginable at these facilities, and now that they have the opportunity to own the business, they look forward to applying that spirit to the operation of the Janssen Divestiture Assets with renewed vigor. Thus, the management of Janssen will not only ensure the continued competitiveness of the Janssen Divestiture Assets, but enhance their competitiveness after this transaction.

#### Financial Capability

The operating history and financial performance of the Janssen Divestiture Assets confirm the sustainable success of the business, as the facility has operated profitably for many years.

Janssen expects to pay the purchase price and to fund continuing operations using funds borrowed from PSI Funds in Dallas/Houston, Texas. PSI, one of the country's leading lenders to funeral home purchasers, will loan Janssen a total of approximately \$5.5-5.6M to purchase the business and real estate and to pay \$100,000 of closing costs. In addition, Janssen will receive the Janssen Divestiture Assets with \$125,000 in accounts receivable and another

\$150,000-250,000 from the investment by George Eastman, which should provide more than sufficient working capital.

The Janssen Divestiture Assets will serve as collateral for the loan from PSI Funds. Janssen does not anticipate any problems making required loan payments; revenues from the current call volume will more than cover the cost of debt service. Moreover, Janssen expects call volume to increase once it completes the transaction and begins marketing the facilities as an independent, locally-owned company.

The facilities and equipment used in the business are in good repair, and Janssen does not anticipate needing any funds beyond working capital to make improvements to the physical plant.

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

The proposed divestiture of the Janssen Divestiture Assets, as embodied in the Sale Agreement, will achieve the purposes of the Decision and Order. Janssen's management has significant industry experience and a proven track record of successfully operating and improving funeral homes. Janssen has access to the funds necessary for it to complete this acquisition and the ability to continue the operation of the Janssen Divestiture Assets and enhance their competitiveness in the market for funeral services. Combining the Janssen Divestiture Assets with Janssen management's experience will ensure that the objectives of the Commission's Decision and Order will be realized.

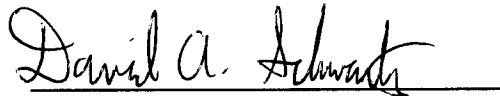
The proposed divestiture will result in no harm to competition. There is no overlap between the operations of Janssen (or its owners) and the Janssen Divestiture Assets. Consequently, the proposed divestiture does not raise any competitive issue.

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

Respectfully submitted,

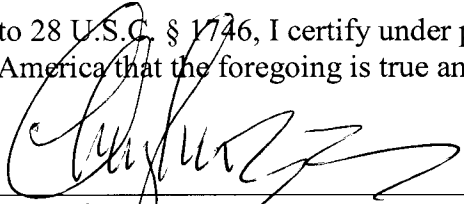


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(212) 403-1000  
Counsel for Respondents  
Dated: July 3, 2007

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.

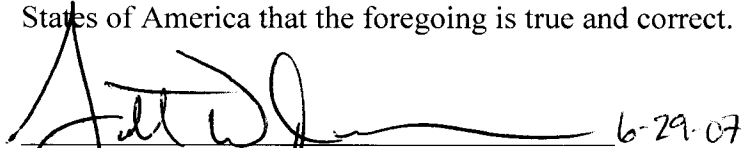
A handwritten signature in black ink, appearing to read 'Christopher H. Cruger', written over a horizontal line.

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

CERTIFICATION OF JANSSEN FUNERAL HOMES, INC., AND  
JANSSEN-EASTMAN PROPERTIES, LLC

The facts and information related in the foregoing Petition, insofar as they pertain to Janssen Funeral Homes, Inc., and Janssen-Eastman Properties, LLC, their subsidiaries, affiliates, owners and managers, as well as 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.

 6-29-07  
\_\_\_\_\_  
Scott W Janssen  
President – Janssen Funeral Homes, Inc.  
Member – Janssen-Eastman Properties, LLC

**EXHIBIT A**

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