

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 GRIFFIN FUNERAL HOME, 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 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 Griffin Funeral Home, Inc. (“Griffin”) of Griffin Funeral Home, 401 North Dalmont, Hobbs, New Mexico. Griffin is a corporation the shares of which are owned entirely by the present manager of Griffin Funeral Home, Robert Drake.

The Divestiture Businesses associated with this facility (as defined in the Decision and Order, and hereinafter collectively referred to as the “Griffin Divestiture Assets”) will be sold to Griffin pursuant to the Asset Sale Agreement dated June 15, 2007 (the “Sale Agreement”), by and among Griffin and Alderwoods (New Mexico), Inc.

(“ANMI”), 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 the confidential version of this petition, including Confidential Exhibit A, contains confidential and competitively sensitive business information relating to the divestiture of the Griffin Divestiture Assets — the disclosure of which may prejudice the Respondents and Griffin, cause harm to the ongoing competitiveness of the Griffin 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 Griffin Divestiture Assets as soon as possible following Commission approval thereof. All pre-closing conditions other than Commission approval have already been satisfied, so that ANMI and Griffin 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, Griffin, and the Respondents, because it will allow Griffin to move forward with its business plans for the competitive operation of the Griffin 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 Griffin Divestiture Assets to Griffin pursuant to the Sale Agreement as soon as practicable after the close of the public comment period.

¹ Under New Mexico law, Griffin is responsible for obtaining applicable licensing, but there is no requirement for state approval of funeral home transfers prior to closing. The application for this license transfer is complete, and ANMI and Griffin have both satisfied all requirements set forth in the application. Consistent with industry practice, Griffin and ANMI will submit the application when the transaction closes.

I. The Sale Agreement Is Final and Consistent with the Decision and Order's Terms

Paragraph III.A. of the Decision and Order requires that in each Dignity Area the Respondents either terminate the Dignity Memorial Affiliate Agreement with each Dignity Affiliate in that area or divest the Alternative Divestiture Assets (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 for the various Alternative Divestiture Assets that would be acceptable to the Commission through an extensive auction process that produced great interest in the properties. On June 15, 2007, ANMI entered into a Sale Agreement to convey the Griffin Divestiture Assets to Griffin, the highest bidder.

The Sale Agreement with Griffin complies with the requirements of Paragraph III of the Decision and Order. Paragraph III.A.2. allows Respondents to fulfill their obligations under the Decision and Order by divesting the Griffin Divestiture Assets, absolutely and in good faith. Griffin will acquire the Griffin Divestiture Assets pursuant to Section 1.1 of the Sale Agreement. As required under the Consent Agreement, the Griffin 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 Griffin 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

Griffin's management has extensive experience in operating funeral homes, and Griffin has the financial wherewithal to make this acquisition. The acquisition of the Griffin Divestiture Assets by Griffin will therefore assure that the business remains a strong and effective competitor in Hobbs, New Mexico.

Background

Griffin is a privately owned New Mexico corporation formed in May 2007 to purchase the Griffin Divestiture Assets. Robert Drake, Griffin's sole shareholder, has twenty years of experience in the funeral services and death care industry, with management experience at four different funeral services operations. During the course of his career, Mr. Drake has worked in funeral businesses in Hobbs, New Mexico, for a total of five years. Mr. Drake has served as the manager of Griffin Funeral Home during the last two years (since March 2005), and he previously spent more than three years in the mid-1990s as the manager of another funeral home in Hobbs.

Mr. Drake attended the Dallas Institute of Funeral Service (1987-1988) and served an apprenticeship with George Price Funeral Directors in Levelland, Texas (1988-1990). He spent four years in Waco, Texas at an SCI-owned establishment, serving first as Funeral Director and then as Assistant Manager (1990-1994). Mr. Drake then served more than three years as manager of the then SCI-owned Chapel of Hope Funeral Home in Hobbs, New Mexico (1994-1997), and five years as area manager for three establishments in towns east of Dallas, Texas owned by ECI and then SCI (1997-2002). In 2002, Mr. Drake returned to Waco, Texas with SCI to become Manager of the Connally/Compton Funeral Directors establishment where he had worked previously. He remained there until coming to Hobbs in March 2005 to become Manager of Griffin Funeral Home, then owned by Alderwoods.

Griffin Funeral Home was established in Hobbs in 1945 and operated as an independent family-owned business for more than forty years until it was acquired in 1991 by Loewen Group, which later became Alderwoods. The business has always operated as Griffin Funeral Home, a name that is widely recognized in the community and associated with caring, personal service. Mr. Drake supervises the operation of the facility, where he works with four other employees. The business operates out of one location in Hobbs, New Mexico, a town of approximately 30,000 residents.

Six decades of continuous service has garnered Griffin Funeral Home a strong reputation in the community. Griffin plans to capitalize on the good will associated with the name and long history of service to the community, while at the same time taking steps to increase market share and business by aggressively competing with other participants in the Hobbs market. Total revenues for 2005 and 2006 were approximately each year. Total annual calls for the last three years have been in the range of .

Mr. Drake holds funeral director licenses from the states of New Mexico and Texas. He is in good standing with all relevant organizations and state agencies and has no history of complaints. Mr. Drake has served on internal audit committees of funeral home companies, and he has conducted audits of funeral operations in California and Texas to determine compliance with a variety of requirements, including the FTC Funeral Rule, OSHA and Sarbanes-Oxley Act requirements, and various state regulations. Mr. Drake also has served as an instructor of continuing education courses for funeral directors in the State of Texas.

Mr. Drake does not currently own any other funeral/death care operations in Hobbs or elsewhere. He owns a small number of shares of SCI stock acquired as a result of his

prior employment with SCI

.²

Financial Capability

The operating history and financial performance of Griffin Funeral Home confirm the sustainable success of the business, as the facility has operated profitably for many years.

Griffin expects to pay the purchase price and to fund continuing operations using borrowed funds from Brook Credit Corporation in Overland Park, Kansas, which has approved a business loan to the company. The assets of Griffin Funeral Home will serve as collateral for the loan. Griffin does not expect to have any problems making any required loan payments because revenues from the current call volume will cover the cost of debt service, and Griffin expects call volume to increase once the transaction is closed and Griffin begins operations as an independent establishment.

The facilities and equipment used in the business are in good repair. Griffin intends only to freshen the paint on the interior of the building in the short term, the cost of which will easily be funded through the ordinary cash flow of the facility. Griffin is evaluating whether

2

Operations Experience

As a family-owned business in a small town, Griffin Funeral Home built its business and reputation in the community by providing personal, caring service to each family it has been privileged to serve. The facility is located in the heart of Hobbs near several of the major churches and is convenient to all parts of the community. Griffin Funeral Home offers families the full range of services and a variety of options for honoring their loved ones at death. Griffin Funeral Home includes a chapel, visitation room, and facilities for making all arrangements associated with funerals and memorial services. Griffin Funeral Home also offers vehicles for use by families who desire such services and maintains a full line of funeral merchandise to meet the differing needs and desires of each person. In addition, Griffin Funeral Home responds to and assists people who wish to make advance arrangements through the sale of pre-need packages. One of the current employees focuses on making such arrangements.

Griffin Funeral Home is required to renew its license with the State of New Mexico as a funeral establishment each year and is subject to regulation by the State Board of Thanatopractice. Under Mr. Drake's management, Griffin Funeral Home has had no compliance issues and is not under investigation by any regulator.

As stated, Mr. Drake has twenty years of experience in the funeral services industry, primarily as manager of four different establishments, two of them in Hobbs, New Mexico, one of which is the facility being acquired. Such experience gives Mr. Drake tremendous insight and advantage as he becomes the owner of Griffin Funeral Home. He has a deep understanding of the business and keen awareness of the factors which lead to success in this industry in general and in Hobbs in particular. He knows the competition and he understands the community he wishes to serve. He also understands the importance of

community involvement and has developed strong relationships with local ministers and others with whom he interacts. These qualities have helped Mr. Drake increase call volumes at the operations he has managed. Similar results are expected at Griffin Funeral Home under his ownership.

Mr. Drake is the day-to-day supervisor of the operations of Griffin Funeral Home and will remain so. Griffin intends to

For the foregoing reasons, Griffin has sufficient operating expertise to not only ensure the continued competitiveness of the Divestiture Assets, but to enhance it based upon Mr. Drake's twenty years of experience in the death care industry and his success in managing several different operations, both in Hobbs, New Mexico and in other communities.

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 Griffin Divestiture Assets, as embodied in the Sale Agreement, will achieve the purposes of the Decision and Order. Mr. Drake has significant industry experience and a proven track record of successfully operating and improving funeral homes. Under his leadership, Griffin will complete this acquisition, continue the operation of the Griffin Divestiture Assets, and enhance their competitiveness in the market for funeral services. Allowing Mr. Drake, the location manager of Griffin Funeral Home for the past two years, to own and continue to operate the Griffin Divestiture Assets will ensure that the objectives of the Commission's Decision and Order will be realized.

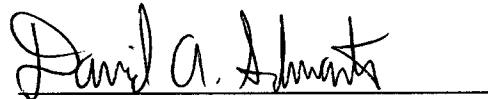
The proposed divestiture will result in no harm to competition. Griffin presently has no operations, and thus, there is no overlap between Griffin and the Griffin Divestiture Assets. Consequently, the proposed divestiture does not raise any competitive issue.

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

Respectfully submitted,

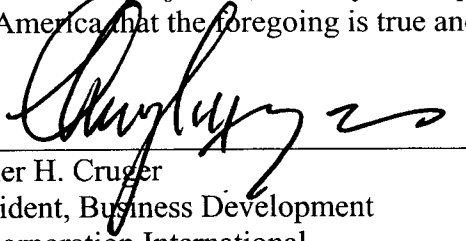


David A. Schwartz
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
(212) 403-1000
Counsel for Respondents
Dated: June 18, 2007

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 "Cruger", is written over a horizontal line. The signature is cursive and includes a long horizontal stroke at the end.

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

CERTIFICATION OF GRIFFIN FUNERAL HOME, INC.

The facts and information related in the foregoing Petition, insofar as they pertain to Griffin Funeral Home, Inc., and its management and 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.



Robert E. Drake

President

Griffin Funeral Home, Inc.

EXHIBIT A

[REDACTED FROM THE PUBLIC RECORD VERSION]