

**Delaware County
Funeral Director to testify**

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Mr. Chairman, Members of the House Consumer Affairs Committee: Thank You for the Opportunity to present my comments. My name is Bart H. Cavanagh, Sr. I am a graduate of the School of Commerce and Finance at Villanova University and have been a licensed funeral director for over 49 years. The purpose of my testimony is to make you aware of a possible financial disaster for Pennsylvania consumers if the Future Interment Act of 1963 is not reformed. The current act regulates what is done with money paid in advance of need to cemeteries. Cemeteries conveniently only trust 70% of that money and must be required to trust 100% to accommodate changes that have occurred in the last 50 years. Existing law has not kept pace in an age where consumer protection is key ~ Allow me to illustrate

- 1) Consider in 1963, it cost approximately \$100.00 to open or "dig" a grave, in 2014 cemeteries charge approximately \$2000.00, many with extra charges for Saturday burials.
- 2) 50 years ago cemeteries were owned by the adjacent church on who's property they were located, community association and or private family ownership.
Not so much today, large corporations are acquiring them numbering in the hundreds.
- 3) Once acquired, these large corporations are now targeting existing cemetery lot owners selling monuments, caskets, burial vaults, niches, urns, and all accoutrements of final disposition. In the cemetery industry its called "reload", the large corporations use the untrusted 30% , to pay high commissions to sales people, this is possible due to the flaw in the existing law, (not requiring 100% trusting) along with several other I will discuss.

Funeral directors are small local businesses who offer pre need services and trust 100%. We are here today to ask that these behemoth corporations be held to the same 100% standard and also be required to do the following.

1) When a consumer asks to cancel a contract because they find they paid 35% to 40% more for funeral merchandise than they would from a funeral director or other 3rd party retailer – the current law only requires the corporation to return 70% of the money paid in advance, the consumer need a 100% refund and the corporation should be paying them damages, not the other way around. Cancellations arise because consumers are not advised of their options by unqualified sales people. Funeral directors are required by the FTC to provide prospective purchasers with a merchandise price list showing a range of casket prices in many cases as little as \$300.00. Funeral directors are licensed counselors equipped with experience to serve bereaved clients. The revolving cast in the cemetery sales army not so, many selling Cut Co. Cutlery, Bibles, or whatever.

I have served as a funeral director for over 49 years and would not consider myself as able to council a buyer about purchasing a several thousand dollar cemetery monument. Leave this to an experienced monument dealer – they know the various types of stone, proportion etc. Cemetery memorials or monuments are yet another product hustled by the big corporations. No liquidate damages for Mr. Big Corporation, give 100% back plus interest earned – change is needed here.

- 2) Time payments currently received need to be put into trust at 100% upon reception – currently the corporation has constructive use of these millions until the consumer mails the final payment.
- 3) Cemetery corporations have a little trick to liberate the 70% hopefully held in trust called “constructive delivery” that way taking 100% at sale time – remember the

funds paid by the unknowing buyer are for goods and services to be used in the future, in many cases years and years away.

The corporation will say the casket is warehoused for the buyer equating that with the buyer taking possession of it, or the 1000 cremation urns are here for you at the cemetery or better still and even more ridiculous – your burial vault has been installed and is in your grave...Impossible to do without damaging your vault when a backho re-digs the grave for at need use, consider the following in an article published by Bruce Rushton. The information in the following quotes indicate the necessity to reform future interment act of 1963

“The company’s critics point to the involvement of top StoneMor executives with The Loewen Group, a Canadian company that was once one of North America’s largest funeral companies. The company declared bankruptcy in 1999, two years before the Minnesota state auditor issued a critical report stating that cemeteries owned by the company had underfunded trust accounts established to keep two cemeteries solvent.

In one case, the Minnesota auditor determined, the company claimed that a burial vault had been sunk into the ground but no vault was found when investigators probed the ground with metal rods. After the state began its investigation, Loewen in 1997 acknowledged that it had underfunded a funeral trust fund by nearly \$3.8 million in the space of three years. Loewen also installed a new management team and replaced executives who now work for StoneMor.

In the course of bankruptcy proceedings, Loewen said that it owed \$2.1 billion, that it had mortgaged funeral homes to secure loans and that it had cut back on acquisitions to take care of existing operations. Between 1995 and 1998, the company had acquired 651 properties, including 348 cemeteries, which resulted in massive debt.

"In short, the liabilities are staggering," Loewen officials wrote in a press release. "As of the commencement of insolvency proceedings, Loewen's credit sources were fully tapped."

Five StoneMor executives, including Miller, were top Loewen managers while the company tanked. All left the troubled firm in 1998 or 1999, after Minnesota regulators began their investigation while the company's finances unraveled en route to bankruptcy. Neither Miller nor the other executives could be reached for comment on Tuesday night. Loewen emerged from bankruptcy in 2002 and is now known as the Alderwoods Group.

These faults in the law are now magnified with the arrival of StoneMor and Service Corporation International (SCI)

As publicly traded SCI continues to expand, the complaints continue to roll at the Funeral Consumers Alliance, a consumer rights group. Everything from double-selling plots to using high pressure sales techniques. Cemetery industry regulation is virtually nonexistent especially in Pennsylvania, according to Joshua Slocum,

head of Funeral Consumer Alliance said. Paying out millions of dollars in settlements doesn't seem to have changed SCI's ways, either he said.

For the common good, reform this funeral law to protect consumers.

Thank you for your presence. I am available to address any of your questions.

Respectfully,

Thank You,

Bart H. Cavanagh, Sr.

Cemetery Cost Analysis

Making Clear
Decisions Today

*Security Tomorrow Depends
on Farsighted Planning Today*

StoneMor Partners, LP
Philadelphia Regional Office

It's not a pleasant thought, but if a loved one died TODAY, what is the average cost for cemetery property related merchandise and services?

BURIAL SPACE(S): \$ 4500 - 295 INTERMENT

BURIAL VAULT(S): \$ 4284
4284

MEMORIALIZATION:
Companion or Single: \$ 6000

CASKET SELECTION: \$ 6590

OPENING/CLOSING(S): \$ 3495 2195

TOTAL COST: \$ 24,869

On average cemetery costs **DOUBLE** every 7 to 10 years

In 10 years your personal selection will cost \$ 49738

In 20 Years your personal selection will cost \$ 99,476

Making Clear Decisions Today

The Common Sense of Pre-Arrangement

	Traditional Land	Mausoleum	Lawn Crypt
Personal Selection	\$ 15,790	\$ _____	\$ _____

(cremation) 13690

Benefits of Pre-Arrangement

- Family Guarantee
- Child Protection
- Unemployment Protection
- Price Guarantee
- Perpetual Care
- ICCFA Member
- Family Heritage
- Travel Assurance
- Peace of Mind
- Terms to Suit

The Common Sense of Pre -Arrangement

Recap of Benefits

- Family Guarantee
- Child Protection
- Unemployment Protection
- Price Guarantee
- Perpetual Care
- ICCFA Member
- Family Heritage
- Travel Assurance
- Peace of Mind
- Terms to Suit

Because we feel no one should be eliminated from a program such as this due to a financial situation either today or in the past, everyone is accepted.

Investment Options

<u>Options</u>	<u>Initial Investment</u>	<u>Amount of Monthly Investment</u>	<u>Number of Monthly Investments</u>
Payment in Full 12 months	\$ _____	N/A	N/A
Extended Investment Plan	_____	_____	_____