



pursuant to the Asset Sale Agreement dated August 22, 2014, by and among WHI and S.E. Funeral Homes of California, Inc., an affiliate of SCI (the “ASA”).

### Background

On December 23, 2013, SCI and Stewart Enterprises, Inc. (“Stewart”) (collectively, the “Respondents”) executed an Agreement Containing Consent Orders that included the Decision and Order and Order to Hold Separate and Maintain Assets (collectively, the “Consent Agreement”) to settle the Commission’s charges that the proposed acquisition by SCI of Stewart 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 December 23, 2013, the Commission accepted the Consent Agreement for public comment, and on December 23, 2013, SCI consummated its acquisition of Stewart. Stewart is now wholly owned subsidiary of SCI. The Commission issued the Consent Agreement as final on April 29, 2014.

Because this petition and its attachments contain confidential and competitively sensitive business information relating to the divestiture of the Divestiture Assets—the disclosure of which may prejudice Respondents and WHI, cause harm to the ongoing competitiveness of the Divestiture Assets, and impair Respondents’ ability to comply with their obligations under the Consent Agreement—Respondents have redacted such confidential information from the public version of this petition and its attachments. 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)(2), Respondents request that the non-public,

be accorded such 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) (2012). 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



Respondents hereby seek Commission approval of the proposed divestitures pursuant to Paragraph II.A of the Decision and Order.

## II. The Prospective Acquirer Will Be a Strong and Effective Competitor

### A. Background

Douglas Wagemann, the Owner, President and CEO of WHI, has extensive experience in operating funeral homes, has the financial wherewithal to make this acquisition, and the acquisition of the businesses in question by WHI will ensure that the acquired business remains a strong and effective competitor in the Auburn, California, area.

WHI was incorporated in 2013 by Douglas Wagemann to purchase Cochrane's Chapel of the Roses funeral home in Roseville, California, from Carriage Services. Mr. Wagemann, a former employee of Carriage Services, purchased this then-underperforming business and improved its operations and returned it to its former status as "Family Owned - Community Focused." The name of the business is now "Cochrane & Wagemann, Funeral Directors." WHI also owns and operates the Cremation Society of Placer County in Rocklin, California, which it opened in 2014.

Mr. Wagemann began his career in the f

Over the years, Mr. Wagemann has dedicated his time and resources assisting on several international hospice site planning projects in Russia, Italy, India, and Canada as well as the United States. A lecturer and author, he is an adjunct professor in the Funeral Service Program at American River College (one of the Funeral Service Programs in California) where he can help influence the next generation of funeral service professionals.

WHI actively markets the Cochrane & Wagemann facility and intends to extend these marketing efforts to the Divestiture Assets. One hallmark of WHI's marketing efforts for the Wagemann & Cochrane facility is Mr. Wagemann's featured monthly column "Consider the Journey" in the online editions of the Roseville Press-Tribune, Lincoln Messenger News, and the Placer Herald. Mr. Wagemann addresses questions the community regarding end-of-life, funeral service, and other related topics. In addition, Mr. Wagemann believes deeply in giving back to the community. He is on the Board of Directors of Sutter Care at Home (A Sutter Health Affiliate) and the Eskaton Foundation, as well as the National Hospice Foundation, the Foundation for Hospices of Sub-Saharan Africa and the Sacramento Choral Society & Orchestra. He is also an active member of the Roseville Rotary Club, the Downtown Roseville Merchants, Roseville Masonic Lodge #222 AM, the Lincoln, Rocklin, and Roseville Chambers of Commerce, and several business networking groups. This involvement with community members and service organizations has allowed him to develop one-on-one relationships and build trust and credibility in the community.

Since acquiring Cochrane's Chapel in the Roses, now Cochrane & Wagemann, Funeral Directors, WHI has grown the business from █ calls in 2013 to █ calls in 2014. Using annualized figures, the company has increased overall revenue from █ in 2013 to █ in 2014.

More information about WHI, Douglas Wagemann, and Cochrane & Wagemann, Funeral Directors is available at <http://www.cochranewagemann.com>.

B. Financial Capability

WHI seeks to acquire the Divestiture Assets for a purchase price [REDACTED] and intends to finance the purchase price with a loan from Live Oak Bank, the lender on WHI's existing loan for the Cochrane & Wagemann, Funeral Directors business. Live Oak Bank is a specialty lender and is one of the largest SBA lenders in the United States.

Live Oak has provided a loan proposal acceptable to Mr. Wagemann and the loan package has already moved into underwriting [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

C. Operations Experience

WHI, and its owner, Doug Wagemann, are experienced funeral home operators who are capable of operating the Divestiture Assets successfully.

As noted above, WHI has owned and operated Cochrane & Wagemann, Funeral Directors in Roseville, California, since 2013, and also owns and operates the Cremation Society of Placer County in Rocklin, California. Cochrane & Wagemann, Funeral Directors is a full-service funeral and cremation services provider that benefits from a significant number of referrals from families previously served. WHI has engaged in a focused effort to grow preneed sales. These preneed sales efforts have resulted in a growing number of at-need calls and increased visibility in the Roseville community. WHI intends to apply its same strong preneed sales focus to the Divestiture Assets.

WHI's owner has extensive experience operating funeral homes in addition to his experience with Cochrane & Wagemann, Funeral Directors. Mr. Wagemann is a licensed funeral director with forty-one years of experience in the profession. He will apply his wealth of knowledge and experience in this industry and the greater Sacramento area to the successful integration and operation of the Divestiture Assets.

[REDACTED]

[REDACTED] Thus, WHI has sufficient operating expertise to not only ensure the continued competitiveness of the Divestiture Assets, but to enhance it.

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

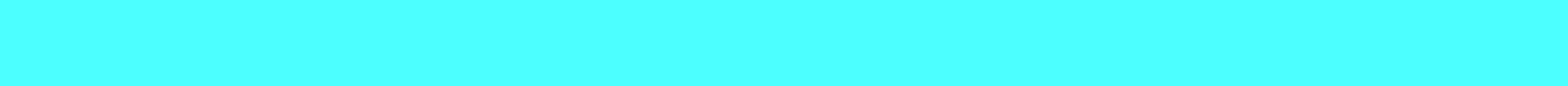
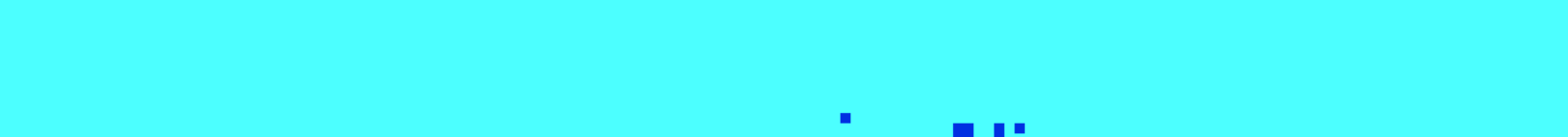
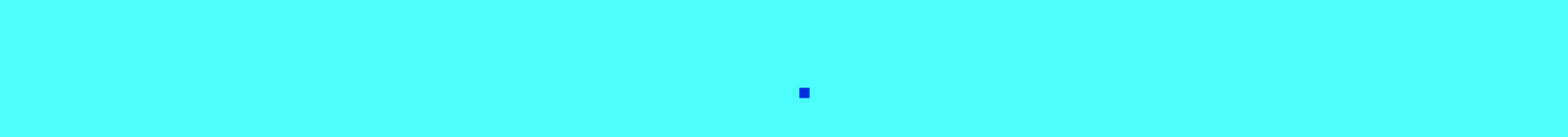
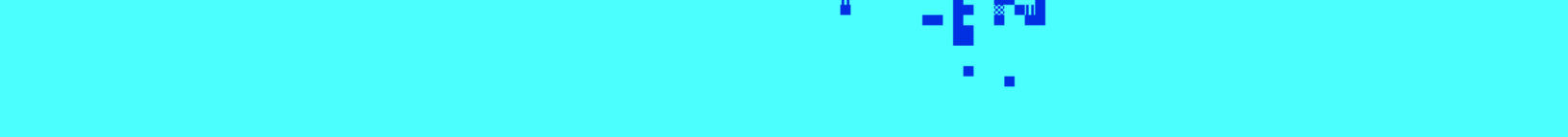
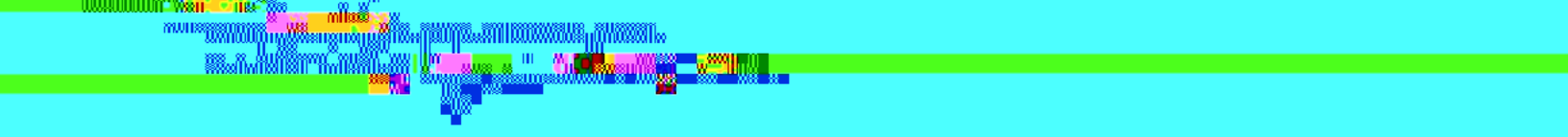
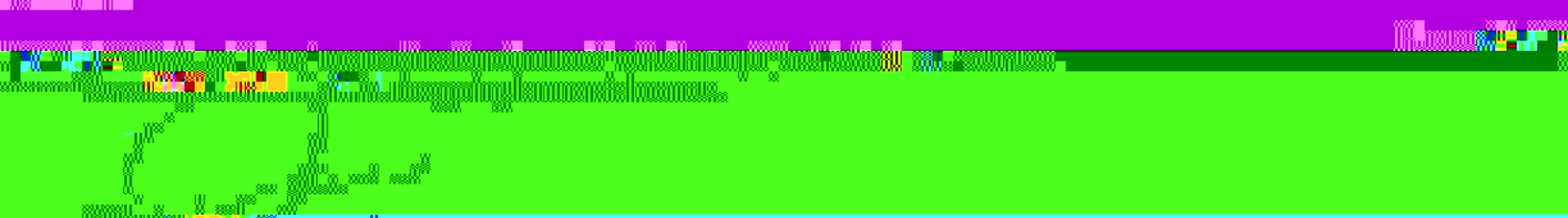
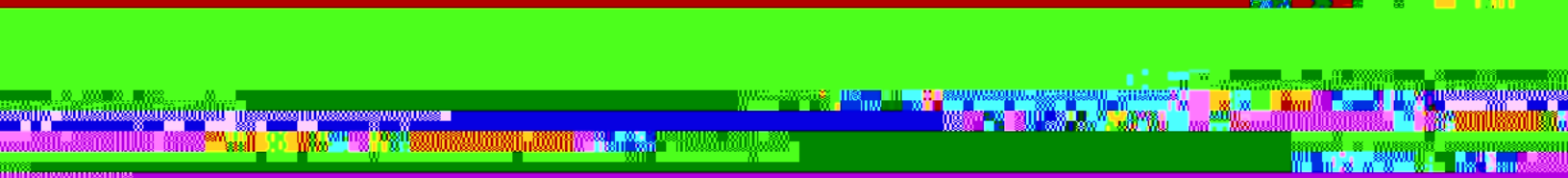
The proposed divestiture of the Divestiture Assets, as embodied in the ASA, will achieve the purposes of the Decision and Order. Mr. Wagemann is an experienced funeral



home operator with a proven track record of successfully operating and enhancing the competitiveness of his existing business. WHI has a strong financial position that will enable it to complete this acquisition, continue the operation of the Divestiture Assets and enhance their competitiveness in the market for funeral services. Combining the Divestiture Assets with WHI's experience and financial wherewithal will result in an investment of approximately \$19.875 million.

Conclusion

For the following reasons, Respondents respectfully request that the Commission approve the proposed divestiture of the Divestiture Assets.





# **Confidential**

# **Exhibit A**