

**SETTLEMENT AGREEMENT BETWEEN THE STATE
BOARD OF EMBALMERS AND FUNERAL DIRECTORS AND NATIONAL
PREARRANGED SERVICES, INC.**

COMES NOW the State Board of Embalmers and Funeral Directors (the ABoard~~®~~) and National Prearranged Services, Inc (“NPS~~®~~ or ALicensee~~®~~), through Donna J Garrett, the duly appointed Special Deputy Receiver, and enter into this Agreement (the "Settlement Agreement")

Pursuant to the terms of Section 536 060, RSMo¹, as it is made applicable to the Administrative Hearing Commission ("AHC") by Section 621 135, RSMo, the parties waive the right to a hearing of the issues stipulated in this Settlement Agreement in front of the AHC, and, additionally, the right to a disciplinary hearing before the Board pursuant to Section 621 110, RSMo, and jointly stipulate and agree that a final disposition of this matter may be effectuated as described below

Licensee acknowledges that it is aware of and understands the various rights and privileges afforded to it by law, including 1) the right to a hearing of the charges against it, 2) the right to appear and be represented by legal counsel, 3) the right to have all charges against it proven upon the record by competent and substantial evidence, 4) the right to cross-examine any witness appearing at the hearing against it, 5) the right to present evidence on its behalf at the hearing, 6) the right to a decision upon the record of the hearing by a fair and impartial Administrative Hearing Commissioner concerning the charges against it, 7) the right to a ruling on questions of law by the AHC, 8) the right to a disciplinary hearing before the Board at which time it may present evidence in mitigation of discipline, and 9) the right to a claim for attorney's fees and expenses Being aware of these rights provided it by operation of law, Licensee knowingly and voluntarily waives each and every one of these rights and freely enters into this Settlement Agreement

¹All references are to the 2000 Revised Statutes of Missouri, as supplemented, unless otherwise noted

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For the purpose of settling this dispute, Licensee stipulates that the factual stipulations contained in this agreement are true and stipulates with the Board that the pre-need seller registration of NPS, registration number S00175 is subject to disciplinary action by the Board in accordance with the provisions of Chapters 436 and 621, RSMo

Stipulated Findings of Fact

1 The State Board of Embalmers and Funeral Directors is an agency of the state of Missouri created pursuant to Section 333 151, RSMo, charged with executing and enforcing the provisions of Sections 436 005 through 436 071, RSMo

2. National Prearranged Services, Inc is a Missouri corporation, in good standing, with its principal place of business located at 10 S Brentwood Blvd, Suite 304, St Louis, Missouri 63105

3 NPS is registered with the Board as a pre-need seller pursuant to Section 436 021, RSMo, and holds seller registration number S00175

4 On May 14, 2008, an Agreed Order Appointing Rehabilitator and a Permanent Injunction (the "Order of Receivership") was entered in the District Court of Travis County, Texas (the "Receivership Court") placing NPS into rehabilitation pursuant to Tex Ins Code Section 443 101 et seq and appointing the Commissioner of Insurance for the state of Texas as Receiver for the rehabilitation of NPS

5. In the Order of Receivership, the Receivership Court found that NPS is in hazardous financial condition and thus within the jurisdiction of the Court to be placed into Receivership

6 Being in hazardous financial condition sufficient to require the appointment of a receiver raises concerns as to the ability of NPS to meet its obligations to fulfill the existing Missouri pre-need contracts

7 Donna Garrett is the duly appointed Special Deputy Receiver (the "SDR") for NPS with authority to exercise all powers of the Receiver, including the authority to enter into this Settlement Agreement

8 On April 8, 2008, the Office of the Attorney General issued its "Determination of Probable Cause to Conclude that a Violation of Sections 436 005 to 436 071, RSMo, Has Occurred" finding probable cause that NPS violated Sections 436 021 1(2), 436 005(6), 436 005(9), 436 027 and 436 031 3, RSMo

9 NPS was notified of the finding of probable cause by letter dated April 11, 2008

10 On Tuesday, April 22, 2008, the Board convened a meeting at which NPS was given reasonable opportunity to respond to charges of violation

11. At the meeting on April 22, 2008, NPS appeared by its business manager, Daniel L Watkins, and attorney, Douglas Schmidt

12 The Board then requested the attorney general to seek discipline against the pre-need seller registration held by NPS

13 The Board filed its Complaint to seek discipline with the Administrative Hearing Commission on May 29, 2008

Stipulated Conclusions of Law

14 Section 436 063, RSMo, states

Whenever the state board determines that a registered seller or provider has violated or is about to violate any provision of sections 436 005 to 436 071 following a meeting at which the registrant is given a reasonable opportunity to respond to charges of violations or prospective violations, it may request the attorney general to apply for the revocation or suspension of the seller=s or provider=s registration or the imposition of probation upon terms and conditions deemed appropriate by the state board in accordance with the procedure set forth in sections 621 100 to 621 205, RSMo Use of the procedures set out in this section shall not preclude the application of the provisions of subsection 2 of section 436 061

15 The parties stipulate that the Board has the authority and cause to revoke the preneed seller registration of NPS pursuant to Sections 436 005 through 436 071, RSMo

JOINTLY AGREED DISCIPLINARY ORDER

Based upon the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the Board in this matter under the authority of Sections 621.110 and 436 063, RSMo This disciplinary order will be effective the date it is signed by the Executive Director of the Board

16 **Revocation of registration** The pre-need seller registration, number S00175, held by National Prearranged Services is **REVOKED**.

17 NPS shall not engage in any activity for which a Missouri pre-need seller registration is required

18 NPS shall sell no new pre-need funeral plans nor shall they accept as "rollovers" any funds from any other pre-need seller or funeral establishment or any existing pre-need trust

19 NPS shall not advertise or offer for sale any pre-need contract or any other pre-need funeral product to Missouri consumers, including any insurance product

20 NPS shall take all reasonable measures to ensure that all available assets are used to service outstanding pre-need contracts subject to the supervision and jurisdiction of the Rehabilitation Court or any other Court exercising jurisdiction over the assets of NPS

21 NPS shall, until further order of the Court, continue to collect payments due and owing on previously sold pre-need plans, subject to the supervision and jurisdiction of the Court

22 The SDR confirms to the Board that to the best of her knowledge NPS has refunded all monies received on any Missouri pre-need contracts entered into after March 24, 2008, or on any "rollovers" of Missouri pre-need funds received after March 24, 2008, to the funeral home or to the pre-need purchaser from whom they were received

23 The SDR shall have the same right as NPS would have to utilize any assets of NPS for the benefit of the pre-need contract holders as provided by Missouri law and subject to the jurisdiction and order of any court

24. So long as NPS is under the supervision of any Court, NPS shall keep the Board apprised of a contact name, telephone number and address of persons authorized to speak on behalf of NPS so that the Board may fulfill its duties and responsibilities pursuant to Section 436.021.3, RSMo

25 The terms of this Agreement are contractual, legally enforceable and binding, not merely recital. Except as otherwise continued herein, neither this Agreement nor any of its provisions may be changed, revised, discharged, or terminated except by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought

26 Each party agrees to pay all their own fees and expenses incurred as a result of this case and any ensuing litigation

27 The parties to this Agreement understand that the Board will maintain the Agreement as an open and public record as provided in Chapters 436, 610 and 620, RSMo

28. The SDR, on behalf of National Prearranged Services, Inc, does hereby waive, release, acquit and forever discharge the Board, its respective members, employees, agents, and attorneys, including former members, employees, agents, and attorneys, of, or from, any liability, claim, actions, causes of action, fees, costs, expenses, and compensation, including, but not limited to, any claims for attorney's fees and expenses, whether or not now known or contemplated, including, but not limited to,

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any claims pursuant to Section 536 087, RSMo, or any claim arising under 42 U S C Section 1983
The foregoing waiver and release pertains only to an action based upon, arising out of, or relating to any
of the matters raised in this administrative proceeding case, specifically the Board's investigation and
administrative proceedings seeking discipline of the pre-need seller registration of Licensee (AHC Case
No 08-1071EM), its settlement or from the negotiation or execution of its settlement It is expressly
agreed that the SDR does not waive or release any other claims or causes of action, other than what is
specifically referenced in this paragraph, against any person or entity by the executing and entering into
this Agreement. Licensee acknowledges that this paragraph is severable from the remaining portions of
this Agreement in that it survives in perpetuity even in the event that any court of law or administrative
tribunal deems this Agreement or any portion thereof void or unenforceable

29. In consideration of the foregoing, the parties consent to the termination of any further
proceedings before the Administrative Hearing Commission based upon the facts set forth herein and
the Board agrees to dismiss its pending complaint with the Administrative Hearing Commission, case
number 08-1071EM

30 Licensee specifically waives its right to submit this Agreement to the AHC to determine
that the facts agreed to by the parties constitute grounds for disciplining the licenses of National
Prearranged Services, Inc

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31 This Settlement Agreement shall go into effect the date it is signed by the Executive

Director of the Board

LICENSEE

 6/23/08

National Prearranged Services, Inc Date
By: Donna J Garrett
Title Special Deputy Receiver

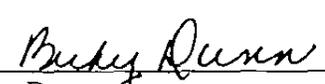
 6/24/08
Douglas J Schmidt Date
Missouri Bar No.

Husch Blackwell Sanders LLP
4801 Main, Suite 1000
Kansas City, Missouri 64112

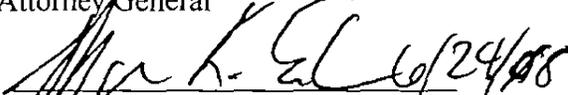
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Attorneys for National Prearranged
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STATE BOARD OF EMBALMERS AND
FUNERAL DIRECTORS

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