

ORIGINAL

MISSOURI STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS

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TRANSCRIPT OF MEETING  
REGARDING BILL RELATING  
TO PRENEED FUNERAL CONTRACTS

DIVISION OF PROFESSIONAL REGISTRATION  
3605 MISSOURI BOULEVARD  
JEFFERSON CITY, MISSOURI

APRIL 14, 2008  
9:00 A.M. - 1:05 P.M.

1           CHAIRMAN: I'm going to go ahead and  
2 call the meeting to order, and then we're  
3 still going to wait on the people that are  
4 calling in on the conference call. So, I call  
5 the meeting to order. I'm going to take a  
6 roll of the Board members. Martin Vernon?

7           MR. VERNON: Here.

8           CHAIRMAN: Gary Fraker?

9           MR. FRAKER: Here.

10          CHAIRMAN: Todd Mahn?

11          MR. MAHN: Here.

12          CHAIRMAN: Joy Gerstein?

13          MS. GERSTEIN: Here.

14          CHAIRMAN: Okay. Members of our  
15 staff, Becky Dunn, Executive Director; Pamela  
16 Schnieders, Administrative Assistant; Lori  
17 Hayes, Inspector; and Kim Grinston is our  
18 Board legal counsel.

19          MS. DUNN: And also present, we have --

20          CHAIRMAN: Oh. And also present is  
21 Connie Clarkson for the Division --

22          MS. DUNN: And she's the Director of  
23 Budget and Legislation for the division.

24          CHAIRMAN: All right. Members of the  
25 call-in, I guess you would want to say, or

1 public that have called in, we need to start  
2 stating your names, telephone numbers, and  
3 we'll explain -- do you want to explain now  
4 why that is?

5 MS. NEWMAN: Barbara Newman,  
6 Representative Meadows' office, 751-1311.

7 CHAIRMAN: Okay. Other members of the  
8 public that have called in, go ahead and start  
9 stating your names and telephone numbers.

10 MS. GROSS: DJ Gross, 417/934-2727.

11 MS. FOLLIS: Panita Follis,  
12 573/783-8336.

13 MS. DUNN: What was that name again,  
14 please?

15 MS. FOLLIS: <sup>Conita</sup>~~Panita~~ Follis.

16 MR. OTTO: Don Otto, 230-8167.

17 MR. LAKIN: Donovan Lakin,  
18 417/476-2626.

19 MR. STALTER: Bill Stalter,  
20 913/378-9920.

21 MS. WALKER: Jo Walker, 417/859-4496.

22 MS. DUNN: What was that name, again,  
23 please?

24 MS. WALKER: Jo Walker.

25 MS. DUNN: And, Jo, you're with the

1 Silver Haired Legislature; correct?

2 MS. WALKER: Correct.

3 MS. DUNN: Okay. Anyone else?

4 MR. WORTHAN: Tom Worthan,

5 573/438-2111.

6 MR. McCULLOUGH: John McCullough,

7 573/635-6400.

8 MR. SINGER: Randy Singer,

9 512/828-0075.

10 MS. DUNN: Anyone else?

11 MR. MEADOWS: Representative Tim

12 Meadows of the 101st District in sunny

13 California, 314/775-3884.

14 MR. MCGHEE: Kenneth McGhee.

15 MS. DUNN: Anyone else? Can I ask who  
16 just joined the call?

17 MR. MCGHEE: I called in. I'm Kenneth  
18 McGhee. I don't know if you could hear me.

19 CHAIRMAN: Yes, Ken. All right.

20 Gentlemen and ladies that are here in

21 attendance, starting with you, Darlene, if you  
22 want to start. Speak loud.

23 MS. RUSSELL: Darlene Russell,  
24 representing myself.

25 MR. EGAN: Cory Egan, representing

1 myself.

2 MR. EGAN: Ralph Egan, representing  
3 myself.

4 MR. MOORE: John Moore, representing  
5 myself.

6 MR. STEWART: Bill Stewart,  
7 representing myself.

8 MR. BENNETT: I'm Bill Bennett,  
9 Missouri Funeral Directors Association.

10 MR. FOLLIS: Russ Follis, Missouri  
11 Funeral Directors Association.

12 MR. STROUD: Larry Stroud, Missouri  
13 Funeral Directors Association.

14 MR. BAKER: Bob Baker, Missouri Funeral  
15 Directors Association.

16 MR. BOYER: Brian Boyer, representing  
17 myself.

18 MR. ROTH: Chris Roth, Missouri Funeral  
19 Directors Association.

20 CHAIRMAN: Those of you that are on the  
21 telephone call, can you hear us?

22 MS. DUNN: Can we go over who has  
23 joined us, just to make sure?

24 CHAIRMAN: Can you all hear us that's  
25 on the conference call?

1 NUMEROUS RESPONSES: No.

2 CHAIRMAN: You could hear me then,  
3 couldn't you?

4 MS. DUNN: Is the volume turned up,  
5 Pam?

6 MS. SCHNIEDERS: Yes.

7 MS. DUNN: Okay.

8 CHAIRMAN: All right. Is that better,  
9 folks? On the conference call, can you hear  
10 us?

11 UNIDENTIFIED: There's an echo.

12 UNIDENTIFIED: There's an echo and we  
13 can just barely hear you guys.

14 MS. DUNN: If someone is on a cell  
15 phone, sometimes that's what causes that. So,  
16 if you can go to a landline, that could be  
17 helpful.

18 UNIDENTIFIED: Well, we're en route  
19 down there, so I guess we could --

20 MS. DUNN: Well, you're clear.

21 CHAIRMAN: Yeah. I think we're all  
22 right at the moment. All right. Do you want  
23 to have an overview of why we're here?

24 MS. DUNN: Certainly.

25 CHAIRMAN: Okay. Connie Clarkson is

1 going to explain to everybody why we're here  
2 and give you a brief overview of how we got  
3 here.

4 MS. DUNN: And if everyone could speak  
5 as loud as you could, please.

6 MS. CLARKSON: When we received -- when  
7 legislation is introduced, we at the Division  
8 receive what's called a fiscal note request,  
9 so we look at each piece of legislation that  
10 affects any profession within this Division to  
11 look at what it's going to cost the State to  
12 implement such legislation. We then forward  
13 that out to the Boards for their consideration  
14 of fiscal cost and any comments that they  
15 would like to make. It's typical that during  
16 Board meetings, and this time of year, the  
17 Boards do review all legislative proposals  
18 pertaining to their particular professions.  
19 We then take any comments that the Board has  
20 and submit those to the sponsor of the bill or  
21 the chair of a committee, in particular, the  
22 PR committee, so that's kind of how we have  
23 arrived here. So, what we will do from this  
24 point is that we will take back our concerns  
25 to the chair of the PR committee and

1 Representative Meadows, being on the call, is  
2 aware of those, and we will also update  
3 Representative Kuessner. We will then try to  
4 estimate what it's going to cost this Board on  
5 the two proposals that have been put forth by  
6 Representative Kuessner and Representative  
7 Meadows, and then when a fiscal note request  
8 comes through, then we will estimate the cost  
9 on the Board's proposal -- well, not  
10 necessarily the Board's proposal, but the  
11 Board's recommendations.

12 MS. DUNN: So, that provided you a  
13 brief overview of those that weren't quite  
14 sure why we were here today and why we were  
15 looking at this legislation. In setting up  
16 this call, we were limited to time frames of  
17 this call due to the system that we have to  
18 go through in state government. This call  
19 will have to end at 10:15 today. In order to  
20 accommodate everyone's comments and needs, the  
21 call will disconnect at 10:15, and I will give  
22 you another number to call in at 11:00 a.m.  
23 So, if everyone would write down this number,  
24 please, I would appreciate it. For local  
25 call-ins, it's 526-5402; for toll free, it's

1 866-630-9346. Does everyone have that?

2 UNIDENTIFIED: Yeah.

3 UNIDENTIFIED: What time?

4 MS. DUNN: Okay. We'll disconnect at  
5 10:15 today. We'll start again at 11:00.

6 CHAIRMAN: And we apologize for this,  
7 but that's just the way the system works. All  
8 right. We'll entertain anybody that would  
9 like to make some public comments about the  
10 bill at this time.

11 MR. LAKIN: Mr. Chairman?

12 CHAIRMAN: Who are you?

13 MR. LAKIN: This is Don Lakin at Pierce  
14 City, Missouri.

15 CHAIRMAN: You may speak.

16 MR. LAKIN: I would like for a couple  
17 things to be taken under consideration. I've  
18 read this legislation. There's good and bad  
19 involved in everything. In regard to the 10  
20 percent, I would like to see 5 percent of that  
21 put into a fund -- a reinsurance fund that if  
22 some of these companies would go broke or  
23 funeral homes would go broke or go south with  
24 the money, as I have said in many, many  
25 conversations, you cannot legislate morality.

1 But that 5 percent of this money would be put  
2 into a fund that would make money that if  
3 something happened to a funeral home in their  
4 preneed or to a third-party seller or anybody  
5 that has a preneed, that there was money to  
6 back that up that the consumers did not have  
7 anything to worry about, such as in the  
8 insurance business where they pool it all  
9 together and send it among the other insurance  
10 people and someone has to pick it up. I  
11 think 5 percent with the total number of  
12 contracts that were sold in Missouri last  
13 year, after looking at that, and the dollars  
14 and cents involved, in two or three years, I  
15 think that there would be enough money there  
16 to help some of these situations that have  
17 been. Number two, I would like to see the  
18 attorney general's office or the State Board  
19 Attorney, if you get an attorney or however  
20 that's going to work, make a contract that  
21 everyone in Missouri has the same identical  
22 contract, not this situation where you go to  
23 your attorney and he'll draw one up, and then  
24 you get up there. I'd like to see a  
25 universal contract that if somebody died in

1 your home town and they moved to my home town,  
2 we have the same identical contract. I've  
3 griped about this for years because every  
4 contract is different, and I would like to see  
5 the State Board of Embalming, through the  
6 attorney general's office, put a contract out  
7 that everybody would have the same one. If  
8 you're going to change the law, let's change  
9 it and make it right. And that's my comment.

10 CHAIRMAN: All right. Anybody else  
11 have any comments?

12 MR. OTTO: This is Don Otto with the  
13 Missouri Funeral Directors Association. Can  
14 you hear me okay?

15 CHAIRMAN: Yes, Don. Thank you.

16 MR. OTTO: Yeah. Just several things.  
17 One, in general, we met and our general  
18 consensus is, in a perfect world, we prefer  
19 100-percent trusting. We think that solves a  
20 lot of the problems and makes it that'll pop  
21 up whenever you get percentages going on, 10  
22 percent is better than 20, but we're already  
23 on record from two or three years ago as  
24 saying that we believe 100 percent would be  
25 best. We also -- last year, the lieutenant

1 governor's office suggested a joint  
2 House-Senate committee to completely rewrite  
3 436. We wonder if perhaps careful  
4 consideration in doing that might not be  
5 better than rushing through legislation where  
6 we -- something could pop up that we don't --  
7 we really haven't thought it all the way  
8 through. After this specific bill, there is a  
9 few things that we know. On page 7, paragraph  
10 4, at the very end -- this has to do with the  
11 notification requirement. I guess it's a typo  
12 or a grammar error or something that makes it  
13 hard to understand what is required. It  
14 currently says, "Written notice shall be sent  
15 by the Board and to all purchasers." It  
16 doesn't really quite make sense, the way it's  
17 worded.

18 MR. BAKER: Our question last night,  
19 is that purchasers or providers? Are we  
20 talking about purchasers?

21 MR. OTTO: Anyway, the way it's worded  
22 right now, we can't really figure out what  
23 that sentence means.

24 MS. GRINSTON: It says -- this is for  
25 the -- for providers, and it says, "Written

1 notice shall be sent to the Board."

2 MS. DUNN: It says by the Board.

3 MR. OTTO: Well, it says by the Board.

4 MS. GRINSTON: Oh, I'm sorry.

5 MR. OTTO: If it was to the Board,  
6 that would make more sense. We might not  
7 agree with it, but at least it would make  
8 sense.

9 MS. GRINSTON: Yeah. I think you're  
10 right, Don. It should be to the Board.

11 MR. OTTO: Okay. Well, that was one  
12 item. The other thing that when you go --  
13 it's all the way to page 17, and this has to  
14 do with the attempt to make it portable -- the  
15 contract portable. The problem that we see at  
16 Chapter 436 is on the presumption that this is  
17 not the consumer's money. If you disagree  
18 with that, I mean, if you don't think --  
19 (phone cut out) -- not the consumer's money.  
20 And there are so many provisions in 436 that  
21 they are based on that assumption, the attempt  
22 to make it portable, we think, is going to  
23 cause a lot of problems. For example --  
24 CHAIRMAN: Don, excuse me for a  
25 minute. You really faded out there at the

1 first of your statement. Can you repeat from  
2 the beginning.

3 MR. OTTO: Okay. Yeah. I'm on page  
4 17, paragraph 3. This is the language to make  
5 a funeral contract portable.

6 CHAIRMAN: Okay.

7 MR. OTTO: Okay. We just think it  
8 causes a lot of problems that people haven't  
9 thought through because of the other  
10 provisions of 436. For example, let's say a  
11 person has given you \$5,000. You have  
12 retained \$500 or your 10 percent under this  
13 bill, and have deposited \$4,500 in -- the  
14 seller has deposited \$4,500 for the benefit of  
15 funeral home #1. The customer now changes to  
16 funeral home #2 or wants to change to funeral  
17 home #2. That \$4,500 has now built up to  
18 \$4,800 because it's earned interest. What  
19 goes to funeral home #2; the entire amount or  
20 just the \$4,500? If it's the entire amount,  
21 then that means funeral home #1 would be  
22 stupid not to draw off the interest at every  
23 possible opportunity. And if they do that,  
24 that hurts the integrity of the fund and just  
25 the overall general trust funds in general.

1 Also, what if the funeral home and the seller  
2 are one and of the same, which can be the  
3 case? So, I'm funeral home #1, I'm my own  
4 seller. My customer wants to go to funeral  
5 home #2. Now, I'll be the seller for a  
6 competitor? You know, it's just -- we don't  
7 disagree that portability might be a good goal  
8 at some point, but with the way 436 is worded  
9 right now, we think it can cause some severe  
10 problems down the road. This doesn't make it  
11 clear if funeral home #2 gets the 10 percent  
12 if it wasn't retained, if it gets the entire  
13 amount of money that's in the trust, if the  
14 interest can go to funeral home #1, or the  
15 seller, or if -- (phone cut out) -- it leaves  
16 open a lot of questions. With the way the  
17 rest of 436 is worded, we're afraid it's going  
18 to cause some more problems. Moving on in the  
19 bill, I still don't know how we are going to  
20 affirmatively prove in writing that we are of  
21 good moral character. It's one thing to be  
22 convicted of a crime of moral turpitude that  
23 has been defined in the statute, but before I  
24 get my license, I have to prove I'm of good  
25 moral character. I'm not sure how I do that.

1 And this is separate from being convicted of a  
2 felony, because that section is already in  
3 there.

4 CHAIRMAN: We think a note from a  
5 minister or a priest would be enough.

6 MR. OTTO: Yeah. That's what I was  
7 hoping, we could set up a minister doing that  
8 for us.

9 CHAIRMAN: All right.

10 MR. OTTO: I'm not sure that would  
11 hold up under any kind of constitutional  
12 challenge, anyway. The last thing I want to  
13 point out is something that we're not sure why  
14 this was done. Under the joint-account  
15 section, dealing with joint accounts, under  
16 the current law --

17 MR. LAKIN: What page?

18 MR. OTTO: Oh. It's near the back.

19 MS. DUNN: Page 20.

20 MR. OTTO: Page 20. Thank you. Page  
21 20 with joint accounts, 436.035. Under the  
22 current law, 100 percent of the money that you  
23 collect from a consumer has to be deposited  
24 into the joint account. We're confused as to  
25 why that's being dropped to 90 percent. Why

1 are we reducing consumer protection in this  
2 area? It does make it consistent with the  
3 trust, I'll give you that, but under current  
4 law, this is the one area where current law  
5 protects the consumer is that it says every  
6 bit of money that is collected has to be  
7 deposited into the trust -- I mean, excuse me  
8 -- has to be deposited into the joint account.  
9 So, under current law, 100 percent of the  
10 money goes to the joint account. If this were  
11 passed, only 90 percent of the money goes to  
12 the joint account, and we're not sure why  
13 consumer protection in this area is actually  
14 being decreased. Those were some of our major  
15 things. We think there will probably be  
16 several complications dealing with the 10  
17 percent and the way it's worded that might pop  
18 up that we don't realize, which is why we want  
19 to be careful with it. But, overall, we think  
20 this bill is much improvement over the current  
21 436, at the very least.

22 CHAIRMAN: Thank you, Don. We'll  
23 entertain any other comments.

24 MR. LEWIS: Mr. Chairman?

25 CHAIRMAN: Yes.

1 MR. LEWIS: Steve Lewis -- (phone cut  
2 out) -- in Palmyra.

3 CHAIRMAN: Okay, Steve. Thank you.

4 MR. LEWIS: Because I don't -- (phone  
5 cut out) -- legislation, I mean, you're going  
6 to have to bear with me a little bit here.  
7 But is there anything in the new reform that  
8 protects not only the funeral homes, but the  
9 beneficiaries as far as the insurance goes,  
10 making sure that the owner of the policy has  
11 to be the person -- has to either be the  
12 beneficiary and/or the person that's writing  
13 the policy for them -- i.e., a family member  
14 -- versus the situation we right now have with  
15 NPS where they were listed as the policyholder  
16 and, therefore, it could be in a situation  
17 where they could take out policy loans? Can  
18 you hear me?

19 CHAIRMAN: Yes.

20 MS. DUNN: Yes.

21 MR. LEWIS: Is that in the draft of  
22 this new bill so that we don't get stung again  
23 on that?

24 MS. DUNN: Legal counsel is looking  
25 for that section. Just one moment.

1 MS. GRINSTON: We do have a section  
2 that does say -- and I'll find it in a minute  
3 -- that the purchaser has to be the owner of  
4 the policy and would have to okay and  
5 authorize any changes.

6 MR. LEWIS: Okay. There's another  
7 section that prohibits any loans against the  
8 policy.

9 MS. GRINSTON: That's right.

10 MR. LEWIS: Okay.

11 CHAIRMAN: That's right, Steve.

12 MR. LEWIS: Well, I just want to make  
13 sure that -- because this is just, obviously,  
14 a lot facing us right now -- that this owner  
15 from this point forward or if this legislation  
16 addresses that so that we don't have the same  
17 situation happen again. Also, with regard --  
18 I had a question regarding the trust. And in  
19 doing some background research on other states  
20 and the way that they have their legislation  
21 written on trusts, they have written that 100  
22 percent of the money has to go into a banking  
23 institution that's FDIC insured. I know,  
24 because in Missouri, we face a situation where  
25 it's a double-taxation state, and it's hard

1 for people that already have their funds in a  
2 municipal-bond area to switch it over to a  
3 situation where they're going to have, you  
4 know, 1099s coming out at the end of the year.  
5 But is that something else that could be  
6 reviewed by this panel?

7 CHAIRMAN: Yes.

8 MR. LEWIS: I know that there are  
9 states out there that do not face double  
10 taxation similar to us, and so, obviously,  
11 funeral homes, years ago, went out to search  
12 for different ways to invest the money so that  
13 they did not face a double-taxation issue.

14 CHAIRMAN: Steve, do you have any other  
15 comments?

16 MR. LEWIS: That's all.

17 CHAIRMAN: Okay. Anyone else?

18 MR. MCGHEE: This is Ken McGhee; I  
19 have a comment. Can you hear me okay?

20 MS. DUNN: No.

21 CHAIRMAN: You need to speak up a  
22 little bit, and state your name again.

23 MR. MCGHEE: This is Ken McGhee; can  
24 you hear me?

25 CHAIRMAN: Yeah. Okay, Ken.

1           MR. MCGHEE:   Okay.  I just want to  
2   make a comment.  I know, as everyone said  
3   before, that there is a lot of good and a lot  
4   of bad in this --

5           MS. DUNN:   Ken, we can't hear you.

6           MS. GRINSTON:  Ken, we can't hear you.

7           MR. MCGHEE:   Okay.  Can you hear me  
8   now?

9           MS. DUNN:   Yes.

10          MR. MCGHEE:  I would just like to make  
11   a comment that there is a lot of good and  
12   there's a lot of things that aren't good in  
13   this proposed legislation.  And I'm also to  
14   the point of thinking that I know that we're  
15   trying to do something in lieu of what's going  
16   on to protect the consumer and make sure that  
17   these contracts are being honored to their  
18   integrity and ability.  The two things I would  
19   like to just comment on is preneed was set up  
20   for the fact of honoring families' wishes, to  
21   give them the peace of mind that when they go  
22   to a funeral home, that when they make a  
23   selection and get goods and services, their  
24   wishes are being honored.  We know that right  
25   now, even with that peace of mind, if you come

1 in and I go to a funeral home to make  
2 arrangements, my next of kin can change those  
3 arrangements in a heartbeat. It doesn't  
4 matter. So, is there something that we could  
5 do to enact into this legislation or some  
6 point that when the proposed beneficiary makes  
7 these arrangements, that they are concrete,  
8 because we're giving the heirs a lot of room  
9 to come in and change someone's mind or change  
10 their arrangements. Secondly, also, it's  
11 supposed to give the financial peace of mind.  
12 Now, if we fund 100 percent of the money, what  
13 is the purpose of guaranteeing the prices,  
14 because all we, as funeral-home providers, are  
15 concerned about is making sure that when the  
16 time comes to honor these contracts, that we  
17 can cover the cost it takes for us to operate  
18 our businesses. And any preneed funeral that  
19 comes in, we can service. The thing is, are  
20 we going to be able to guarantee that we will  
21 be able to freeze the price? And the way  
22 this legislation is written, it's going to be  
23 hard to do that. We'll write all the preneed  
24 that we can under these laws, but we won't be  
25 able to guarantee prices because there is not

1 enough fluctuation or enough consideration  
2 given for when the casket companies start  
3 raising their prices to us or when prices of  
4 fuel go up, and just the overhead costs of  
5 doing business. So, I would just hope that in  
6 doing this, that those considerations are  
7 being given, and thank you for giving me the  
8 time. The rest of my comments, I did fax in,  
9 and they are in writing.

10 CHAIRMAN: Thank you, Ken.

11 MR. LAKIN: Mr. Chairman?

12 CHAIRMAN: Yes, Don?

13 MR. LAKIN: This is Don Lakin again.  
14 I have to agree with Ken 100 percent on that,  
15 due to the fact that we do not even act like  
16 businesspeople. I've made -- and, you know,  
17 you can't go buy a car five years in advance  
18 and be guaranteed. And I think that that's  
19 probably one of the silliest things, as  
20 businesspeople, that we have done, is  
21 guarantee something that we don't even know  
22 how much it's going to cost us in the future.  
23 And I just want to go on record that I agree  
24 with Ken McGhee 110 percent.

25 CHAIRMAN: So, you want that on the

1 record that that's the first time you and Ken  
2 ever got something the same; right?

3 MR. MCGHEE: No. We agreed on some  
4 steak before.

5 MR. LAKIN: Yeah.

6 CHAIRMAN: All right. We appreciate  
7 that. Any other comments?

8 MR. OTTO: This is Don Otto again.

9 CHAIRMAN: Yes, Don.

10 MR. OTTO: On Mr. McGhee's point about  
11 locking in a preneed. We have been opposed to  
12 that in the past because we think there needs  
13 to be a person alive that can veto things that  
14 just can't be done or shouldn't be done  
15 because circumstances have changed. For  
16 example, somebody writes in a preneed that  
17 they want military honors funeral, but they  
18 were dishonorably discharged. Or do they  
19 want, you know, something that is physically  
20 impossible or it turns out is -- (phone cut  
21 out) -- for the family or whatever. However,  
22 we think that most of them that's out there  
23 can be solved if the person writing the  
24 preneed has the opportunity to designate who  
25 their next of kin will be. That way, they

1 can designate someone that they trust to  
2 handle out their best wishes -- their final  
3 wishes as best as possible under the existing  
4 circumstances. And we do have two bills over  
5 here at the Capitol that would do just that.

6 MR. MCGHEE: Mr. Chairman, just one  
7 response to that, if I may. Don, the only  
8 thing that I'm concerned with, and I'm sure a  
9 lot us have seen this, I've had family members  
10 coming in and just say, "Please, whatever  
11 happens, make sure I'm buried with all my  
12 jewelry on. I know my sister is going to  
13 want to take it. I don't want that to be the  
14 case. I'm trusting you, Mr. Funeral Director.  
15 That's why I'm in here prearranging with you,  
16 because I want to make sure that I'm in my  
17 pink dress with all my jewelry." And how many  
18 times has the next of kin come in and, in our  
19 situation, come in, and because they were the  
20 next of kin and had the right of sepulchre,  
21 that they came in and changed and said, "You  
22 know what, we don't want her to be buried with  
23 that." And that's where you're taking away  
24 the peace of mind and giving false security to  
25 people that are saying, "I want this done

1     because I can't rely on someone else." And  
2     even if you name a beneficiary or a next of  
3     kin of do this, what if there is none? What  
4     if they're no longer there? Some of the  
5     things that are in this new legislation, I  
6     think, go beyond what the purpose of the peace  
7     of mind of prearrangement is about.

8             MS. DUNN: And if I could at this time  
9     -- this is Becky Dunn. And we want to make  
10    sure that everyone here today realizes that  
11    you can contact the sponsors of these bills  
12    and make any comments that you may have,  
13    because that is totally your right to do so.  
14    So, as you read through the proposals, please  
15    ensure that you make your comments to your  
16    state representatives and senators and the  
17    sponsors of this bill.

18            CHAIRMAN: Any other public comment?  
19    Don Otto, Kim has a question.

20            MS. GRINSTON: Don, I had a question  
21    about your concerns on portability with the  
22    provider.

23            MR. OTTO: Yeah.

24            MS. GRINSTON: You mentioned something  
25    about who does the 10 percent go to. If I'm

1 changing providers only, why would the 10  
2 percent -- I don't -- help me understand why  
3 the 10 percent would be an issue if all I'm  
4 doing is changing the provider.

5 MR. OTTO: Because, for example, with  
6 the Missouri Funeral Trust, we give the 10  
7 percent to the funeral home.

8 MS. GRINSTON: I got it, but that is  
9 just under your contract.

10 MR. OTTO: That is correct.

11 MS. GRINSTON: If we allow someone who  
12 says this provider has gone out of business or  
13 I don't like this provider, if we have  
14 something that says you can choose an  
15 alternate provider --

16 MR. OTTO: Well, here's the scenario.  
17 We have -- the consumer comes in and gives  
18 \$5,000 to provider #1; okay? Provider #1  
19 winds up with that \$500, puts it in their  
20 pocket. Now, you're --

21 MS. GRINSTON: Because of your  
22 contract or because of the law?

23 MR. OTTO: Well, the seller -- that 10  
24 percent belongs to the seller. It's their  
25 absolute money. It's theirs.

1 MS. GRINSTON: Right.

2 MR. OTTO: So, we have the right to  
3 give that to whomever we want because it's our  
4 money.

5 MS. GRINSTON: Right.

6 MR. OTTO: We choose to give that to  
7 provider #1. Okay. A year later, the  
8 consumer wants to switch to provider #2. I  
9 think it needs to be clear that 90 percent of  
10 the money would be transferred to provider #2.

11 MS. GRINSTON: So, what's your -- and,  
12 again, I think what I'm hearing is that under  
13 your contract, you give 10 percent to the  
14 provider?

15 MR. OTTO: That is correct.

16 MS. GRINSTON: You want something in  
17 the law that says if they choose another  
18 provider, the seller doesn't have to do  
19 another 10 percent in their contract?

20 MR. OTTO: Yeah. I think there's two  
21 things you need to watch out for; one, I think  
22 it should be clear in there that if a provider  
23 is being changed, just like if you canceled  
24 the contract. You've made it very clear now  
25 if the consumer cancels the contract, they get

1 90 percent back.

2 MS. GRINSTON: Right.

3 MR. OTTO: I think you should also  
4 make it clear if the consumer transfers the  
5 contract, 90 percent gets transferred over.

6 MS. GRINSTON: And we have language  
7 that I think does that for a seller because I  
8 understand it's we're talking about transfer  
9 to a seller. But when I'm changing providers,  
10 should we be talking about transferring  
11 funding again, because, again, the 10 percent  
12 is the seller's. What they do with it is  
13 theirs. Is the issue state law or is the  
14 issue how MFT will handle their contract now?

15 MR. OTTO: Yeah. Yeah. I understand  
16 where you're coming from there. My concern is  
17 if funeral home #2 may say I want the whole  
18 100 percent.

19 MS. GRINSTON: Well, funeral home #2,  
20 as a provider, wouldn't be entitled to the  
21 statutory 10 percent because they're not the  
22 seller. And so, they should not be making a  
23 demand for the 10 percent unless your contract  
24 says they get the 10 percent again.

25 MR. OTTO: I understand -- I -- yeah.

1 Well --

2 MS. GRINSTON: And I understand how  
3 this changes when we're switching from seller  
4 to seller, but when I just simply say, "The  
5 funeral home down the street has done  
6 something horrible," or, "The funeral director  
7 just got convicted, I don't want to go there,"  
8 when I move again to another provider, does  
9 state law require the transfer of the 10  
10 percent again, or am I hearing that that just  
11 may be an MFT contractor's requirement?

12 MR. OTTO: I actually think that we  
13 can solve the 10-percent problem internally by  
14 changing our contracts.

15 MS. GRINSTON: That's what I was  
16 thinking.

17 MR. OTTO: That's not a huge one.

18 MS. GRINSTON: Okay.

19 MR. BAKER: Don?

20 MR. OTTO: I'm more concerned about the  
21 interest.

22 MR. BAKER: Don?

23 MR. OTTO: Yes.

24 MR. BAKER: This is Bob Baker. We  
25 discussed this at length last night, Kim. And

1     what -- I think what our main concern would be  
2     is if we're talking about funeral home #A,  
3     funeral home #B, the seller still controls the  
4     right to the income off of the contract. We  
5     want to make sure that if the -- for the  
6     portability purposes, that the funeral home  
7     which has the contract transferred to will be  
8     able to service that contract and not just  
9     always remain at the 90 percent. If the 10  
10    percent has already gone to the seller, the  
11    seller retains the interest, we want to make  
12    sure that funeral home #2 has sufficient funds  
13    available to service that funeral.

14           MS. DUNN: So, funeral home #A  
15    retained the 10 percent, and funeral home #A  
16    got the interest off the money, and now  
17    funeral home #B has to provide that funeral  
18    preneed at need.

19           MR. BAKER: Yes. And, specifically,  
20    it would come into where the funeral home has  
21    their own trust. They are both the seller and  
22    the provider, and, again, depending upon where  
23    it's transferred to, we want to make sure that  
24    the consumer is protected and there are enough  
25    funds which -- to service that contract versus

1 90 percent forever where the seller is going  
2 to retain the interest as it is earned.

3 MS. GRINSTON: And I'm understanding  
4 again -- I think sometimes we get confused  
5 about who, under the statute, gets the 10  
6 percent. The 10 percent goes to the seller.

7 MR. BAKER: Correct.

8 MS. GRINSTON: And if the provider  
9 paid -- if he pays it out to the first  
10 provider, I understand. But there are two  
11 provisions in the bill that I think may feed  
12 into this discussion. Number one, in order to  
13 change the provider, I have to get the new  
14 provider to consent. So, if the new provider  
15 looks there and says, "Listen, I'm not going  
16 to get the money on this funeral, I'm not  
17 consenting to it," then there is no  
18 redesignation. It can't happen. The second  
19 thing is for someone who is selling for  
20 themselves, in order for you to name a new  
21 provider, the new provider would have to have  
22 a contract with me, the seller. And so, let's  
23 say funeral home -- I say, instead of funeral  
24 home #A, I'm going to go to funeral home #B,  
25 I am the seller and provider on the original

1 contract. I look at the contract and say, "I  
2 have no contract with funeral home #B, so I  
3 can't allow you to change."

4 MR. BAKER: Right.

5 MS. GRINSTON: So --

6 MR. BAKER: What we -- I think another  
7 point would be, you know, I am the seller and  
8 the provider.

9 MS. GRINSTON: Right.

10 MR. BAKER: They want to go to brand X  
11 down the street, and we know that there's a  
12 situation that they are not going to accept  
13 the contract. So, I think it's more of a  
14 consumer thought that we're after rather than  
15 the seller or the provider.

16 MS. GRINSTON: And I get that. If  
17 they're not going to accept the contract down  
18 the street, then you don't have to do it.

19 MR. BAKER: Right. And then --

20 MS. GRINSTON: If there is no contract  
21 with the second provider, you can't do the  
22 contract.

23 MR. BAKER: Right.

24 MS. GRINSTON: And so, there is no  
25 redesignation. So, and then what I --

1           MR. BAKER: But in that case, I think  
2 -- and the other thing we were worried about  
3 would be if the #2 would not accept the  
4 contract, and the consumer wanted to do  
5 something else, we want to make sure that they  
6 get more than 90 percent back.

7           MR. MOORE: And who are we here for;  
8 us to make money on selling contracts we never  
9 service, or the consumer, the public? Let's  
10 look at -- you know, I'm a relatively new  
11 owner, and I got stuck with federal -- several  
12 funeral security plans for \$695, \$1,1195, and  
13 \$1,285, and I thank the guy I bought out every  
14 time one of those pass away because that's all  
15 I get. Are we here to get 80 percent or 90  
16 percent, keep the 10 or 20 in our pocket?  
17 Five years later we upset somebody, we get all  
18 the interest, and Bill Bennett has got to the  
19 do the funeral from John Moore because I  
20 ticked off the family. If we're going to take  
21 control of our preneed business again, let's  
22 do it. A hundred percent of the money goes  
23 in, it sits with that account till it's  
24 serviced. If I make the family mad and I  
25 lose the business and Bill Bennett gets it, he

1 gets that portion from the third-party  
2 provider or from my banker when he turns over  
3 the death certificate. The bank records are  
4 there, the preneed records are there, he gets  
5 it all, interest and everything. What did I  
6 do to get the money? Nothing. I ripped off  
7 the public. When I do a contract from a  
8 third-party seller that I don't have an  
9 agreement with, and they send me 80 percent of  
10 that money, I enjoy sitting there with the  
11 family saying, "John Moore is going to eat  
12 that 20 percent and all the interest, but that  
13 third-party seller ripped me and you off."  
14 Now, I can muddy their name really good. I  
15 can muddy my competitor because they made  
16 money and the third-part seller made money,  
17 and John Moore is the hero because I lost  
18 money doing that funeral. But we've got a  
19 chance right now to take preneed business back  
20 to us, put the regulations on us, watch the  
21 money. We already pay \$2 for every contract  
22 for an audit that, I guess, is done. I've  
23 never seen an audit report. But we're  
24 governed under banks, we're governed under  
25 everything. Let's stand up and take control

1 of our family's money, the people that  
2 supported me for 30 years, supported many of  
3 you for a lot longer than that, and we can  
4 protect our money. And then if we have a  
5 problem, who do we blame? It's us. We took  
6 control back in 2008. And let's grab the bull  
7 by the horns and take that control and go  
8 forward. I don't think it's fair that we make  
9 money off the public when we sit in our chair  
10 and didn't do anything but spend 30 minutes  
11 writing a contract out.

12 MS. DUNN: For the record, that was  
13 John Moore.

14 MR. FOLLIS: I'm Chris Follis, and do  
15 agree with John Moore to a degree here. Chris  
16 Follis did not put \$5,000 -- take \$5,000 out  
17 of his pocket and put in a contract for Sally  
18 Jones. Sally Jones brought in \$5,000 and gave  
19 it to me. And if Mr. Moore -- as Mr. Moore  
20 said, if I make somebody mad and they want to  
21 use Mr. Jones' funeral home, I've made them  
22 mad. That's still their money on the bottom  
23 line, in my opinion, because they're the ones  
24 that put it in to begin with, and their money  
25 should follow them --

1 MR. STEWART: And the grove.

2 MR. FOLLIS: And the grove. Yes, and  
3 the grove. Whether it's -- we agree on a  
4 90-percent or 100-percent situation, it's  
5 still that family's money because, at present,  
6 if we get -- if, today, in the literal sense,  
7 we get 80 percent back with no -- of the  
8 original face amount, and some of these  
9 funeral securities that I've had to do and  
10 future services and everything else, I can  
11 guarantee you it won't buy the casket back  
12 today on its value. Now, if they come to me,  
13 they must want to come to me for a reason,  
14 and I'm presuming and hoping that reason is  
15 good, that they like me. And if I say, "I  
16 can't do this. I'm only going to get \$695,  
17 folks. You stay where you're at," that does  
18 not grow my business whatsoever. So, I think  
19 it needs -- the portability is great and I  
20 think we need it, but I think what's in it  
21 and grows until such time as that person dies  
22 and the death certificate is presented should  
23 all be there with it.

24 MR. OTTO: This is Don Otto again.  
25 Again, I think our position is that we like

1 the idea of portability. We think it's very  
2 difficult to do under Chapter 436 the way it's  
3 written as a whole, and that sticking a  
4 paragraph in or a sentence could potentially  
5 cause us a lot of -- potentially can cause  
6 confusion, and that's what we want to -- and  
7 mistakes and more problems, and we don't want  
8 more problems. I would also note that it's  
9 not always that the consumer dislikes funeral  
10 home #1 is the reason they switched. We've  
11 had a couple instances where -- before I got  
12 here; I've been told about them -- funeral  
13 director moved from funeral home #1 to funeral  
14 home #2, took his customer list with him, then  
15 went door to door and offered everybody, like,  
16 20 bucks if you'll move your preneed contract  
17 over to funeral home #2. So, it's -- and I  
18 would say that there are some legitimate  
19 expenses that funeral homes do incur when they  
20 do a preneed. They've got to have a building,  
21 they've got to have stock, they've got to have  
22 a room, you've got the casket room, if they  
23 have that, or a wall. They're paying their  
24 utilities, they're paying their staff. So, I  
25 think there are some legitimate expenses that

1 a funeral home is out if a contract is  
2 transferred. We've always thought 20 percent  
3 is way too big a penalty for the consumer to  
4 do that, but, nevertheless, even if -- and we  
5 support 100-percent trusting if that were ever  
6 possible. But to say that there are no  
7 expenses to a funeral home in writing a  
8 preneed and losing it, I don't think it's fair  
9 to a lot of funeral homes because I think  
10 there are some expenses even if people don't  
11 always, you know, do an allocation of all  
12 their stuff.

13 CHAIRMAN: Is that your personal view  
14 or is that the association's view?

15 MR. OTTO: We have discussed this  
16 before. We -- the association supports  
17 100-percent trusting. We have noted, however,  
18 that there are -- we do note that there are  
19 expenses of funeral homes involved in creating  
20 preneed, and that is why we said if people  
21 thought that 95 percent and 5 percent were  
22 better for that, we would be okay with that,  
23 but we would prefer 100 percent.

24 MR. LAKIN: Again, if you get down to  
25 universal contract, there won't be any

1 horseplay between funeral home and funeral  
2 home, whether it's competitor or whether it's  
3 moving to the other end of the state. If you  
4 have a universal contract, then every funeral  
5 director has the same contract.

6 CHAIRMAN: All right. Hold on. Kim  
7 has a question, and then Martin.

8 MS. GRINSTON: Just to understand the  
9 current position on the portability  
10 restriction, we indicated that it could cause  
11 some confusion. Are you saying it may cause  
12 some confusion for providers, for sellers, or  
13 for consumers?

14 MR. OTTO: Well, this is Don Otto  
15 again. We think it could cause confusion for  
16 a lot of people. For example, and I can --  
17 it may not happen, but we just are concerned  
18 that with portability just tacked on to  
19 paragraph 3 of that one section, where  
20 everywhere else it's absolutely clear that the  
21 consumer is not the owner of that money. Now,  
22 I don't like that personally, but that's what  
23 436, basically, says. The title to that money  
24 is in the trustees. The interest belongs 100  
25 percent to the seller, and if we have 10

1 percent, it belongs 100 percent to the seller.  
2 And if they cancel, they only get 90 percent  
3 back. But if they transfer it, we just want  
4 to make it absolutely clear what goes from  
5 funeral home #1 - what funeral home #2, under  
6 the law, is supposed to get when that contract  
7 comes due.

8 MS. GRINSTON: And, again, why  
9 couldn't that just be spelled out in the  
10 seller's contract, because when I see the  
11 language switching from provider to provider,  
12 what I see is simply not dealing with whose  
13 money it is, but dealing with whose contract  
14 it is. So, if they switch from provider #A  
15 to provider #B, that's fine. Could the  
16 seller, in its contract, say what happens when  
17 the money is transferred to the second funeral  
18 establishment, or are you suggesting -- I'm  
19 really trying to get clarification. Are you  
20 suggesting that we add something in the law  
21 that says what happens and how much a seller  
22 is required to pay to the second funeral  
23 establishment?

24 MR. OTTO: Well, I mean, if it were in  
25 the law, I mean, one problem is we can redo

1 our contracts. Then what if somebody says,  
2 "Well, this contract -- you're not giving me  
3 everything that the law says you're supposed  
4 to give me," you know, because our contracts  
5 can't change what the law is.

6 MS. GRINSTON: Right.

7 MR. OTTO: And so, the way it's worded  
8 right now, all it says is if you change  
9 provider, you might have a situation where  
10 that interest has been -- you know, the seller  
11 has the right to withdraw the interest from  
12 the trust. So, in one situation, you may have  
13 occasion the seller has withdrawn the interest  
14 off the trust, and, in another case, you may  
15 have a situation where the seller has chosen  
16 to leave the interest in the trust. Will  
17 funeral home #2, in those two different  
18 situations, get the same amount, or will  
19 funeral home #2 get more in the second amount  
20 -- or, you know, I'm just saying it's -- and  
21 it's not so much even just this particular  
22 language, it's when this language interfaces  
23 with all the rest of 436, well, we just urge  
24 people to think it through carefully because  
25 we're not opposed to the idea of portability,

1 but if you're going to go to portability, I  
2 think you almost have to start thinking about  
3 rewriting 436 from the beginning and, like  
4 some people have said here, make this a trust  
5 for the consumer.

6 MR. MAHN: Hey, Don, this is Todd  
7 Mahn; I have a question for you. So, are you  
8 saying -- are you representing the  
9 association? Are you saying that you think  
10 the interest on the -- whether it's 100, 90,  
11 or 80 percent, are you saying the interest  
12 should go to the funeral home that provides  
13 the service, funeral home #2, if you're  
14 calling it -- that's the name you're calling  
15 it right now? Is that what you're saying?

16 MR. OTTO: Well, not necessarily. I  
17 just want to make sure that we don't write our  
18 contracts and find out that they violate the  
19 law.

20 MR. MAHN: Well, I'm asking you: I  
21 know you all had a meeting. Are you all  
22 together on this that the interest on the --  
23 say it's 100 percent -- I'm just using that as  
24 an example -- goes along with the 100 percent  
25 to the funeral home that provides the service?

1 MR. OTTO: Well, here's our  
2 complication -- I'm going to switch hats here  
3 and tell you what -- how the Missouri Funeral  
4 Trust does it.

5 MR. MAHN: I'm not asking how the  
6 Missouri Funeral Trust does it, I'm asking  
7 your all's position --

8 MR. OTTO: Well, the MFDA -- we all  
9 know the Missouri -- the MFDA owns the  
10 Missouri Funeral Trust. Well, this is what  
11 our concern is, is how we operate, we are --  
12 the interest belongs to the seller, we give  
13 that to the funeral home.

14 MR. MAHN: The funeral home that does  
15 the service; right?

16 MR. OTTO: Yeah. Well, no. The  
17 funeral home that writes the contract. Since  
18 you have the right to withdraw that interest --

19 MR. MAHN: Well, I'm sitting here with  
20 owners now, and their feeling on this is, Don,  
21 I don't think -- I think the conversation we  
22 had the other day, I know you haven't ever  
23 made funeral arrangements and that kind of  
24 thing. But they feel like that the funeral  
25 home that does the service, that that money

1 actually still belongs to that family, and  
2 that if that funeral home -- and ten years  
3 later, that family decides to switch funeral  
4 homes and it has to provide an \$8,000 funeral  
5 that was \$5,000 back then, shouldn't the  
6 funeral home that does the service receive the  
7 interest?

8 MR. MOORE: Shouldn't the family?

9 MR. MAHN: Well, the family, but you're  
10 representing the family and the family is  
11 paying that funeral home, that doesn't that --  
12 technically, Don, that should still belong to  
13 them.

14 MR. OTTO: Well, see, that's the basic  
15 problem with 436; it doesn't. Under 436, the  
16 interest does not belong to the family.

17 MR. MAHN: So, you're saying that the  
18 association, if this bill, whatever percentage  
19 we all agree on to invest, that 100 percent of  
20 the interest goes along with that to the  
21 funeral home that provides the service, that  
22 we have the blessing of the association?

23 MR. BENNETT: It's the consensus --

24 MR. OTTO: Well, under the statute  
25 that we have in front of us --

1           MR. MAHN: I'm asking: Do we have the  
2 blessing of the association on that?

3           MR. OTTO: Well, I'm --

4           MS. DUNN: I think Mr. Bennett said  
5 yes.

6           MR. OTTO: I'm not certain. What I  
7 can say. Bob could perhaps better -- he's  
8 there and he can hear you better.

9           MS. GRINSTON: So, why not put just  
10 put that in MFT's contract?

11          MR. MOORE: Yeah. But what about any  
12 other third-party seller or any funeral home  
13 that's out there selling on their own?

14          MS. DUNN: They want everybody. They  
15 want the family to benefit from the interest.

16          MS. GRINSTON: Oh. So, you mean --  
17 so, when we talk about the rewrite, what we  
18 want to say -- what I'm hearing is that the  
19 interest no longer belongs to the seller, that  
20 the interest is the family's. And so, whether  
21 I allow you to change or not, the issue is  
22 not changing the provider, the issue is who  
23 gets the interest? I got that.

24          MR. OTTO: Part of the thing we're  
25 talking --

1           (Several people talking at the same  
2 time.)

3           CHAIRMAN: Hold on guys. Whoa. Whoa.  
4 Whoa. Whoa. Okay. Don, finish up your  
5 statements, then we've got to go.

6           MR. BENNETT: Don, we'll address it  
7 here.

8           MR. OTTO: Okay. Yeah, please do,  
9 because it's breaking up here.

10          MS. DUNN: Don, are you coming in here  
11 today? No.

12          CHAIRMAN: Okay. One of my Board  
13 members has a question -- Martin Vernon.

14          MR. VERNON: Actually, it's not a  
15 question, it's a comment.

16          CHAIRMAN: Okay.

17          MR. VERNON: Following the dialogue,  
18 and, really, it's a good time again. I see  
19 two issues, and it's a hard one to fix because  
20 I understand what you're saying as the  
21 interest following the family. I think that's  
22 a great thing, kind of following Ken McGhee's  
23 comment and Don's a while ago. If all we're  
24 going to be is a holding-account institution  
25 for families to bring their money in, that's

1 great. But if you'll all look at what the  
2 definition of a preneed contract is in #5, it  
3 says where it's a sale. You sold something.  
4 I'm kind of -- I'm probably playing devil's  
5 advocate for both sides here, the consumer and  
6 the funeral director at the moment, because I  
7 see where the consumer needs to be protected  
8 and the money go along with them. But at the  
9 same token is I see where the funeral director  
10 needs to be protected, too. So, I don't know  
11 that you can write a perfect contract here  
12 that's going to make it 100 percent for the  
13 consumer in this situation. If that's what  
14 we're trying to do, then let's just be a  
15 holding institution like a bank, and let's  
16 just hold their monies and then send it  
17 anywhere it wants to go. Don't guarantee them  
18 anything because why? Why would you guarantee  
19 them anything? That's it.

20 CHAIRMAN: Thank you. Anybody else  
21 have any comments?

22 MR. OTTO: Well, this is Don Otto. I  
23 think I'm in a better spot now. All I really  
24 wanted to say is that the association is not  
25 against the concept of portability in general,

1 we just want to be careful that whatever we  
2 put in any new legislation doesn't create more  
3 problems than we've already got.

4 MS. DUNN: I wanted to remind  
5 everybody that's on the call today that this  
6 goes off at 10:15. And for those that weren't  
7 on earlier, that you're aware that you need to  
8 dial back in at 11:00, and the toll-free  
9 number is 866/630-9346. And for our records,  
10 I want to make sure I have all those that are  
11 on attendance on this call. I have Panita  
12 Follis, Don Otto, John McCullough, Bill  
13 Stalter, DJ Gross, Barbara Newman, Don Lakin,  
14 Jo Walker, Tom Worthan, Randy Singer,  
15 Representative Meadows, Ken McGhee, and Steve  
16 Lewis. Has anyone else joined the call?

17 MR. LEWIS: Yes. Jimmy O'Donnell,  
18 he's on conference call with me. This is  
19 Steve Lewis. MS. DUNN: Okay. Anyone  
20 else?

21 MR. LEWIS: Can you all tell us where  
22 you guys are meeting for those people that are  
23 en route down there today?

24 MS. DUNN: We're in the main  
25 conference room at the Division of

1 Professional Registration at 3605 Missouri  
2 Boulevard.

3 MR. LEWIS: Okay. I just lost you. I  
4 can't hear you.

5 MS. DUNN: 3605 Missouri Boulevard.

6 MR. LEWIS: Okay.

7 MS. DUNN: At the Division of  
8 Professional Registration.

9 MR. LEWIS: Okay. Thank you.

10 CHAIRMAN: Darlene?

11 MS. RUSSELL: On page 16 -- this is  
12 Darlene Russell. On page 16, it does say at  
13 the very top of the page when it's regarding a  
14 cancellation, that 90 percent of all payments.  
15 If that would say not less than 90 percent  
16 would give the person the option of giving  
17 them 100 percent. That was one thing I  
18 noticed there. And then another comment, on  
19 page 2, "A preneed contract may be funded by  
20 any mechanism authorized by this chapter  
21 including cash payment or whole or credit life  
22 insurance." I think you're boxing yourself in  
23 saying what type of insurance they can use  
24 because there are other types of insurance.  
25 So, if you would change the words, take out

1 whole or credit, and just say payment or life  
2 insurance -- the cash payment or life  
3 insurance, because there is other things, such  
4 as annuity, universal life, variable life.

5 There's quite a few other things. And on page  
6 14, it protects you by saying, "Any investment  
7 in preneed funds shall be made in investments  
8 designed to increase the value of the preneed  
9 fund," so that protects you. But limiting  
10 yourself on what type of insurance is -- I  
11 don't think it's good for the consumer or good  
12 for the funeral home. Those are my comments.

13 CHAIRMAN: Thank you, Darlene.

14 MR. MEADOWS: Mr. Chairman, are you  
15 there?

16 CHAIRMAN: Yes. Who is it?

17 MR. MEADOWS: This is Representative  
18 Meadows. Listen, I won't be able to rejoin  
19 you folks in the second half of the call this  
20 morning. I'm in San Diego; I've been out here  
21 for a week, so this all has come as a shock  
22 to me with all the news about this  
23 legislation. But if I may real quick, first  
24 of all, I want to commend all you folks that  
25 are on the call, as well as everyone that is

1 sitting in that room there, because, now,  
2 finally, we've got a nucleus of folks that  
3 really care about your industry, and it just  
4 shows me that you're trying to work together  
5 to bring forward some legislation that's going  
6 to be good for the consumer.

7 MS. DUNN: Representative Meadows,  
8 this is Becky. Could you speak up just a  
9 little bit. It's hard to heard you.

10 MR. MEADOWS: Oh. Okay. I'm sorry.  
11 I am in San Diego, California. My son  
12 graduated from boot camp this week and I've  
13 been gone for a week, and I'm just -- so I'm  
14 at a disadvantage. I don't have a copy of  
15 what you have printed out, but -- (phone cut  
16 out.) I just wanted to tell you and share with  
17 you a little bit of history, if I may. As  
18 you know, I filed House Bill 825-8 -- can you  
19 hear me?

20 CHAIRMAN: Yes.

21 MR. MEADOWS: Okay. Last year, I  
22 filed House Bill 825, and I could not even get  
23 a hearing on that bill. I got with the  
24 committee chairman, Representative Jay Watson,  
25 and Representative Watson told me it was too

1 political and they was not going to bring that  
2 bill up in a political year. We fought like  
3 son of a guns just to get it -- just to get  
4 it to move forward, and I was met with a  
5 stone wall. About two weeks ago on a  
6 Saturday, I was on-line on my -- I was at  
7 home in St. Louis, and I was on-line, and I  
8 was shocked to see House Bill 2469 filed by  
9 Representative Kuessner. I immediately, on  
10 that Saturday, called Representative Kuessner  
11 on the phone and left him a message. He  
12 called me back exactly an hour later and I  
13 asked him, I said, "Representative," I said,  
14 "why did you file this bill? I'm kind of  
15 curious because I had been filed similar  
16 legislation last year on Chapter 436." And  
17 his exact words was, "Well, I'll just be  
18 honest with you. This bill came to me from  
19 the attorney general's office." Well, first  
20 of all, I don't know if that's a true  
21 statement or not, and I asked him, I said,  
22 "Are you sure?" And he said, "Yes." Well,  
23 first of all, I had worked with the attorney  
24 general's office on this bill. And in the  
25 original House Bill 825, I gave super powers

1 to the attorney general's office for auditing  
2 practices and so forth and so on. But with  
3 that being said, I just want to commend,  
4 again, everyone that's on this call and  
5 everyone in that room because it tells me  
6 that, finally, we're going to move forward,  
7 hopefully, and we can get some legislation  
8 passed that's going to be good for the  
9 consumer and good for your industry. But with  
10 that being said, I was not going to refile my  
11 legislation this year. I was not going to do  
12 that. That was not my intention. If you  
13 look at my House Bill 2594, it was filed at  
14 5:00 p.m. on the final day of filing, and  
15 there were two -- only two other bills filed  
16 behind mine at the cutoff which was 2595 and  
17 2596. The reason why I filed my legislation  
18 this year was mainly and solely as to put this  
19 back to the forefront because Representative  
20 Kuessner told me that he had gotten a bill  
21 that was sent over from the attorney general's  
22 office. I think if the bill would have really  
23 came from the attorney general's office, it  
24 would have had more language in there that  
25 would have protected the consumer. I think

1 that Representative Kuessner's bill is a bit  
2 vague. But with that, I would just encourage  
3 you all, if you've got a piece of paper handy,  
4 you can e-mail me at tim.meadows@house.mo.gov,  
5 and that's the same with your own legislators;  
6 you can put their first name in, a dot behind  
7 their first name, and then their last name,  
8 and then just the same thing across. I  
9 encourage you to get everyone involved and to  
10 start this discussion, and I am very, very  
11 proud, again, that you are all sitting down to  
12 do something. I don't what precipitated this.  
13 Like I said, I've been gone for about eight  
14 days now, and I'm flying home today, and I  
15 won't be back into my office in Jefferson City  
16 till tomorrow. But -- so, I'm somewhat at a  
17 disadvantage. I just had one question. Why  
18 does everything that's gone on -- and maybe  
19 one of you folks on the Board can answer this,  
20 but let's just say, for example, we do get a  
21 bill and this goes into effect, what will be  
22 the conditions and what about the existing --  
23 there could be things that are now pending  
24 before your Board. How would that change that  
25 and will it change that, because I've watched

1 legislation change and then along with it,  
2 protection is put in for those that -- and I  
3 mean, because there's been Workers'  
4 Compensation changes in the last year and  
5 unemployment changes. I've seen things being,  
6 you know, canceled and thrown out and changed  
7 and so forth. But has the Board looked at  
8 that, on how you would handle that?

9 CHAIRMAN: Thank you, Representative  
10 Meadows. I would just like to make a  
11 statement here from the Board. We did a  
12 little research here, and, apparently, some  
13 other states have gone to 100 percent. There  
14 are 22 states that are 100 percent in the  
15 United States. There are four that are 85  
16 percent, there are two, Missouri and Iowa,  
17 that are 80, and six states that are 90  
18 percent. So, I mean, some of these other  
19 states are looking after their consumers a  
20 little better than us.

21 MS. DUNN: And that's only 34 states  
22 that we surveyed. We didn't survey all.

23 CHAIRMAN: Bill?

24 MR. STEWART: Did you survey their  
25 portability clause with those 100-percent

1 states?

2 CHAIRMAN: All we had was just some  
3 records of how they work their states. Is  
4 there anybody that -- like, we've got a lot of  
5 people on the phone and here in the room that  
6 are from the industry. Is there anybody  
7 that's, like, outside the industry that would  
8 like to make a statement? Jo Walker, would  
9 you like to make a comment?

10 MS. DUNN: Jo, are you still on?

11 MS. WALKER: Yes. I had my phone on  
12 mute.

13 MS. DUNN: Okay.

14 MS. WALKER: This has been a very  
15 interesting and enlightening conversation. I  
16 -- of course, the reason that I was involved  
17 because Representative Meadows came to our  
18 legislature and asked that we support his  
19 legislation last year, so we had been  
20 following it. I think that we're -- you're  
21 looking at some things that are certainly  
22 going to benefit your industry and certainly  
23 the consumer.

24 MS. DUNN: The chairman stepped away  
25 for a moment. Is there anyone else from the

1 public that would make a comment, please?

2 CHAIRMAN: Well, if not, we're going  
3 to go into closed, which I need to -- yeah.  
4 Go ahead.

5 MR. MOORE: Mr. Chairman, before you  
6 do, if I could ask one thing. On page 11,  
7 #6, I've got some major concern and I have had  
8 concern since I came into the industry in 1979  
9 about anybody can sell freely, and I'm so glad  
10 to see this. My question is, is that we have  
11 included limited funeral directors and  
12 apprentice. To me, an apprentice is there to  
13 be guided and directed by whoever he's serving  
14 under. He should be learning -- he or she  
15 should be learning, not out doing. And I  
16 would really like #6 to be looked at, and,  
17 again, we, as funeral directors, owners,  
18 embalmers, take our industry and guide it  
19 better that, yes, it will be a licensed  
20 funeral director, 100 percent point-blank,  
21 that's going to sell to our families. Is it  
22 fair that an apprentice or a limited person  
23 that has limited capabilities sit at a kitchen  
24 table and sell for a commission rate when I'm  
25 sitting at my funeral home paying good money

1 to retain a person, paying Workmen's Comp,  
2 paying insurance, giving vacation, giving a  
3 good place to work? Is it fair to me as an  
4 owner that the State Board allows anybody else  
5 to go out and sell these things with very  
6 little, one-day training from a third-party  
7 sales organization? I feel we need to, again,  
8 address that one and restrict this to do the  
9 job of the regulations that we have out there.

10 MR. MEADOWS: Hey, Becky?

11 MS. DUNN: Yes, sir.

12 MR. MEADOWS: This is Representative  
13 Meadows. Since I am at a disadvantage this  
14 morning, I just have a question. The thing  
15 that everyone is looking at, is that my  
16 original bill or did you incorporate the State  
17 Board's recommendations and changes in that  
18 bill?

19 MS. DUNN: We incorporated some  
20 changes on Friday, Representative Meadows, and  
21 we used both versions that we had before us.  
22 I'm sorry. Connie has something to say.

23 MS. CLARKSON: Representative Meadows,  
24 this is Connie Clarkson. What we have done is  
25 we have looked at both bills, the Board did,

1 and kind of blended the two of them together  
2 and made recommendations in addition to those  
3 two bills.

4 MR. MEADOWS: Okay.

5 MS. DUNN: And we sent a copy of that  
6 to Barb.

7 MR. MEADOWS: Well, okay. Well, I'll  
8 look forward to reviewing it when I get it.  
9 But I also wanted to say, I agree with Mr.  
10 Lakin from down in Pierce City. I think that  
11 the industry does need one contract form, and  
12 I commend Don for that idea. I think that  
13 would make it a whole lot easier for folks.  
14 So, I do very strongly agree with that. And  
15 like I said, I commend you all for the work  
16 that you're doing here today. Connie, are you  
17 going to have this offered as an amendment on  
18 the floor to maybe the Omnibus Bill?

19 MS. CLARKSON: I'm not sure of what  
20 track it's taking yet. As soon as I know  
21 that, I'll let you know.

22 MR. MEADOWS: But as you know, the --  
23 you cannot file legislation. This would have  
24 to go in the form of an amended or a House  
25 Committee substitute to either my bill or

1 Representative Kuessner's bill, and just to  
2 move it forward, you would have to absolutely  
3 contact, of course, Representative Watson, as  
4 you know.

5 MS. CLARKSON: Okay.

6 MR. MEADOWS: But I'll gladly do  
7 whatever to facilitate, and I am available and  
8 will be available from now through the end of  
9 May, so please let me know.

10 MS. CLARKSON: Representative Meadows,  
11 when do you return to your office?

12 MR. MEADOWS: I will be back in there  
13 tomorrow morning around probably 10:00 a.m.

14 MS. CLARKSON: Okay.

15 MR. MEADOWS: Okay.

16 CHAIRMAN: And before we go on, I  
17 would like to thank everybody for their  
18 comments today. I appreciate your efforts to  
19 come in here in person. I appreciate the  
20 people that have been on the conference call.  
21 And then Becky is going to state the number  
22 you need to call in at 11:00 again.

23 MS. DUNN: Okay. Just to verify  
24 again, the local number to call into at 11:00  
25 is 526-5402, and if you can be here in person,

1 that would be great. The toll-free number is  
2 866/630-9346, and the Board will be taking a  
3 vote on some of the comments that we have  
4 received today when we resume our meeting at  
5 11:00 in open.

6 CHAIRMAN: Well, before we go into  
7 closed, I'm going to ask for a motion. We  
8 need to have a statement read.

9 MS. GRINSTON: To go into closed, the  
10 Board would need a motion to go into closed  
11 pursuant to Section 610.021, subsection 14,  
12 and 620.010.14, subsection 7, for discussing  
13 information pertaining to the licensee or  
14 applicants for licensure, and Section 610.021,  
15 subsection 1, for discussing general legal  
16 actions, causes of action, or litigation, and  
17 any confidential or privileged communication  
18 between the Board and its attorney. That's  
19 the motion you need, Mr. Chairman.

20 CHAIRMAN: May I have a motion?

21 MS. GERSTEIN: I'll make the motion.

22 CHAIRMAN: Joy makes the motion.

23 MR. VERNON: Second.

24 CHAIRMAN: Martin seconds it. Gary?

25 MR. FLAKER: Yes.

1 CHAIRMAN: Todd?

2 MR. MAHN: Yes.

3 CHAIRMAN: Motion carries. We're  
4 going into closed.

5 (Off the record)

6 MS. DUNN: Please state your name and  
7 your contact number, please.

8 MS. NEWMAN: Barbara Newman, 751-1311.

9 MS. FOLLIS: Panita Follis,  
10 573/783-8336.

11 MS. DUNN: Next?

12 MR. FOLLIS: Alan Follis, 573/783-8336.

13 CHAIRMAN: Next?

14 MR. HEDGPETH: Bob Hedgpeth,  
15 573/996-2121.

16 CHAIRMAN: Are you from New Madrid?

17 MR. HEDGPETH: Yeah. Well, formerly  
18 of New Madrid, of New Madrid and Donovan.

19 CHAIRMAN: Okay. Next?

20 MR. OTTO: Don Otto, 573/230-8167.

21 CHAIRMAN: Thank you, Don. Next?

22 MR. MCGHEE: Ken McGhee.

23 CHAIRMAN: Next?

24 MR. McCULLOUGH: John McCullough,  
25 635-6400.

1 CHAIRMAN: Thank you, John. Next?

2 MR. STALTER: Bill Stalter,  
3 913/378-9920.

4 CHAIRMAN: Thank you, Bill. Next.

5 MR. WORTHAN: Tom Worthan,  
6 573/438-2111.

7 CHAIRMAN: Thank you, Tom. Next?

8 MS. DUNN: Anyone else?

9 MR. MEADOWS: Becky, this is  
10 Representative Meadows. Just briefly, only  
11 while I'm waiting to catch a flight, so I'll  
12 only be on with you probably 15 minutes, but  
13 314/775-3884. Thank you.

14 CHAIRMAN: Thank you, Representative.

15 MS. DUNN: And if I could ask everyone  
16 on the call to please fax or call the office  
17 with your e-mail address or your fax number.

18 MR. LAKIN: Hello?

19 CHAIRMAN: Yeah, Don. Thank you, Don.

20 MR. LAKIN: Don Lakin, 417/476-2626.

21 CHAIRMAN: Thank you, Don.

22 MS. DUNN: So, what I was saying is  
23 for those who -- if we have a final copy of  
24 this this afternoon or early afternoon, we  
25 would like to have you to fax or call our

1 office with your e-mail address or your fax  
2 number so that we can get everyone a copy.  
3 The office number is 573/751-0813; the fax is  
4 573/751-1155.

5 CHAIRMAN: And for everybody that's on  
6 the conference call, everybody in the room is  
7 the same as before.

8 MS. DUNN: No. We have two more.

9 CHAIRMAN: Well, the exception of two  
10 more. There's Jimmy O'Donnell and Steve  
11 Lewis. We don't know where they came from, but  
12 they're going back there. Okay. Kim, I'm  
13 going to let you go ahead and address some of  
14 the concerns.

15 MS. GRINSTON: What I have handed out  
16 -- for those who are on the phone, I  
17 apologize. We handed out some revisions to  
18 everybody in the room. Based on some of the  
19 comments, the Board asked me to draft -- try  
20 to draft some language very quickly. This is  
21 not something that the Board has approved,  
22 it's just language that the Board wanted to  
23 see on paper to see what it might look like.  
24 The first change is to 436.005.5, the  
25 definition of a preneed contract. In response

1 to Darlene's comment, the language was  
2 changed. The bold language that was  
3 previously on the proposal has been taken off  
4 and it has, instead, been changed to "In no  
5 instance shall a preneed contract be funded by  
6 any form of term life insurance." I think the  
7 idea was to make sure we didn't restrict  
8 ourselves to just what is traditional whole or  
9 credit life, but to still keep restrictions on  
10 term life insurance or insurance issues that  
11 don't gain value.

12 CHAIRMAN: Okay. Hold on. Bob Baker,  
13 you have a question?

14 MR. BAKER: Yes. Bob Baker. My  
15 question, when we say any form of term life,  
16 are we eliminating somebody who is making  
17 installments and has a credit life policy  
18 along with it, like on a decreasing term, or  
19 are we using separate language for the credit  
20 life?

21 MS. GRINSTON: No to the first part of  
22 your question. The second part of your  
23 question, when you have someone paying  
24 installment payments on a credit life policy,  
25 I don't think this language will pick that up.

1 MR. BAKER: Not on the credit life  
2 policy, but on the preneed contract, and if  
3 death occurs prior to the contract being paid  
4 in full, you have a side credit life policy  
5 that would cover that which, in essence, is a  
6 decreasing term.

7 MS. GRINSTON: Yeah. That won't -- it  
8 -- no. That won't touch this. I think this  
9 suggests -- again, just prohibit term life  
10 insurance -- traditional term life insurance.  
11 And to that extent, and Board, Darlene, it may  
12 be good for us just take out the language "any  
13 form of" and just "by term life insurance."  
14 That may

15 MS. RUSSELL: Yeah. That will take  
16 care of -

17 MS. GRINSTON: Yeah. I think that may  
18 take care of your concern. If this is  
19 something that the Board was interested in.

20 CHAIRMAN: And, folks, just for your  
21 knowledge, Kim used to work for the Department  
22 of Insurance, so she fully understands some of  
23 this better than we do, so --

24 MS. GRINSTON: We hope. Okay. So,  
25 yeah, my suggestion would be taking out "any

1 form of" and I think just saying straight term  
2 life might pick up what we need. 436.054 --

3 MR. LAKIN: Kim, could you please give  
4 us the page number where you're jumping to,  
5 because the contract that I -- or the copy  
6 that I have has just -- does not have the  
7 numbers in it, so I can find it faster.

8 MS. GRINSTON: Sure. That change to  
9 term life insurance would be on page 2.

10 MR. LAKIN: Yeah.

11 MS. GRINSTON: Instead of the language  
12 at the end of preneed contract. Let me get  
13 the page number for the next one, which is  
14 436.054.

15 MR. MOORE: Page 22.

16 MS. GRINSTON: Page 22, Don, and  
17 everybody who is on the call. Again, that  
18 second line would remove the reference to  
19 whole life and just say that a preneed  
20 contract may be funded by an insurance policy.  
21 However, subsection 3, which is on page 23 of  
22 the proposal you all have, will be amended.  
23 The end of subsection 3 -- the current  
24 subsection 3 -- would say, "Nor shall the  
25 seller fund any contract by or with term life

1 insurance." We're going to strike "any form  
2 of" for the purpose of the people in the room.  
3 Again, it would just be a blanket prohibition  
4 on what is traditionally deemed term life  
5 insurance, which I think will exclude some of  
6 your credit life issues that you just talked  
7 about. The other language that the Board  
8 asked me to draft -- again, this is for the  
9 Board's discussion purposes -- was language  
10 that would address what happens with income on  
11 a preneed trust. It would be 436.031, which  
12 is on page 14 now. This language would  
13 probably be pasted in there, and it reads, for  
14 purposes of everybody who is on the phone,  
15 "All income generated by the investment of  
16 preneed trust property shall be paid to the  
17 provider furnishing funeral services or  
18 arrangements upon the final disposition of the  
19 beneficiary. If the preneed contract is  
20 canceled or transferred by the purchaser, all  
21 interest from the trust property shall be paid  
22 to the purchaser with any other amounts  
23 required by this chapter." So, essentially --  
24 and this is, again, just not something the  
25 Board has decided on. It's something they

1 wanted to see in draft form -- all income  
2 would go to the provider who furnishes final  
3 arrangements. If it's canceled or  
4 transferred, that income would go to the  
5 purchaser. Now, I would include language, if  
6 this is -- if the Board decides to adopt some  
7 amended language, I would suggested adding the  
8 language that says income including interest,  
9 dividends, and capital gains like we have in  
10 the current statute, but, again, that's for  
11 discussion purposes only, and back in the  
12 hands of Mr. Chairman.

13 CHAIRMAN: Bill, does that MFT, does  
14 that address what you're --

15 MR. BENNETT: Is that all interest  
16 income besides the 80 percent, 90 percent, 100  
17 percent?

18 MS. GRINSTON: Well, yes. If I'm  
19 hearing your question correctly. The way this  
20 language is currently written, all income --  
21 investment income, capital gains, everything  
22 -- would either go to the provider who  
23 provides the services or the purchaser on  
24 cancellation or transfer.

25 MR. BENNETT: So, all income is

1 everything? Does that need to be spelled out  
2 -- interest, capital gains?

3 MS. GRINSTON: Yes, I would. The  
4 current language in #4 that's on page 14, it  
5 says, "Including interest, dividends, and  
6 capital gains and losses."

7 MR. BENNETT: Okay.

8 MS. GRINSTON: I would probably  
9 migrate that over.

10 MR. OTTO: This is Don Otto. One issue  
11 potentially there is covering the expenses of  
12 administering the trust.

13 MS. GRINSTON: That is a question.  
14 Where would those expenses for administering  
15 the trust come from. Right now, I believe,  
16 under the current proposal, that would come  
17 out of the seller's pocket. Administering the  
18 trust, legal expenses, all of that would come  
19 from the seller's pocket and could not come  
20 from interest or principal.

21 MR. OTTO: I know we have to have a  
22 way to fund the costs of the trust -- the  
23 administrative costs. In the current law, it  
24 specifically says in a later section -- not in  
25 this section, but in a later section -- that

1 all administrative costs have to come out of  
2 interest and not principal.

3 MS. GRINSTON: Right. And, Don, I  
4 think it's a good point. I think if the  
5 Board would like to look at this language, you  
6 would have to do something about how that's  
7 paid. Absent any -- well, unless we change  
8 that section, we're going to have to make  
9 those two correlate. If the idea is that 100  
10 percent of principal and 100 percent of  
11 interest goes either to the purchaser or to  
12 the funeral establishment providing services,  
13 then we are going to have make some changes on  
14 what happens with the administrative costs.

15 CHAIRMAN: Martin?

16 MR. VERNON: Something I just thought  
17 of. This wouldn't be as big a deal for a  
18 third-party seller, but for individuals that  
19 are their own seller and own provider, how  
20 could commingling of funds work without each  
21 individual person having a complete separate  
22 account to keep the interest in that single  
23 account?

24 MS. GRINSTON: I don't know. From the  
25 trust side administratively, I don't know if

1 the allocation would be any different than the  
2 way they're allocating now. I think the  
3 records requirement probably would be a little  
4 bit higher because you would have to determine  
5 how much interest goes to that specific  
6 contract. So --

7 CHAIRMAN: It could be done.

8 MR. VERNON: Oh, I'm sure.

9 MR. OTTO: This is Don Otto again. Two  
10 possible ways, if the Board was inclined to  
11 include language such as this that would, I  
12 think, solve our question. Option one is to  
13 reword it so that all interest that is  
14 provided in the contract to go to the provider  
15 -- that's one option. So, that whatever is in  
16 the contract that goes to provider #1 also  
17 then goes to provider #2, because there's  
18 already references that -- there's already  
19 references in 436 that what the provider gets  
20 is what is contained in the contract between  
21 the provider and the seller. So, you could  
22 simply say all principal and all interest as  
23 provided for between the contract and the  
24 seller. That's one way. The other way then  
25 -- the other way is to stick a parenthetical

1 in that left expenses of administering the  
2 trust.

3 MS. GRINSTON: And one thing I wanted  
4 to say that Don brought up, if the consensus  
5 of the Board is to allow for interest to be  
6 allocated in the contract, then we need to  
7 include Don's language that says unless  
8 otherwise provided in the contract, which  
9 would give sellers the ability to provide what  
10 happens with that interest. And/or if it is  
11 the Board's intention not to give them that  
12 authority, but to allow an administrative fee  
13 for expenses, then we do need to amend the  
14 language to provide how or where those  
15 administrative-fees expenses come from. And I  
16 think Don's point is well taken. The Board  
17 would probably have to consider both. Can you  
18 vary it by contract, and, two, if not, where  
19 do the expenses come from?

20 CHAIRMAN: Mr. Baker?

21 MR. BAKER: I think Kim just covered  
22 it. Whether it's you have your own trust, if  
23 you've got your own trust through a bank, they  
24 are going to have administrative costs for you  
25 to keep that trust with them, so we've just

1 briefly talking on the corner here that  
2 somehow there needs to be a provision that the  
3 administrative costs come out, you know, maybe  
4 cap what those could be.

5 MS. RUSSELL: But the problem with the  
6 current law is that we have different  
7 contracts that say regarding the interest, you  
8 know, who gets to keep the interest, and that  
9 is where the problem is because some funeral  
10 homes keep the interest, others don't. So, to  
11 be on the fair market or a fair playing field,  
12 I think on page 14 where under #5, where it  
13 says, "All expenses of establishing and  
14 administering a preneed trust including,  
15 without limitation, trustee fees, legal and  
16 accounting fees, investment expenses and  
17 taxes," you know, leave that portion when  
18 we're talking about income, you know.  
19 Everything -- only those things in regards to  
20 the actual expenses for the trust.

21 MR. LAKIN: Again, I get down to,  
22 Darlene, that everybody should be using the  
23 same contract.

24 MS. RUSSELL: That's what I'm saying,  
25 too, Don, in respect to the part about if one

1 can keep the interest and the other doesn't  
2 keep the interest, to make it a level playing  
3 field, you'll have to address it, as Kim said,  
4 in the language just exactly what the seller  
5 can keep for administering the expenses.

6 MR. STROUD: Larry Stroud. Don't you  
7 still think that we have to have a cap on  
8 that, because one department -- one trust  
9 department, you know, whatever you've got,  
10 somebody might charge more than another, so  
11 we've got to put a cap in here somewhere that  
12 says maximum.

13 MS. RUSSELL: Reasonable.

14 MR. STROUD: Or something, you know.  
15 Whether it's 3 percent or 5, we need some kind  
16 of a cap here because, if you don't, you've  
17 got a problem.

18 MR. LEWIS: If we're here today and,  
19 you know, we're trying to protect the  
20 consumer, I understand that. But the laws  
21 were written in Missouri where the funeral  
22 homes are held accountable. We're the ones  
23 that have to protect this contract. So, if  
24 we're going to look out for ourselves today  
25 and look out for future funeral-home owners,

1       why don't we put into -- why don't we talk  
2       about saying that the interest has to go back  
3       in there, and that you cannot take those  
4       interest monies anymore and put them in your  
5       own pocket, because we have to protect future  
6       funeral directors, you know.

7               MR. STEWART:   And consumers.

8               MR. LEWIS:   But -- yeah, we've got to  
9       protect the consumers; I understand that.   But  
10      the bottom line is, we've got to pay for the  
11      contracts.   Whether the insurance company goes  
12      defunct or not, we're the ones held  
13      accountable by Missouri law.   So, if that's  
14      the case, we need to protect ourselves.

15              MR. STROUD:   Well, that's true.   At  
16      the same time, I'll reiterate.   We need to put  
17      a cap on the expense that comes out of the  
18      trust

19              MR. STEWART:   Whether transferred or  
20      not.

21              MR. STROUD:   For the transfer,  
22      whatever it is.   We've got to -- we're going  
23      to have costs here.   Your trust account --  
24      your trust department is going to charge you a  
25      fee; right or wrong?

1 MR. LEWIS: Correct.

2 MR. STROUD: Okay. Then we need to  
3 put a cap on that how much we're going to be  
4 paying, and that should come out of the  
5 interest.

6 MR. STEWART: For those transfers.

7 MR. STROUD: For those transfers, or  
8 whatever we're doing here. You just can't  
9 leave that carte blanche because, heck,  
10 somebody might say, "Well, my trust charged me  
11 10 percent." Uh-uh.

12 MR. LEWIS: I think part of that pays  
13 -- you know, if we go to 100-percent trusting  
14 versus 90-trusting, part of that money could  
15 be recouped if we have 10 percent to work  
16 with. If you go to 100 percent, you have  
17 nothing to gain that back with.

18 MR. STEWART: Well, then spell that  
19 out. That's all I'm saying.

20 MR. STROUD: That's what -- that's not  
21 a problem.

22 MR. STEWART: Of interest and  
23 administration should that transfer to a new  
24 provider -- Bill Stewart speaking -- should be  
25 no more than 10 percent.

1           MR. STROUD: Well, I think 10 percent  
2 is way too high.

3           MR. STEWART: Okay. Make it 5 percent.

4           MR. STROUD: I'm not talking about 90  
5 percent/10 percent. I have no problem with  
6 this. I'm talking about administering the  
7 trust and the fees that they charge; right or  
8 wrong?

9           MS. GRINSTON: Would this address,  
10 hearing the concerns, if the language said  
11 something -- subsection 5, which is where, I  
12 think, Darlene, that may be the remedy to what  
13 I hear you maybe discussing. "Notwithstanding  
14 any other provision, you know, this chapter,  
15 the actual expenses of establishing and  
16 administrating a preneed trust, including and  
17 listing all those expenses, may be paid from  
18 the income of the trust provided that expenses  
19 shall not exceed" -- and Todd was for 5  
20 percent of the trust, so that you have a cap  
21 on how much your expenses can be, and then you  
22 still have expenses being able to be taken  
23 from the income of the trust.

24           UNIDENTIFIED: Very good. That's what  
25 you were saying.

1           MR. LAKIN: You cannot control what  
2 the trust company is going to charge you,  
3 though. Because if you've got \$5 million,  
4 they're going to work with you a lot better  
5 than if you've got \$100,000.

6           UNIDENTIFIED: But 5 percent would  
7 cover any of that.

8           CHAIRMAN: And if, you know, you're  
9 worried about a small funeral home, you know,  
10 the joint-account provision is still there.  
11 So, you know, you could put 100 percent of the  
12 money in there and let that compound back to  
13 the account, you know. Yes, Larry?

14          MR. STROUD: Larry Stroud again. The  
15 only reason I mentioned the 5-percent  
16 possibility is that we don't know what the  
17 trust overseers will charge us down the road;  
18 am I wrong here?

19          CHAIRMAN: Correct.

20          MS. DUNN: That's correct.

21          MR. STROUD: He might decide to raise  
22 his fee all of a sudden to 4 percent. So,  
23 I'm saying put a cap on it until it gets  
24 radical, and then we could readjust. That's  
25 the only reason I brought up the cap, was that

1 we need to put something on here that kind of  
2 keeps this down for a while. But your  
3 overseer of your trust, we don't know what  
4 their rates are going to be. MFT has got a  
5 certain rate that we have to pay to administer  
6 our trust, which is a very reasonable rate.  
7 That doesn't mean it's going to be reasonable  
8 five years from now or ten years from now.  
9 We have no idea about the future on this. It  
10 could even go less, you know.

11 MR. VERNON: So, are you saying you  
12 think that it should just actually be language  
13 that just supports the verbiage, the actual  
14 expenses as opposed to an actual number?

15 MR. STROUD: No. I think an actual  
16 number should be in place.

17 MR. VERNON: But what if they do go to  
18 4 percent and it says 5?

19 MR. STROUD: Well, then we'll have to  
20 reup, relook at this. I don't think we're  
21 going to have that problem the way the economy  
22 is right now. I don't think we're going to  
23 have to worry about this for a while. But  
24 I'm just saying, down the road, we can leave a  
25 sub in there that says we can adjust this if

1 necessary. So, in the language of the bill,  
2 we could put in here something about the  
3 opinion on trust charges; you know what I'm  
4 saying? You're a representative; you know all  
5 the lingo.

6 MS. CLARKSON: I'm not a  
7 representative. Let's clear that up right  
8 now. I'm here for the Division.

9 MR. STROUD: Okay. Whatever. I  
10 thought you were. But, anyway; you know what  
11 I'm saying? Get the language that's right so  
12 that it will be very workable for everyone.  
13 John, what do you think?

14 MR. MOORE: There's got to be a cap in  
15 there.

16 MR. STROUD: There's got to be a cap.  
17 I think it has to have a cap, and we can  
18 readjust the cap --

19 MR. BAKER: Otherwise, the expenses  
20 are going to be way over what the income is.

21 MR. MOORE: And who is going to  
22 approve their expenses?

23 MR. STROUD: That's exactly right.

24 MR. STEWART: Yeah. And my  
25 administration fees.

1 MR. STROUD: That's exactly right.

2 MR. MOORE: You know, if I'm getting  
3 free money, I'm an expensive person.

4 MR. STROUD: At a maximum of 5 percent  
5 now and we'll reevaluate these things as time  
6 goes on.

7 UNIDENTIFIED: That's the suggestion  
8 to the Board.

9 MR. STROUD: That's a suggestion. I  
10 mean, I -- you guys --

11 CHAIRMAN: All right. Kim is going to  
12 go clean that up, so, in the meantime, is  
13 there any other issues you want to address  
14 here? And I think Becky, our executive  
15 director, has a couple --

16 MS. RUSSELL: Oh, I was just going to  
17 ask about the joint accounts. Had the Board  
18 discussed leaving that as it is in the current  
19 law at 100 percent?

20 CHAIRMAN: I think that was the  
21 comments that were made.

22 MS. RUSSELL: Okay. But that wasn't  
23 something --

24 CHAIRMAN: That would just follow  
25 along right with --

1           MR. MOORE: Is the Board pretty well  
2 leading to a 90/10?

3           CHAIRMAN: The Board hasn't taken any  
4 votes, so I'm assuming -- we're going to try  
5 to get this all cleaned up and then have a  
6 little discussion and then we'll try to make  
7 some decisions here -- or will make some  
8 decisions. Now, Becky had some -- I'm sorry.

9           MR. MOORE: And the Board is  
10 considering where it's licensed funeral  
11 directors only doing funeral-home stuff  
12 instead of the --

13           CHAIRMAN: We're going to address  
14 that, also. Now, Becky has some concerns here  
15 that had been, like -- do you remember who?

16           MS. DUNN: No. I just wanted to  
17 emphasize again that this is what our plan is  
18 today: We're going to take your comments, Kim  
19 is going to try to provide a draft back to  
20 you today. If we can't get the language  
21 totally confirmed while you're in this room  
22 today or on the phone, we will fax to you  
23 what we're going to give Connie this  
24 afternoon. But what we're doing is trying to  
25 address all the comments that you have

1 addressed to us today. And then the Board  
2 will take a vote today. That's what I  
3 understand; correct?

4 CHAIRMAN: Yeah.

5 MS. DUNN: Okay. And so, I believe  
6 that we have taken everyone's comments into  
7 consideration except for what Mr. Moore had  
8 just brought up, and the Board still -- when  
9 you take your vote today, you're going to have  
10 to decide, which is currently on your page 11,  
11 paren 6, who you're going to authorize to sell  
12 a preneed contract.

13 CHAIRMAN: Oh, Todd?

14 MR. MAHN: John, on that particular  
15 thing, the reason we incorporated apprentice  
16 funeral directors makes a pretty big leap from  
17 -- right now, they don't have to have any  
18 license. And I agree with you about -- I  
19 know what you're saying about the  
20 funeral-director's license. The problem is,  
21 in several conversations I've had in the  
22 industry is a lot of people have folks working  
23 for them and they're very good people who  
24 aren't licensed at all. This is their  
25 livelihood. People in the community know

1       them, they like them, they trust them, they've  
2       been selling this for a long time, and by  
3       automatically just saying they have to have a  
4       funeral-director's license is going to  
5       devastate a lot of people's livelihoods and  
6       their jobs. They're going to just lose jobs  
7       if they don't have a funeral-director's  
8       license. So, you know, in trying to deal with  
9       that was we thought that an apprentice funeral  
10      director -- because there's things apprentice  
11      funeral directors are doing now under that  
12      current law that needs to be adjusted anyway,  
13      but this would enable them to start working  
14      under the direction of the funeral director.  
15      And if the funeral director -- if you're the  
16      funeral director and you have an apprentice  
17      and you're liable for that apprentice, you're  
18      going to seal whether it's -- you know,  
19      approve whether it's okay for them to go out  
20      and see this family or not to make a  
21      prearranged funeral.

22               MR. MOORE: How long can somebody be an  
23      apprentice funeral director?

24               MR. BENNETT: Forever.

25               MS. DUNN: I believe that the Board

1 has had that concern brought to their  
2 attention, and that in upcoming meeting, we  
3 will address that in open session, that  
4 limitations may be put on that.

5 MR. STROUD: Larry Stroud again. I  
6 brought this up to Mr. Mahn a little earlier,  
7 and I'll just use one of our employees as an  
8 example. He's a retired gentleman. He does  
9 not make house calls. We don't have sales  
10 force out in the field, so to speak. If  
11 anybody wants to buy a preneed, they come to  
12 our funeral home where they make an  
13 appointment; you know what I'm saying? And  
14 this is what he does. He's not a licensed  
15 funeral director. He assists us on funerals,  
16 et cetera, et cetera. He's 65, 66 years old.  
17 I'm not sure he would want to go through the  
18 edged, you know, of getting just a license to  
19 do this, you know -- you see what I'm saying?  
20 I think what we're talking about here is real  
21 good for somebody who is making a real  
22 livelihood out of selling preneed insurance or  
23 preneed contracts, however you want to look at  
24 it. But for the guy who works in the funeral  
25 home, you pay him an hourly salary, he really

1 doesn't get a commission. We don't pay him a  
2 commission. He enjoys doing it. He knows  
3 lots of people and they trust him; you see  
4 what I'm saying? So, I think you've got to  
5 have something here that says not everyone is  
6 required to have -- especially if he's in the  
7 funeral home every day -- or not every day,  
8 but a few hours a day, and you're overseeing  
9 all situations. All right. Now, the preneed  
10 sale out here on the road, hitting doors, 9:00  
11 at night, that's a whole different ball game.  
12 That's a different ball game. That's their  
13 livelihood. In this case, this is not his  
14 livelihood.

15 MR. MOORE: All right. I think if  
16 we're going to say they've got to have it,  
17 they've got to have it no matter who they are;  
18 sorry.

19 MR. STROUD: I know. I understand  
20 that.

21 MR. MOORE: No worse than the man  
22 selling health insurance on the sideline or  
23 life insurance on the sideline, they've got to  
24 have a license. If you've got a retired guy  
25 coming in and driving the coach to the

1 cemetery, you know, that's one thing. But if  
2 he's out there selling something that we're  
3 trying to take over and take control again,  
4 then --

5 MR. MAHN: I think we're trying to  
6 establish some credibility to the position,  
7 and, you know, right now, all of us could  
8 leave here this afternoon and go down to Sonic  
9 or wherever and recruit somebody that's  
10 selling hamburgers, you know, there, and this  
11 afternoon, we could have them selling preneeds.

12 MR. STROUD: Yeah. Absolutely.

13 MR. MOORE: Have him get his apprentice  
14 license. He will do that forever right now.  
15 Sixty-five, two or three years, he probably  
16 wouldn't want to work too much more anyhow, so  
17 if they don't change that, he could be an  
18 apprentice funeral director.

19 CHAIRMAN: Okay. Darlene?

20 MR. LAKIN: Mr. Chairman? Mr.  
21 Chairman?

22 CHAIRMAN: Don Lakin.

23 MS. DUNN: Don Lakin.

24 CHAIRMAN: Yeah, Don.

25 MR. LAKIN: I still would like for

1 this Board, the attorney general's office, and  
2 all the funeral directors sitting there to  
3 think about what can kind of fund or where the  
4 money can come from out of this 10 percent to  
5 protect the providers if somebody is  
6 dishonest. You can make all the laws, make  
7 all the changes that you want; that does not  
8 stop somebody that's not going to put the  
9 money in the trust, and there has been no  
10 provision made that if somebody goes south  
11 with the money, that there is money available  
12 to provide those services. And somebody will  
13 -- we have -- we've got people that's done it  
14 for years and years and years, you know. We  
15 have laws that you're not supposed to rob  
16 banks, but banks are robbed every day. They  
17 have an FDIC thing to take care of your  
18 \$150,000 -- \$100,000 that's in the bank.

19 MR. MAHN: Hey, Don. This is Todd.  
20 If, for some reason, if this would go through  
21 where it's 100-percent investment, you're not  
22 going to have 5 percent to work with that  
23 anyway; you know what I'm saying?

24 CHAIRMAN: You're talking plus all the  
25 money should be there.

1 MR. LAKIN: Say that again.

2 MR. MAHN: If legislation passes that  
3 100-percent investment, you're not going to  
4 have 5 percent there to work with to establish  
5 a fund like that anyway.

6 MR. LAKIN: I understand that, but I  
7 think there should be some type of fund  
8 established for that -- for the man that don't  
9 put the 100 percent in.

10 MR. MAHN: Who's going to administer  
11 that? MR. LAKIN: That's a good  
12 question. But I -- you know, and I fully  
13 agree with it, but there's something that  
14 there has to be some way of protecting  
15 providers. With all the money that's involved  
16 and -- we have billions of dollars. And when  
17 we talk about a billion dollars throughout  
18 this United States of preneed, you know,  
19 that's sort of -- you look at the records from  
20 1982, how many preneeds have been sold in the  
21 State of Missouri.

22 MR. MAHN: How about this, Don? If  
23 funeral homes want to sell prearranged burial  
24 plans, they have to be bonded in some way,  
25 shape, or form?

1           MR. LAKIN: Well, you know, that might  
2 be an answer for it, but it needs to be -- if  
3 you're going to change this law, it needs to  
4 be put in here, some provision to protect  
5 providers and consumers. And all it's going  
6 to do is protect the consumers. I don't know  
7 of any law that forces me to have a funeral.

8           MR. STROUD: The safest protection you  
9 can have for the consumer, Don, is possibly  
10 not even --

11          MR. MCGHEE: Mr. Chairman, this is Ken  
12 McGhee.

13          CHAIRMAN: Hold on Ken. Go ahead,  
14 Larry.

15          MR. STROUD: -- would not even be to  
16 sell preneed. We can scrap all this and say  
17 there shall be no preneed sold in the state of  
18 Missouri regardless.  
19 Pay as you go.

20          MR. MCGHEE: I just wanted to make a  
21 comment.

22          CHAIRMAN: Hold on a minute. We've got  
23 somebody on -- Ken. Ken. We've got somebody  
24 already on the floor here. Larry, do you want  
25 to finish up?

1           MR. STROUD: No. I'm just telling  
2 you, that's a real simple way for us to get  
3 out of all this confusion, and just pass a law  
4 that says no preneed sold, plain and simple,  
5 in the state of Missouri.

6           CHAIRMAN: Ken, did you hear what Larry  
7 Stroud's idea is?

8           MR. MCGHEE: No, I couldn't hear.

9           CHAIRMAN: Larry, do you want to say  
10 it one more time.

11          MR. STROUD: Well, Ken, I just said  
12 the safest way to get out of all this confused  
13 mess and not go through all this paperwork and  
14 all this time is just to outlaw preneed sales  
15 in the state of Missouri, period.

16          MR. MCGHEE: I heard what you said and  
17 I was just going to say, why don't we -- if  
18 there's going to be 100-percent trusting, why  
19 don't we just put this preneed under a  
20 different -- get it out of the State Board of  
21 Embalmers and Funeral Directors' jurisdiction  
22 and just put it under the banking or the  
23 insurance or some other department because,  
24 you know, it's to the point now where it was  
25 supposed to be set out to honor wishes and

1 make sure that the financial arrangements are  
2 in place, and there's so much things that are  
3 out of our control. And I can't control what  
4 someone else does and if they want to change  
5 their mind. That's fine. So, why don't we,  
6 as funeral directors, just get it out of this  
7 Division. Send it somewhere else. Let  
8 someone else worry about that, the banking or  
9 the insurance, you know. That's just what my  
10 thoughts are, because I'm going to tell you  
11 right now, and I think I know quite a bit  
12 about the preneed, but with all these changes,  
13 I don't know what kind of money this is going  
14 to cost me to try to implement all this, get  
15 all these reports out. I don't know the  
16 financial impact yet, what it's going to cost  
17 the Board about having to hire new people to  
18 come in and do that. And I'm just saying  
19 it's really, in my personal, Ken McGhee's,  
20 opinion, I don't want to even have to deal  
21 with that if there's nothing I can do in there  
22 to understand it, where I can be beneficial  
23 for the families we serve. I would just  
24 rather not even deal with it all. Let someone  
25 else worry about it.

1           MR. LAKIN: The only problem with  
2 that, Ken, is the irrevocability which the  
3 State of Missouri only allows \$999 for people,  
4 you know. We -- you're going to have to face  
5 that irrevocability thing to protect the  
6 consumer that he will get a funeral and not  
7 just a green burial for \$995.

8           MR. MCGHEE: Well, some of these  
9 things in here -- and I know they're good as  
10 far as asking for these records to be  
11 provided. But by the same token, somebody is  
12 going to have to come up with those records.  
13 Someone is going to have to spend the time to  
14 do that. Someone is going to have to be paid  
15 to do that. And if we're talking about  
16 everything administratively 100 percent being  
17 deposited, it's -- how -- and I'm responsible  
18 for making sure that's done, I'm just saying  
19 that you've got a cat chasing the tail, and  
20 don't wind up in the street getting hit, and I  
21 don't want to be that cat.

22           CHAIRMAN: All right. Hold on. Kim  
23 has got an answer for you here.

24           MS. GRINSTON: No. This is just --  
25 and this is not taking a position either way

1 about moving it away from the State Board.  
2 This was something that did come up with a  
3 discussion that was had with the Department of  
4 Insurance. The Department of Insurance had an  
5 interesting position on this. One of the  
6 thoughts they shared was that if this moves  
7 over to insurance, they will probably pull it  
8 into their current regulatory scheme. They  
9 had some concerns about how the industry would  
10 react to that. They showed us the annual  
11 reporting statement for an insurance company,  
12 which was about the size of my Bible, and  
13 said, "This is what we require insurance  
14 companies to do. Do you want us to pull  
15 preneed under these same requirements --  
16 preneed sellers?" The book was about 400  
17 pages, maybe 500 pages bound, and that's what  
18 they file ever year to report on. The other  
19 concern that was expressed with insurance --  
20 and I'm just sharing their concerns -- was  
21 that you will have people regulating who have  
22 no contact with the industry who deal with  
23 insurance all together. For example, as we  
24 talked today about, you know, providers and  
25 how it happens in the market or the industry,

1 and you've got to remember insurance doesn't  
2 have a Board, insurance just has a department  
3 director. There wouldn't be a Board -- they  
4 were concerned about volume from the industry  
5 since they operate only with a director of the  
6 department, and they don't have anyone on  
7 their staff who does -- who is a funeral  
8 director. So, they would be making decisions  
9 from an insurance standpoint through the  
10 department director.

11 MR. HEDGPETH: Mr. Chairman?

12 CHAIRMAN: Okay. Did you have a  
13 comment, Mr. Boyer?

14 MR. HEDGPETH: Mr. Chairman, this is  
15 Bob Hedgpeth.

16 CHAIRMAN: Oh, wait a minute, Bob.  
17 We've got a gentleman here in the room.

18 MR. BOYER: I was just going to  
19 strongly recommend that licensed funeral  
20 directors do preneed contracts. The  
21 apprenticeship funeral director, that may  
22 work, but, I mean, if we want to make the  
23 funeral profession a full professional, where  
24 we need to start -- I mean, as of now,  
25 anybody can go out and do this. So, I just

1 want to make that recommendation.

2 CHAIRMAN: Okay. Thank you. Bob  
3 Hedgpeth.

4 MR. HEDGPETH: I think I'm going to  
5 reiterate just what was said, but I find it  
6 very unprofessional that we do have sellers  
7 out there that don't know anything about the  
8 funeral industry or funeral profession. I  
9 also find it very unprofessional on the parts  
10 that they can go out and we can hire them  
11 this morning and they could literally be out  
12 this afternoon working. And I, therefore,  
13 fall under the umbrella that we should have  
14 some type of licenses. I also think that  
15 we're trying to do too much too fast here. I  
16 understand from our last -- I missed this  
17 morning's conference call, but from the other  
18 day -- yesterday or Friday. I understand  
19 we're trying to get this filed under this  
20 filing date. And it just looks like, to me,  
21 the immensity and the complexity of all this  
22 is much more than we should do in a hurry.  
23 The answer I got from that was that we have  
24 the legislature's ear right now. I believe  
25 with everything going on in the state as it

1 is, we're still going to have the  
2 legislature's ear a year from now when we can  
3 file this -- after we can go over it a little  
4 bit better. I've got some more comments, but  
5 that's basically it for right now.

6 MR. MEADOWS: May I comment? This is  
7 Representative Meadows, briefly.

8 MR. HEDGPETH: Yes, sir.

9 MR. MEADOWS: Just from the bonding  
10 aspect, last year there was a bill filed on  
11 bonding funeral homes. We did some -- and my  
12 office did some investigative work on that.  
13 We could not find one bonding company in the  
14 state that would take that on, so that whole  
15 thing was just -- we ran into several problems  
16 to try to get a license for a bond for  
17 funeral homes, and we could -- I could -- at  
18 least I couldn't find -- my office couldn't  
19 find anyone that was willing to do that. Not  
20 to mention the auxiliary costs that it would  
21 cost some of the smaller funeral homes, we  
22 were concerned that it could quite possibly  
23 hurt some of the smaller businessmen in the  
24 state, and we didn't want to do that. So, I  
25 just figured I would throw that out there as a

1 caution to the Board. And, again, the  
2 legislation, will it get passed this year? I  
3 don't know. But I guess that's entirely up to  
4 the legislature as it moves forward from today  
5 and tomorrow and throughout the next coming  
6 weeks. Keep in mind we only have about four  
7 -- about four or five weeks left and, you  
8 know, maybe it should be laid over and as a  
9 topic of discussion for next year. One can  
10 never tell; that's entirely up to what you  
11 folks decide today and tomorrow and throughout  
12 the coming days. But I know that there is --  
13 last year, we had so many different people.  
14 My office was receiving calls from the  
15 cemeteries; they were concerned. The cemetery  
16 folks were concerned. I mean, everybody does  
17 have a stake in this and, believe me, it's --  
18 I think Don Lakin said it best last year or  
19 two years ago; you can open -- when you open  
20 up Chapter 436, you're opening up a can of  
21 worms. But with that being said on the  
22 bonding side, I just wanted to comment on that  
23 issue because it could harm many of our small  
24 businessmen in the state, not to mention we  
25 couldn't find a particular insurance company

1 out there that would offer any type of  
2 bonding. So, with that, I just figured I'll  
3 close on that comment.

4 MR. LAKIN: Representative Meadows, I  
5 think that's -- I have to agree with you, but  
6 I think that's sort of pathetic in our  
7 industry that nobody will bond us. I think  
8 that tells you where we're at.

9 MR. MEADOWS: Yes, sir.

10 CHAIRMAN: All right. Gentlemen, I  
11 think what we're going to try to do is go  
12 through some of your concerns here and address  
13 them and work through them if we can.

14 MS. DUNN: Okay. What I'm going to do  
15 is take page by page of the document that you  
16 originally had and any major concern that was  
17 addressed today, I believe the Board will  
18 entertain a motion or a vote.

19 MR. STEWART: Mr. Chairman, Bill  
20 Stewart. Representative Meadows said maybe  
21 this could be laid over. Is it the Board's  
22 thought that it will not? I mean, are you  
23 all just going to keep on moving forward? Is  
24 that what your plan is, or can we slow this  
25 down? It's obvious it's just, you know, a lot

1 of stuff going, going, going.

2 CHAIRMAN: We have another comment  
3 here.

4 MS. RUSSELL: I don't think you can  
5 slow this down. I think now is the time. We  
6 have been after to open up this bill, open up  
7 Chapter 436, as long as I've been around,  
8 since it came into play. I think it's now is  
9 the time. We've got the attention, we've  
10 known there's been problems out there. You  
11 know there's other problems out there. The  
12 Board needs some teeth. Things need to be  
13 fixed. You all -- everyone sitting around  
14 this table can tell you that Chapter 436 is  
15 filled with holes. And what happens when  
16 you've got holes? You've got unethical things  
17 that happen. I think the Board is trying to  
18 fix this is an excellent idea for the consumer  
19 protection. We're talking about the consumer;  
20 right?

21 CHAIRMAN: Absolutely.

22 MS. RUSSELL: So, that's what we need  
23 to -- granted, it's going to take some work  
24 and some time, and we may not get a perfect  
25 outcome, but this is the only time I've ever

1 seen a group of people come together to  
2 actually want to talk about doing this since  
3 back in the '90s. So, I think -- if you  
4 don't do it, somebody else is going to do it  
5 for you. Sorry about that; I'll get off my  
6 soapbox.

7 MR. MOORE: I think that's a good  
8 point, but I feel we've opened up 32 pages of  
9 stuff in 10, 14 days because of one thing.  
10 And I think MFDEA and the State Board have  
11 both shined on this. I've been very impressed.

12 MR. MAHN: Well, the bill has been  
13 around -- the other bill has been around for a  
14 good while, so it's not like we started this  
15 yesterday.

16 MR. MOORE: Right.

17 MR. MAHN: And, you know, to  
18 reiterate, you know, the fact that next year,  
19 they won't pay attention to us.

20 MR. MOORE: Yeah. Is it -- the reason  
21 at hand is the reason it's going to go.

22 MR. MAHN: Right.

23 MR. MOORE: And I just -- I think both  
24 Boards have just did a phenomenal job. And  
25 communication maybe could have been better in

1 areas, but I just want to caution the State  
2 Board that, you know, there's many hundreds  
3 owners out there, and I hope you've afforded  
4 each the opportunity to express some concern.  
5 Those that didn't care enough to be here,  
6 that's their problem.

7 CHAIRMAN: Thank you. Thank you.  
8 Becky?

9 MS. DUNN: Okay. On the proposed  
10 language that we had distributed prior to this  
11 meeting, on page 2, I believe that we had  
12 addressed a concern that was expressed by  
13 Darlene. And, Kim, do you have the language  
14 that --

15 MS. GRINSTON: Yes.

16 MS. DUNN: That was paren 5 under  
17 preneed contract.

18 MS. GRINSTON: And that would be the  
19 handout and adding, "In no instance shall a  
20 preneed contract be funded by term life  
21 insurance" in lieu of the current changes in  
22 subparagraph 5.

23 MR. VERNON: The concept there is not  
24 what a preneed contract can be funded with,  
25 but what it can't be funded with?

1 MS. GRINSTON: That's correct.

2 CHAIRMAN: Do you want to entertain a  
3 motion on that?

4 MR. MAHN: I'll make a motion.

5 MR. VERNON: Second.

6 CHAIRMAN: Martin seconds. Joy?

7 MS. GERSTEIN: Yes.

8 CHAIRMAN: Gary?

9 MR. FRAKER: Yes.

10 CHAIRMAN: Next.

11 MS. DUNN: Okay. As we progress  
12 through the language, Kim, help me as we go  
13 through if there's something that you have  
14 addressed. I believe on page 7 that it was  
15 brought to our attention under paren 4 where  
16 it said, "Written notice shall be," I think it  
17 was brought to our attention it should be  
18 "Written notice shall be sent to."

19 MS. GRINSTON: To. And that was  
20 corrected on pages 7 and 11.

21 MS. DUNN: I don't think we need a  
22 motion for that, do we?

23 MS. GRINSTON: No.

24 MS. DUNN: Okay. And then we're going  
25 to continue, and now I'm on page 11, paren 6,

1 where it says, "Only authorize the sale of a  
2 preneed contract by." The Board needs to  
3 decide -- I'm sorry. Go ahead.

4 MS. GRINSTON: No, go ahead.

5 MS. DUNN: Okay. The Board would need  
6 to decide if they want to address the  
7 suggestions that have been brought to them  
8 today. Was there something I needed to say,  
9 Kim?

10 MS. GRINSTON: No. I just need to get  
11 what the Board was thinking.

12 MS. DUNN: Okay.

13 CHAIRMAN: We've had a lot of concern  
14 over the funeral director's apprentice. I  
15 mean, do you all want to see fit to strike  
16 that or -- I mean --

17 MR. MAHN: I think we should leave in  
18 apprentice, but take out limited funeral  
19 director.

20 CHAIRMAN: Do you want to put that in  
21 the form of a motion?

22 MR. MAHN: I make a motion that we  
23 leave in apprentice and we leave in funeral  
24 director, but take out limited funeral  
25 director.

1 MR. VERNON: I'll second.

2 CHAIRMAN: Second. Gary? Joy? All  
3 right.

4 MS. GRINSTON: Mr. Chairman?

5 CHAIRMAN: Yes. Do you have a  
6 question?

7 MS. GRINSTON: This is for the Board.  
8 If that's the case, do we -- I think the  
9 Board should probably consider whether we want  
10 a funeral director license if they are only  
11 selling grave lots, grave spaces, grave  
12 markers, monuments, tombstones, crypts,  
13 niches, or mausoleums. Do you want those  
14 people across the Board to also have a  
15 funeral-director's license, or be an  
16 apprentice, or can you basically sell funeral  
17 merchandise preneed without having a  
18 funeral-director's license?

19 MR. STROUD: Could I make a comment  
20 here?

21 CHAIRMAN: Yes, Larry.

22 MR. STROUD: We require a crematory  
23 operator that's overseeing the final  
24 disposition in the crematory to have a  
25 funeral-director's license; is that correct?

1 Am I right?

2 MR. STEWART: At least a limited  
3 license.

4 MS. GRINSTON: Yes, generally.

5 MR. STROUD: A limited license; isn't  
6 that correct?

7 MS. GRINSTON: Uh-huh.

8 MR. STROUD: Okay. Okay. Why  
9 shouldn't that apply to anyone else that's in  
10 this -- why not? Well, I'm just -- we're all  
11 in the death industry, so why not? Or does  
12 that open up too much --

13 MR. STEWART: Well, the apprentice is  
14 directed under your license -- (inaudible.)

15 MR. STROUD: I know.

16 MR. LAKIN: That would place a  
17 restriction of trade, too, people.

18 MR. STROUD: So, we really can't do  
19 that. I mean, we can't get involved with the  
20 cemeteries because we've got too many rural  
21 nonendowed cemeteries out here that, you know,  
22 you call the caretaker and he stakes the grave  
23 off and you do all -- we can't give him the  
24 -- (inaudible.) I mean, this is ridiculous.

25 MR. BAKER: But he's not selling

1 funeral merchandise.

2 MR. STROUD: But he's not selling  
3 funeral merchandise. He's only selling that  
4 grave -- (inaudible.)

5 MR. MOORE: Why did she ask that?

6 MR. STEWART: Why did she bring that  
7 up?

8 MR. MOORE: Why did she ask that?  
9 Number 6 in there doesn't entail anything but  
10 preneed contracts.

11 (Several people talking at the same  
12 time.)

13 CHAIRMAN: Hold it, Don.

14 MR. LAKIN: Mr. Chairman, I wish your  
15 attorney would comment on restriction of trade  
16 when you go to cutting -- and I'm not against  
17 that the funeral director does it, but is that  
18 legal to do that, Kim?

19 CHAIRMAN: Hold on a second, Don. We  
20 had another gentleman on the floor.

21 MR. LAKIN: I'm sorry.

22 MR. BOYER: There is a local cemetery  
23 where I live that they sell vaults and they  
24 always have sold vaults, which is funeral  
25 merchandise. And I -- that's correct;

1 correct? Okay. So, I mean, I think they  
2 should fall under the same category as I do.  
3 I mean, if we're going back and protecting  
4 consumers, you know. I'm trying to sell a  
5 vault. Well, if they go down the street, they  
6 buy a vault from Joe that's off the street --

7 MR. STEWART: And he doesn't have to be  
8 licensed.

9 MR. BOYER: And he doesn't have to be  
10 licensed. And all their contracts -- I've  
11 seen their contracts, they don't know anything  
12 about funeral merchandise. They'll just say  
13 concrete steel vault, and it gets by. This  
14 will help the Board start regulating these  
15 cemeteries that sell funeral merchandise a  
16 little better.

17 MR. MAHN: We don't regulate  
18 cemeteries, though.

19 MR. BOYER: No, we don't.

20 MR. MAHN: It's not under our  
21 jurisdiction.

22 MR. MOORE: If they sell that vault  
23 and list it as a preneed --

24 MR. STEWART: They have to be.

25 MS. DUNN: We do.

1 MR. MOORE: -- then it's under you;  
2 correct?

3 MS. DUNN: We do, Todd. If it's --

4 MR. MAHN: I thought --

5 (Several people talking at the same  
6 time.)

7 MR. MOORE: But if they sell -- if I  
8 walk to John Jones' Monument Service and say,  
9 "Hey, I want to buy that for my mom. What  
10 can you do for me?" Is that really a preneed?

11 MS. DUNN: No. If -- do you want to  
12 address that, Kim?

13 MS. GRINSTON: I didn't hear the  
14 question.

15 MS. DUNN: Okay. About what is  
16 considered preneed in the industry at a  
17 cemetery right now. If you sell a vault  
18 preneed --

19 MS. GRINSTON: They should be  
20 registered.

21 MS. DUNN: They're registered with the  
22 Board.

23 MS. GRINSTON: They should be  
24 registered with the Board. I guess my  
25 question is or that I'm asking the Board to

1 consider -- and it's easy to fix. If you're  
2 only selling, basically, funeral merchandise,  
3 is it the pleasure of the Board to require a  
4 funeral-director's license if this contract is  
5 only for funeral merchandise?

6 MR. MOORE: Well, what do you consider  
7 funeral merchandise?

8 MS. GRINSTON: I'm looking at the  
9 language that is under the definition of  
10 funeral merchandise, which is on page 1. This  
11 is the only thing in the contract. You still  
12 have to register, but you don't have to be a  
13 licensed funeral director. And I'm asking if  
14 that's the pleasure of the Board.

15 CHAIRMAN: Could you let us look at  
16 this and see how we are affected by the  
17 Federal Trade Commission and give us a little  
18 latitude here to write that correctly? And,  
19 Darlene, you have a comment?

20 MS. RUSSELL: I was just going to say,  
21 I think when the preneed went into effect in  
22 '82, at one point, we had -- there was talk  
23 about registering individuals that -- so  
24 registering them so that you had something to  
25 where if they did something wrong, you know,

1 if they were a convicted felon or if something  
2 of this type thing, that there was an  
3 application process -- not necessarily a  
4 funeral director, but a registered selling  
5 agent, you know, of that term. That might be  
6 something --

7 MR. MAHN: I think that's what we're  
8 trying to do with the phrase "funeral  
9 director," and I think that all the owners  
10 would prefer to see it go that route.

11 MS. RUSSELL: I agree with what they're  
12 saying, but I agree with what Kim is saying.  
13 You've got restriction of trade, you've got  
14 people out there that are -- you would be  
15 taking away their livelihood right now.

16 MR. MAHN: Well, I think Kim was just  
17 kind of asking what we wanted to have in there.

18 MS. GRINSTON: What is the pleasure of  
19 the Board.

20 MR. MAHN: Yeah.

21 CHAIRMAN: The pleasure of the Board  
22 would be to let -- to give us some latitude,  
23 and, I mean, ask Kim to write this correctly  
24 so we do not get ourselves in a mess, and  
25 we'll go from there. So -- and it will all

1       come back to you and then Becky, you can say  
2       your statement. Everybody here, this is not  
3       the final end of the trail. This bill is  
4       going to change and mutate, and everybody has  
5       the right to talk to their senators,  
6       representatives, you know. This -- the Board,  
7       all we're trying to do is work through this,  
8       give them, the legislature, some guidelines.

9               MS. DUNN: Comments.

10              CHAIRMAN: Comments from us. We're not  
11      binding anybody's hands in this room or over  
12      on the conference call. So, please, be aware  
13      of that. I mean, we've repeated that over and  
14      over again, but we're not here to give the  
15      final word.

16              MR. MAHN: And concern to Brian's  
17      question, I think, you know, they have a good  
18      point. John, I think, mentioned this as the  
19      burial vaults. I could see -- I'm just  
20      hypothetically seeing here about leaving that  
21      in. The grave lots, you know, markers,  
22      monuments, tombstones, crypts, and mausoleums,  
23      and niches, to me, would be a part of a  
24      cemetery. I don't see a cemetery coming to us  
25      getting licensed to do those things.

1           (Several people talking at the same  
2 time.)

3           CHAIRMAN: Joy Gerstein has made a  
4 motion for Kim to adjust this language to  
5 where it makes it better for Federal Trade  
6 Commission, us, and everybody.

7           MR. FRAKER: I'll second.

8           CHAIRMAN: Gary? Martin?

9           MR. VERNON: Yes.

10          CHAIRMAN: Todd?

11          MR. MAHN: Yes.

12          CHAIRMAN: Thank you, all. And, I  
13 mean, we appreciate those comments, because, I  
14 mean, you're seeing where we're coming from,  
15 too. We get the Federal Trade Commission  
16 here, which has been lurking, you know, and  
17 they're doing their due diligence, too. So,  
18 anyway, thank you, guys.

19          MS. DUNN: Okay. As we proceed  
20 through the language, Darlene, where was the  
21 joint language? Have we gotten to that yet?

22          MS. RUSSELL: No.

23          MS. DUNN: Okay. Okay. So, I am  
24 looking -- okay. On page 16, was there  
25 something that we needed to address on page 16?

1 MR. MAHN: I don't think so, no.

2 MS. DUNN: Okay. There had been a  
3 comment made, and I wanted to make sure that --

4 MS. GRINSTON: That Darlene's comment  
5 is not less than --

6 MS. RUSSELL: That's where we're --  
7 yeah.

8 MS. GRINSTON: And I think the Board  
9 -- yeah. Is that okay? So, if they choose  
10 to go higher than 90.

11 MS. RUSSELL: Yeah. But it doesn't  
12 restrict them to not have to do 90 percent.  
13 They can't say to their purchaser, "I can't  
14 get it back."

15 CHAIRMAN: But the Board still needs to  
16 address, do we want this at what level?

17 MS. DUNN: A hundred or ninety?

18 MR. MOORE: Let's settle for 95.  
19 That's halfway, meet you halfway.

20 MR. BENNETT: That would be page 14,  
21 wouldn't it?

22 MS. GRINSTON: Yes.

23 CHAIRMAN: Darlene?

24 MS. RUSSELL: Jim, Mr. Lewis wanted to  
25 bring up something, also.

1           MR. LEWIS: Don brought up a question  
2 earlier about how we can protect ourselves and  
3 the consumers mostly on a per-contract basis  
4 or to become bonded or whatever. When you're  
5 considering that you're going to put in 90  
6 percent or 100 percent, is it possible to put  
7 -- pay in a per-contract amount from this  
8 point forward and then those monies are pooled  
9 to buy liability insurance to cover preneed  
10 contracts that go bad?

11           MR. OTTO: This is Don Otto. I'm not  
12 sure if someone is asking me a question. I  
13 can't hardly hear at all anyone except for Don  
14 Lakin.

15           MR. LAKIN: Good.

16           CHAIRMAN: Don, you've got a captive  
17 audience.

18           MR. OTTO: Yeah. I'm going to hang  
19 up, and we've got Bill and Bob and Larry  
20 there. If they want to call me direct if  
21 there's something I need to comment on, but  
22 I'm not doing any good just staying on here  
23 because I can't hear anything.

24           CHAIRMAN: Steve, in answer to your  
25 question, I think what we're talking about

1 here is if we go into creating a fee that's  
2 going to pay for some kind of insurance, we're  
3 going to have to rewrite this bill  
4 extensively; I mean, you know, to the point of  
5 where we might as well just start again to  
6 address that. And, I mean, I understand your  
7 concerns and I think Don has a good idea, but  
8 I just don't know where we go with that at  
9 this time. And it can always be added on by  
10 somebody else.

11 MS. DUNN: And you can make that  
12 comment to your senator or rep or the sponsors  
13 of the bill as long as you know how that fund  
14 would be administered and who that amount  
15 would be paid into to administer the fund.

16 CHAIRMAN: So, I think we're back to  
17 the question of the Board. What level do you  
18 want to be on the percentage?

19 MR. FRAKER: I make a motion that we  
20 go to 100 percent.

21 CHAIRMAN: Okay. We have a motion on  
22 the floor to go to 100 percent.

23 MS. GERSTEIN: I'll second that.

24 CHAIRMAN: Okay. Do we have any more  
25 discussion on it? Martin?

1 MR. VERNON: In a vote or a discussion?

2 MS. DUNN: Vote.

3 CHAIRMAN: Vote.

4 MR. VERNON: No.

5 CHAIRMAN: Todd?

6 MR. MAHN: Yes.

7 CHAIRMAN: Okay. Motion carries.

8 Thank you.

9 MS. DUNN: Okay. So, then that would  
10 need to be changed throughout the bill.

11 MR. BENNETT: Restate that, would you  
12 please, what you just said.

13 MR. LAKIN: Mr. Chairman.

14 CHAIRMAN: Bill -- hold on.

15 MR. BENNETT: Yeah. Would you restate  
16 what you just -- your motion and what it was?  
17 What you voted on, restate that, please.

18 CHAIRMAN: Okay. That the trust would  
19 be 100 percent. Okay. Don?

20 MR. BAKER: What page are we on? I'm  
21 lost.

22 CHAIRMAN: Don, we're on page 14, if  
23 you can get to your toes.

24 MR. LAKIN: All right. I want to ask  
25 you something. You have two or three large

1 third-party preneed sellers in the state of  
2 Missouri at this time. What if when you do  
3 go to 100 percent, and this is just a  
4 question, and, I guess, probably I'm standing  
5 up a little bit for the third-party preneed  
6 sellers. What's going to happen with the ones  
7 that's in business now? This is going to cut  
8 their income considerably, which could cut  
9 their payoffs considerably which could hurt  
10 everyone. That's just a question, just a food  
11 for thought.

12 CHAIRMAN: Okay. All right. Well,  
13 thank you, Don. Let us go on and continue  
14 through this.

15 MS. DUNN: Okay. 436.031, Kim, is that  
16 addressed?

17 UNIDENTIFIED: Could you speak up a  
18 little bit louder. I'm only getting a third  
19 of what's being said on your end.

20 CHAIRMAN: I hope it's the good third.

21 MR. MCGHEE: I'm having trouble  
22 hearing, as well.

23 MS. DUNN: Okay. We have the volume  
24 up on the phone as much as we can, but we'll  
25 attempt to speak louder.

1 MR. MCGHEE: Well, could you just make  
2 a note that some are having trouble hearing,  
3 so --

4 CHAIRMAN: Yeah.

5 UNIDENTIFIED: I think it's everyone.

6 CHAIRMAN: Well, can you hear us? I  
7 mean, if we speak up, does that clarify what  
8 we're saying, or you still can't?

9 UNIDENTIFIED: It's very difficult. I  
10 can hear, but it's like you're way far away.

11 MR. MCGHEE: If someone is talking  
12 now, we cannot hear, so I'm just -- I was --  
13 I just wanted to make that a point, and if  
14 you would please note that in the records that  
15 the majority of the people on the line, or on  
16 the phone conference anyway, cannot hear or  
17 are having trouble hearing.

18 CHAIRMAN: Okay. I'll ask everybody  
19 in the room not to be talking while other  
20 people -- visiting while other people are  
21 talking. Which I know you're not, but I think  
22 it's the air-conditioning vents.

23 MS. DUNN: Oh, Kim, did you want to  
24 talk about your direct language on 436.031?

25 MS. GRINSTON: Yes. This is just what

1 I walked out of the room to draft. Can  
2 everyone hear me?

3 UNIDENTIFIED: Yeah.

4 MS. GRINSTON: What I walked out of  
5 the room to draft was language that  
6 essentially provided that clarified all  
7 income, includes interest, dividends, and  
8 capital gains and losses, and we're looking at  
9 436.031(4), which is on your page 14. And,  
10 again, it would provide in the first sentence  
11 that all income goes to provider furnishing  
12 funeral services or arrangements on final  
13 disposition. The second sentence would  
14 provide that all income -- and that should say  
15 income and not interest -- would be paid to  
16 the purchaser if it's canceled or transferred.  
17 So, 5 would amend that by saying that  
18 notwithstanding subsection 4, the actual  
19 expenses of establishing and administering the  
20 trust can be paid or reimbursed from the  
21 income of the trust, and it has a cap on it  
22 provided that expenses shall not exceed 5  
23 percent of the trust amount. And that's for  
24 -- I don't know. One thing I do want to  
25 caution is that we -- if we include a

1 percentage, that we make sure we understand  
2 that we will not be able to change that absent  
3 a statutory change. So, just as an FYI.

4 MR. FOLLIS: First of all, a  
5 clarification. Is this that the expenses  
6 shall not exceed 5 percent of the trust  
7 amount, say, a \$5,000, it shall not, or does  
8 this come out of the income from the -- that  
9 it's earned?

10 UNIDENTIFIED: It should be the face  
11 amount.

12 MR. FOLLIS: That the expenses come  
13 out of the earned interest or out of the  
14 principal?

15 MS. GRINSTON: No. Income. Income  
16 only. And, in fact, I think we may -- I  
17 think it may be suggested advisable, if the  
18 Board likes this language, to add back in the  
19 language that says something like, "In no  
20 event shall the expenses be paid from the  
21 principal of the trust," which is that little  
22 hangover that you have at the bottom of the  
23 page that's not highlighted. It's old  
24 language, and maybe just take a portion of  
25 that and carry it over. "In no event shall

1 expenses be paid from the principal of a  
2 preneed trust."

3 CHAIRMAN: Go ahead.

4 MR. BENNETT: We said 5 percent. Now,  
5 what Kim said is in order to change this eight  
6 years from now because of the economy, should  
7 we not have 5 percent -- should we have a  
8 stated so much of a prime or under prime?

9 MS. DUNN: Could we say, "Or set by  
10 regulation"?

11 MS. GRINSTON: "As set by rule of the  
12 Board"?

13 MS. DUNN: Uh-huh.

14 MS. GRINSTON: Definitely.

15 MR. BENNETT: Because, hopefully,  
16 economic times will get better.

17 CHAIRMAN: Well, what do you think of  
18 that?

19 MS. GERSTEIN: Do you like that  
20 language, "By rule of the Board"?

21 MS. DUNN: No. Since we are asking  
22 for rule-making authority, you could change  
23 that 5 percent by rule if -- but, you know,  
24 it takes a while to change a rule, but at  
25 least it gives you an opportunity to change it

1 if you want.

2 MR. STEWART: But you start with just  
3 5?

4 MS. DUNN: If that's the choice of the  
5 Board.

6 CHAIRMAN: Okay. All right. We need  
7 to make a motion on this, don't we?

8 MS. DUNN: Yes.

9 MS. GRINSTON: Yes. Definitely.

10 MS. GERSTEIN: I'll make a motion that  
11 we'll change that to "by rule of the Board."

12 MS. DUNN: "On 5 percent or rule of the  
13 Board."

14 MS. GERSTEIN: "Or rule of the Board."

15 CHAIRMAN: Okay.

16 MS. GERSTEIN: "Five percent or rule  
17 of the Board."

18 CHAIRMAN: Joy Gerstein, who probably  
19 never makes a motion. Do I have a second?

20 MR. MAHN: Second.

21 CHAIRMAN: Todd Mahn. Gary?

22 MR. FRAKER: Yes.

23 CHAIRMAN: Martin? All right.

24 MS. DUNN: And, Darlene, help me.

25 Where is the joint language? What page is

1 that?

2 MS. RUSSELL: I believe the -- where  
3 did I just -- find it back myself.

4 MS. DUNN: I just don't want to skip  
5 over that.

6 MS. GERSTEIN: It's page 22.

7 MS. RUSSELL: Oh, thank you.

8 Twenty-two.

9 MS. DUNN: Okay. What about page 20,  
10 436.053, will what the Board voted on address  
11 that?

12 MS. GRINSTON: Yes.

13 MS. DUNN: Okay.

14 MS. GRINSTON: I would have go through  
15 and make sure it's consistent throughout the  
16 entire bill.

17 MS. DUNN: Okay. And then you're on  
18 page 22. Darlene?

19 MS. RUSSELL: Just the same question  
20 about the joint accounts. Let's see.

21 CHAIRMAN: Darlene, you might want to  
22 speak up.

23 MS. RUSSELL: Pardon?

24 CHAIRMAN: You might want to speak up.

25 MS. RUSSELL: I think my concern was

1 that the joint accounts be treated with 100  
2 percent like they currently are in the law,  
3 you know. If it goes in a joint account,  
4 it's 100 percent.

5 MR. STEWART: With penalty for  
6 changing the 5 percent --

7 MS. RUSSELL: Joint account?

8 MR. STEWART: Yeah.

9 MS. RUSSELL: Oh.

10 MR. STEWART: See, there's not a  
11 definition in the current law, it just says  
12 you can deduct your expenses, so it's got to  
13 be capped just like that other one, I would  
14 suggest.

15 MS. RUSSELL: So, it's at the bottom  
16 of page 20 where it says, "For all preneed  
17 funeral contracts with monies held," and then  
18 it starts on page 21 at the top, "in joint  
19 accounts." Right up on that section, that's  
20 what we were talking about. Bill was asking  
21 about that language being the same as what  
22 you're going to be using on the trust language.

23 MS. DUNN: So that if you had a cause  
24 affiliated with that change, that you would  
25 have a means to administer that.

1 MS. GRINSTON: The expenses for the  
2 joint account --

3 MS. DUNN: Yes.

4 MS. GRINSTON: -- are not to be taken  
5 from income.

6 MS. DUNN: Okay.

7 MR. VERNON: I make a motion that the  
8 language be the same on joint accounts as it  
9 is on --

10 MR. FRAKER: And I'll second that.

11 CHAIRMAN: Okay. We've got a motion  
12 that the language on joint accounts will be  
13 the same as trust accounts; correct?

14 MR. VERNON: Right. In that way.

15 MS. DUNN: In that way, but it would  
16 be 100 percent.

17 CHAIRMAN: And it would be 100 percent.

18 MS. DUNN: Yeah.

19 CHAIRMAN: Okay. Gary?

20 MR. FRAKER: Yeah.

21 CHAIRMAN: Joy?

22 MS. GERSTEIN: Yes.

23 CHAIRMAN: Todd?

24 MR. MAHN: Yes.

25 CHAIRMAN: Okay.

1 MS. DUNN: Okay. On the bottom of  
2 page 22, Kim, will the changes that you're  
3 making be addressed in that where it says  
4 "funded by whole life insurance policy"?

5 MS. GRINSTON: Yes. It's --

6 MS. DUNN: Okay. So, is it a motion  
7 of the Board to make sure that the matter that  
8 we changed earlier with regard to the manner  
9 in which you purchase insurance policies?  
10 Earlier, we said that it could be purchased  
11 with insurance except for term life.

12 MS. GRINSTON: Yeah.

13 MS. DUNN: And so, does the Board  
14 agree that .054 needs to be adjusted?

15 MR. VERNON: To what it can't be  
16 funded with as opposed to what it can be.

17 MS. DUNN: Yes. To what it cannot be  
18 funded with. Motion?

19 MR. FRAKER: I'll make the motion.

20 MR. MAHN: I'll second it.

21 CHAIRMAN: Okay. Gary made the  
22 motion. Todd seconded it. Martin?

23 MR. VERNON: Yes.

24 CHAIRMAN: Joy?

25 MS. GERSTEIN: Yes.

1 MS. DUNN: Okay. And then it was  
2 brought to our attention that we had  
3 eliminated a section 059, but it was still  
4 addressed in the proposal, and we will address  
5 that correction throughout the proposal if  
6 that's the --

7 CHAIRMAN: Yes.

8 MS. DUNN: Okay. It's just a minor  
9 cleanup.

10 CHAIRMAN: Did everybody get that one?  
11 We're just going to do a little cleanup on  
12 that language.

13 MS. DUNN: Bill Stalter, are you still  
14 on there?

15 MR. STALTER: Yes, I'm here.

16 MS. DUNN: Okay. So, you had brought  
17 the 059 to our attention, and we're going to  
18 address that.

19 MR. STALTER: Okay.

20 MR. STEWART: What page?

21 MS. DUNN: I can't tell you what page,  
22 Bill. We had --

23 MS. GRINSTON: It's on page 23.

24 MS. DUNN: Okay. Page 23. There was  
25 an 059 section that we had in there. We

1 combined it with another section, so there is  
2 no 059 section.

3 MR. OTTO: This is Don Otto; I'm back  
4 on a landline here. I was thinking maybe the  
5 cell phone was part of the problem.

6 MS. DUNN: Okay. We're going to just  
7 eliminate any reference to 059 because there  
8 is no such section.

9 CHAIRMAN: Everybody clear on that?  
10 Okay. Next?

11 MS. DUNN: I don't really know of  
12 anything else.

13 CHAIRMAN: Okay. Gentlemen and  
14 ladies, this is just our comments on this  
15 bill. Each and every one of you are more  
16 than welcome to contact your legislators, you  
17 know, your senators, your representatives, and  
18 talk to them about this bill. So, I mean,  
19 this isn't the final word. This is our  
20 version; you got that? And, I mean, we  
21 repeated it and repeated it, so we want you to  
22 know that we appreciate your attendance here  
23 at the meeting. We appreciate the people that  
24 have called in on the conference call.

25 MS. DUNN: Do we need to vote this as

1 a whole?

2 MS. GRINSTON: Yes. Have we done that  
3 already?

4 MS. DUNN: No. Would you make a  
5 suggestion on what you're saying?

6 CHAIRMAN: And what we're saying, what  
7 we're going to do is we're going to make a  
8 motion as a whole to put this language in that  
9 we just talked about and voted on. So, I  
10 need to have a motion to do that. Gary?  
11 Todd? Okay. And Martin and Joy? So, that  
12 motion carries.

13 MS. DUNN: And, also, anyone that  
14 wants a copy of this language after we get it  
15 drafted today, please call the office or leave  
16 me your fax number or your e-mail address  
17 before you leave today or call the office with  
18 it so we can fax you a copy of what the Board  
19 is making comment on.

20 UNIDENTIFIED: Becky, can we just  
21 e-mail a request?

22 MS. DUNN: Certainly. Just so we have  
23 something that shows an address, because we  
24 were working so hard Friday night to get  
25 everyone a copy, and we didn't have everyone's

1 e-mails or faxes, so it just took some time.

2 CHAIRMAN: Yes, sir.

3 UNIDENTIFIED: Will you automatically  
4 do it from the list we did earlier, or do you  
5 want another list?

6 MS. DUNN: You might verify with Pam  
7 what we have so that we make sure that we  
8 have everything accurate. Because some folks  
9 said they didn't get a copy and we don't know  
10 if we took down the information incorrectly.

11 CHAIRMAN: Larry?

12 MR. STROUD: On behalf of MFDEA, I  
13 want to thank you guys for inviting us here  
14 this morning and having an active part in this  
15 discussion. And I hope that down the road,  
16 that for all of us, that this will be a good  
17 start to saving the consumer, helping them  
18 out, and, at the same time, benefiting the  
19 funeral homes, because it's our job to carry  
20 on the futures of this industry. And I just  
21 hope that everybody is in agreement and we  
22 just hope things happen because we've got a  
23 problem to solve. We're not here to penalize,  
24 we're here to justify.

25 CHAIRMAN: Thank you, Larry. And on

1       behalf of the Board, we appreciate everybody's  
2       inputs or e-mails or phone calls. And as  
3       Howie Mandel would say, "Deal or No Deal," at  
4       the end of the day, the legislature has got  
5       it, so --

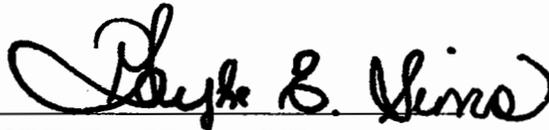
6               MR. OTTO: This is Don Otto. If it  
7       hasn't been mentioned, I would remind  
8       everybody today is Funeral Director Day over  
9       at the Capitol. Come on over and get some  
10      popcorn and cookies and visit your legislators.

11             CHAIRMAN: Thank you, Don. We need a  
12      motion to go into closed by the Board.

13             (Off the record)

I, Gayle E. Sims, a Certified Court Reporter and Notary Public, within and for the County of Boone, in the State of Missouri, do hereby certify that the foregoing transcript constitutes a full, true and correct record of said proceedings that were held on April 14, 2008; that said proceedings were recorded by me and afterwards transcribed under my direct supervision.

Given at my office this 2nd day of May, 2008.



GAYLE E. SIMS, CCR  
Notary Public for Boone County

My Commission Expires: 09-14-08

