MISSOURI STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS

TRANSCRIPT OF MEETING
REGARDING BILL RELATING
TO PRENEED FUNERAL CONTRACTS

DIVISION OF PROFESSIONAL REGISTRATION
3600 MISSOURI BOULEVARD
JEFFERSON CITY, MISSOURI

APRIL 14, 2008
9:30 A.M. - 1:05 P.M.
CHAIRMAN: I'm going to go ahead and call the meeting to order, and then we're still going to wait on the people that are calling in on the conference call. So, I call the meeting to order. I'm going to take a roll of the Board members. Martin Vernon?

MR. VERNON: Here.

CHAIRMAN: Gary Fraker?

MR. FRAKER: Here.

CHAIRMAN: Todd Mahn?

MR. MAHN: Here.

CHAIRMAN: Joy Gerstein?

MS. GERSTEIN: Here.

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

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

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

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

CHAIRMAN: All right. Members of the call-in, I guess you would want to say, or
public that have called in, we need to start
stating your names, telephone numbers, and
we'll explain -- do you want to explain now
why that is?

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

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

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

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

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

MS. FOLLIS: Panita Follis.

MR. OTTO: Don Otto, 230-8167.

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

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

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

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

MS. WALKER: Jo Walker.

MS. DUNN: And, Jo, you're with the
Silver Haired Legislature; correct?

MS. WALKER: Correct.

MS. DUNN: Okay. Anyone else?

MR. WORTHAN: Tom Worthan,

573/438-2111.

MR. MCCULLOUGH: John McCullough,

573/635-6400.

MR. SINGER: Randy Singer,

512/828-0075.

MS. DUNN: Anyone else?

MR. MEADOWS: Representative Tim

Meadows of the 101st District in sunny

California, 314/775-3884.

MR. MCGHEE: Kenneth McGhee.

MS. DUNN: Anyone else? Can I ask who

just joined the call?

MR. MCGHEE: I called in. I'm Kenneth

McGhee. I don't know if you could hear me.

CHAIRMAN: Yes, Ken. All right.

Gentlemen and ladies that are here in

attendance, starting with you, Darlene, if you

want to start. Speak loud.

MS. RUSSELL: Darlene Russell,

representing myself.

MR. EGAN: Cory Egan, representing
myself.

MR. EGAN: Ralph Egan, representing myself.

MR. MOORE: John Moore, representing myself.

MR. STEWART: Bill Stewart, representing myself.

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

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

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

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

MR. BOYER: Brian Boyer, representing myself.

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

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

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

CHAIRMAN: Can you all hear us that's on the conference call?
NUMEROUS RESPONSES: No.

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

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

MS. SCHNIEDERS: Yes.

MS. DUNN: Okay.

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

UNIDENTIFIED: There's an echo.

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

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

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

MS. DUNN: Well, you're clear.

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

MS. DUNN: Certainly.

CHAIRMAN: Okay. Connie Clarkson is
going to explain to everybody why we're here
and give you a brief overview of how we got
here.

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

MS. CLARKSON: When we received -- when
legislation is introduced, we at the Division
receive what's called a fiscal note request,
so we look at each piece of legislation that
affects any profession within this Division to
look at what it's going to cost the State to
implement such legislation. We then forward
that out to the Boards for their consideration
of fiscal cost and any comments that they
would like to make. It's typical that during
Board meetings, and this time of year, the
Boards do review all legislative proposals
pertaining to their particular professions.
We then take any comments that the Board has
and submit those to the sponsor of the bill or
the chair of a committee, in particular, the
PR committee, so that's kind of how we have
arrived here. So, what we will do from this
point is that we will take back our concerns
to the chair of the PR committee and
Representative Meadows, being on the call, is aware of those, and we will also update Representative Kuesser. We will then try to estimate what it's going to cost this Board on the two proposals that have been put forth by Representative Kuesser and Representative Meadows, and then when a fiscal note request comes through, then we will estimate the cost on the Board's proposal -- well, not necessarily the Board's proposal, but the Board's recommendations.

MS. DUNN: So, that provided you a brief overview of those that weren't quite sure why we were here today and why we were looking at this legislation. In setting up this call, we were limited to time frames of this call due to the system that we have to go through in state government. This call will have to end at 10:15 today. In order to accommodate everyone's comments and needs, the call will disconnect at 10:15, and I will give you another number to call in at 11:00 a.m. So, if everyone would write down this number, please, I would appreciate it. For local call-ins, it's 526-5402; for toll free, it's
866-630-9346. Does everyone have that?

UNIDENTIFIED: Yeah.

UNIDENTIFIED: What time?

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

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

MR. LAKIN: Mr. Chairman?

CHAIRMAN: Who are you?

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

CHAIRMAN: You may speak.

MR. LAKIN: I would like for a couple things to be taken under consideration. I've read this legislation. There's good and bad involved in everything. In regard to the 10 percent, I would like to see 5 percent of that put into a fund -- a reinsurance fund that if some of these companies would go broke or funeral homes would go broke or go south with the money, as I have said in many, many conversations, you cannot legislate morality.
But that 5 percent of this money would be put into a fund that would make money that if something happened to a funeral home in their preneed or to a third-party seller or anybody that has a preneed, that there was money to back that up that the consumers did not have anything to worry about, such as in the insurance business where they pool it all together and send it among the other insurance people and someone has to pick it up. I think 5 percent with the total number of contracts that were sold in Missouri last year, after looking at that, and the dollars and cents involved, in two or three years, I think that there would be enough money there to help some of these situations that have been. Number two, I would like to see the attorney general's office or the State Board Attorney, if you get an attorney or however that's going to work, make a contract that everyone in Missouri has the same identical contract, not this situation where you go to your attorney and he'll draw one up, and then you get up there. I'd like to see a universal contract that if somebody died in
your home town and they moved to my home town, we have the same identical contract. I've griped about this for years because every contract is different, and I would like to see the State Board of Embalming, through the attorney general's office, put a contract out that everybody would have the same one. If you're going to change the law, let's change it and make it right. And that's my comment.

CHAIRMAN: All right. Anybody else have any comments?

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

CHAIRMAN: Yes, Don. Thank you.

MR. OTTO: Yeah. Just several things. One, in general, we met and our general consensus is, in a perfect world, we prefer 100-percent trusting. We think that solves a lot of the problems and makes it that'll pop up whenever you get percentages going on, 10 percent is better than 20, but we're already on record from two or three years ago as saying that we believe 100 percent would be best. We also -- last year, the lieutenant
governor's office suggested a joint
House-Senate committee to completely rewrite
416. We wonder if perhaps careful
consideration is doing that might not be
better than rushing through legislation where
we -- something could pop up that we don't --
we really haven't thought it all the way
through. After this specific bill, there is a
few things that we know. On page 7, paragraph
4, at the very end -- this has to do with the
notification requirement. I guess it's a typo
or a grammar error or something that makes it
hard to understand what is required. It
currently says, "Written notice shall be sent
by the Board and to all purchasers." It
doesn't really quite make sense, the way it's
worded.

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

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

MS. GAINSTON: It says -- this is for
the -- for providers, and it says, "Written
notice shall be sent to the Board."

MS. DUNN: It says by the Board.

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

MS. GRINSTON: Oh, I'm sorry.

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

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

MR. OTTO: Okay. Well, that was one item. The other thing that when you go -- it's all the way to page 17, and this has to do with the attempt to make it portable -- the contract portable. The problem that we see at Chapter 436 is on the presumption that this is not the consumer's money. If you disagree with that, I mean, if you don't think -- (phone cut out) -- not the consumer's money. And there are so many provisions in 436 that they are based on that assumption, the attempt to make it portable, we think, is going to cause a lot of problems. For example --

CHAIRMAN: Don, excuse me for a minute. You really faded out there at the
first of your statement. Can you repeat from
the beginning.

MR. OTTO: Okay. Yeah. I'm on page
17, paragraph 1. This is the language to make
a funeral contract portable.

CHAIRMAN: Okay.

MR. OTTO: Okay. We just think it
causes a lot of problems that people haven't
thought through because of the other
provisions of 436. For example, let's say a
person has given you $5,000. You have
retained $500 or your 10 percent under this
bill, and have deposited $4,500 in -- the
seller has deposited $4,500 for the benefit of
funeral home #1. The customer now changes to
funeral home #2 or wants to change to funeral
home #2. That $4,500 has now built up to
$4,800 because it's earned interest. What
goes to funeral home #2; the entire amount or
just the $4,500? If it's the entire amount,
then that means funeral home #1 would be
stupid not to draw off the interest at every
possible opportunity. And if they do that,
that hurts the integrity of the fund and just
the overall general trust funds in general.
Also, what if the funeral home and the seller are one and of the same, which can be the case? So, I'm funeral home #1, I'm my own seller. My customer wants to go to funeral home #2. Now, I'll be the seller for a competitor? You know, it's just -- we don't disagree that portability might be a good goal at some point, but with the way 436 is worded right now, we think it can cause some severe problems down the road. This doesn't make it clear if funeral home #2 gets the 10 percent if it wasn't retained, if it gets the entire amount of money that's in the trust, if the interest can go to funeral home #1, or the seller, or if -- (phone cut out) -- it leaves open a lot of questions. With the way the rest of 436 is worded, we're afraid it's going to cause some more problems. Moving on in the bill, I still don't know how we are going to affirmatively prove in writing that we are of good moral character. It's one thing to be convicted of a crime of moral turpitude that has been defined in the statute, but before I get my license, I have to prove I'm of good moral character. I'm not sure how I do that.
And this is separate from being convicted of a felony, because that section is already in there.

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

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

CHAIRMAN: All right.

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

MR. LAKIN: What page?

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


MR. OTTO: Page 20. Thank you. Page 20 with joint accounts, 436.035. Under the current law, 100 percent of the money that you collect from a consumer has to be deposited into the joint account. We're confused as to why that's being dropped to 90 percent. Why
are we reducing consumer protection in this area? It does make it consistent with the
trust, I'll give you that, but under current law, this is the one area where current law
protects the consumer is that it says every bit of money that is collected has to be
deposited into the trust -- I mean, excuse me -- has to be deposited into the joint account.
So, under current law, 100 percent of the money goes to the joint account. If this were
passed, only 90 percent of the money goes to the joint account, and we're not sure why consumer protection in this area is actually being decreased. Those were some of our major things. We think there will probably be several complications dealing with the 10 percent and the way it's worded that might pop up that we don't realize, which is why we want to be careful with it. But, overall, we think this bill is much improvement over the current 436, at the very least.

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

MR. LEWIS: Mr. Chairman?

CHAIRMAN: Yes.
MR. LEWIS: Steve Lewis -- (phone cut out) -- in Palmyra.

CHAIRMAN: Okay, Steve. Thank you.

MR. LEWIS: Because I don't -- (phone cut out) -- legislation, I mean, you're going to have to bear with me a little bit here.

But is there anything in the new reform that protects not only the funeral homes, but the beneficiaries as far as the insurance goes, making sure that the owner of the policy has to be the person -- has to either be the beneficiary and/or the person that's writing the policy for them -- i.e., a family member -- versus the situation we right now have with NPS where they were listed as the policyholder and, therefore, it could be in a situation where they could take out policy loans? Can you hear me?

CHAIRMAN: Yes.

MS. DUNN: Yes.

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

MS. DUNN: Legal counsel is looking for that section. Just one moment.
MS. GRINSTON: We do have a section that does say -- and I'll find it in a minute -- that the purchaser has to be the owner of the policy and would have to okay and authorize any changes.

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

MS. GRINSTON: That's right.

MR. LEWIS: Okay.

CHAIRMAN: That's right, Steve.

MR. LEWIS: Well, I just want to make sure that -- because this is just, obviously, a lot facing us right now -- that this owner from this point forward or if this legislation addresses that so that we don't have the same situation happen again. Also, with regard -- I had a question regarding the trust. And in doing some background research on other states and the way that they have their legislation written on trusts, they have written that 100 percent of the money has to go into a banking institution that's FDIC insured. I know, because in Missouri, we face a situation where it's a double-taxation state, and it's hard...
for people that already have their funds in a
municipal-bond area to switch it over to a
situation where they're going to have, you
know, 1099s coming out at the end of the year.
But is that something else that could be
reviewed by this panel?

CHAIRMAN: Yes.

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

CHAIRMAN: Steve, do you have any other
comments?

MR. LEWIS: That's all.

CHAIRMAN: Okay. Anyone else?

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

MS. DUNN: No.

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

MR. McGHEE: This is Ken McGhee; can
you hear me?

CHAIRMAN: Yeah. Okay, Ken.
MR. McGHEE: Okay. I just want to make a comment. I know, as everyone said before, that there is a lot of good and a lot of bad in this --

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

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

MR. McGHEE: Okay. Can you hear me now?

MS. DUNN: Yes.

MR. McGHEE: I would just like to make a comment that there is a lot of good and there's a lot of things that aren't good in this proposed legislation. And I'm also to the point of thinking that I know that we're trying to do something in lieu of what's going on to protect the consumer and make sure that these contracts are being honored to their integrity and ability. The two things I would like to just comment on is preneed was set up for the fact of honoring families' wishes, to give them the peace of mind that when they go to a funeral home, that when they make a selection and get goods and services, their wishes are being honored. We know that right now, even with that peace of mind, if you come...
in and I go to a funeral home to make arrangements, my next of kin can change those arrangements in a heartbeat. It doesn't matter. So, is there something that we could do to enact into this legislation or some point that when the proposed beneficiary makes these arrangements, that they are concrete, because we're giving the heirs a lot of room to come in and change someone's mind or change their arrangements. Secondly, also, it's supposed to give the financial peace of mind. Now, if we fund 100 percent of the money, what is the purpose of guaranteeing the prices, because all we, as funeral-home providers, are concerned about is making sure that when the time comes to honor these contracts, that we can cover the cost it takes for us to operate our businesses. And any preneed funeral that comes in, we can service. The thing is, are we going to be able to guarantee that we will be able to freeze the price? And the way this legislation is written, it's going to be hard to do that. We'll write all the preneed that we can under these laws, but we won't be able to guarantee prices because there is not
enough fluctuation or enough consideration
given for when the casket companies start
raising their prices to us or when prices of
fuel go up, and just the overhead costs of
doing business. So, I would just hope that in
doing this, that those considerations are
being given, and thank you for giving me the
time. The rest of my comments, I did fax in,
and they are in writing.

CHAIRMAN: Thank you, Ken.

MR. LAKIN: Mr. Chairman?

CHAIRMAN: Yes, Don?

MR. LAKIN: This is Don Lakin again.

I have to agree with Ken 100 percent on that,
due to the fact that we do not even act like
businesspeople. I've made -- and, you know,
you can't go buy a car five years in advance
and be guaranteed. And I think that that's
probably one of the silliest things, as
businesspeople, that we have done, is
guarantee something that we don't even know
how much it's going to cost us in the future.
And I just want to go on record that I agree
with Ken McGhee 110 percent.

CHAIRMAN: So, you want that on the
record that that's the first time you and Ken
ever got something the same; right?

MR. McGHEE: No. We agreed on some
steak before.

MR. LAKIN: Yeah.

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

MR. OTTO: This is Don Otto again.

CHAIRMAN: Yes, Don.

MR. OTTO: On Mr. McGhee's point about
looking in a preneed. We have been opposed to
that in the past because we think there needs
to be a person alive that can veto things that
just can't be done or shouldn't be done
because circumstances have changed. For
example, somebody writes in a preneed that
they want military honors funeral, but they
were dishonorably discharged. Or do they
want, you know, something that is physically
impossible or it turns out is -- (phone cut
out) -- for the family or whatever. However,
we think that most of them that's out there
can be solved if the person writing the
preneed has the opportunity to designate who
their next of kin will be. That way, they
can designate someone that they trust to
handle out their best wishes -- their final
wishes as best as possible under the existing
circumstances. And we do have two bills over
here at the Capitol that would do just that.

MR. McGHEE: Mr. Chairman, just one
response to that, if I may. Don, the only
thing that I'm concerned with, and I'm sure a
lot us have seen this, I've had family members
coming in and just say, "Please, whatever
happens, make sure I'm buried with all my
jewelry on. I know my sister is going to
want to take it. I don't want that to be the
case. I'm trusting you, Mr. Funeral Director.
That's why I'm in here rearranging with you,
because I want to make sure that I'm in my
pink dress with all my jewelry." And how many
times has the next of kin case in and, in our
situation, came in, and because they were the
next of kin and had the right of sepulchre,
that they came in and changed and said, "You
know what, we don't want her to be buried with
that." And that's where you're taking away
the peace of mind and giving false security to
people that are saying, "I want this done
because I can't rely on someone else." And
even if you name a beneficiary or a next of
kin of do this, what if there is none? What
if they're no longer there? Some of the
things that are in this new legislation, I
think, go beyond what the purpose of the peace
of mind of prearrangement is about.

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

CHAIRMAN: Any other public comment?

Don Otto, Kim has a question.

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

MR. OTTO: Yeah.

MS. GRINSTON: You mentioned something
about who does the 10 percent go to. If I'm
changing providers only, why would the 10
percent -- I don't -- help me understand why
the 10 percent would be an issue if all I'm
doing is changing the provider.

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

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

MR. OTTO: That is correct.

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

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

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

MR. OTTO: Well, the seller -- that 10
percent belongs to the seller. It's their
absolute money. It's theirs.
MS. GRINSTOF: Right.

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

MS. GRINSTOF: Right.

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

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

MR. OTTO: That is correct.

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

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

MS. GRINSTON: Right.

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

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

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

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

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

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

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

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

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

MS. GRINSTON: Okay.

MR. BAKER: Don?

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

MR. BAKER: Don?

MR. OTTO: Yes.

MR. BAKER: This is Bob Baker. We discussed this at length last night, Kim. And
what -- I think what our main concern would be
is if we're talking about funeral home #A,
funeral home #B, the seller still controls the
right to the income of the contract. We
want to make sure that if the -- for the
portability purposes, that the funeral home
which has the contract transferred to will be
able to service that contract and not just
always remain at the 90 percent. If the 10
percent has already gone to the seller, the
seller retains the interest, we want to make
sure that funeral home #2 has sufficient funds
available to service that funeral.

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

MR. BAKER: Yes. And, specifically,
it would come into where the funeral home has
their own trust. They are both the seller and
the provider, and, again, depending upon where
it's transferred to, we want to make sure that
the consumer is protected and there are enough
funds which -- to service that contract versus
90 percent forever where the seller is going to retain the interest as it is earned.

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

MR. BAKER: Correct.

MS. GRINSTON: And if the provider paid -- if he pays it out to the first provider, I understand. But there are two provisions in the bill that I think may feed into this discussion. Number one, in order to change the provider, I have to get the new provider to consent. So, if the new provider looks there and says, "Listen, I'm not going to get the money on this funeral, I'm not consenting to it," then there is no redesignation. It can't happen. The second thing is for someone who is selling for themselves, in order for you to name a new provider, the new provider would have to have a contract with me, the seller. And so, let's say funeral home -- I say, instead of funeral home #A, I'm going to go to funeral home #B,
contract. I look at the contract and say, "I have no contract with funeral home #B, so I can't allow you to change."

MR. BAKER: Right.

MS. GRINSTON: So --

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

MS. GRINSTON: Right.

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

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

MR. BAKER: Right. And then --

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

MR. BAKER: Right.

MS. GRINSTON: And so, there is no redesignation. So, and then what I --
MR. BAKER: But in that case, I think
-- and the other thing we were worried about
would be if the #2 would not accept the
contract, and the consumer wanted to do
something else, we want to make sure that they
get more than 90 percent back.

MR. MOORE: And who are we here for;
us to make money on selling contracts we never
service, or the consumer, the public? Let's
look at -- you know, I'm a relatively new
owner, and I got stuck with federal -- several
funeral security plans for $695, $1,1195, and
$1,385, and I thank the guy I bought out every
time one of those pass away because that's all
I get. Are we here to get 80 percent or 90
percent, keep the 10 or 20 in our pocket?
Five years later we upset somebody, we get all
the interest, and Bill Bennett has got to the
do the funeral from John Moore because I
ticked off the family. If we're going to take
control of our preneed business again, let's
do it. A hundred percent of the money goes
in, it sits with that account till it's
serviced. If I make the family mad and I
lose the business and Bill Bennett gets it, he
gets that portion from the third-party provider or from my banker when he turns over the death certificate. The bank records are there, the preneed records are there, he gets it all, interest and everything. What did I do to get the money? Nothing. I ripped off the public. When I do a contract from a third-party seller that I don't have an agreement with, and they send me 80 percent of that money, I enjoy sitting there with the family saying, "John Moore is going to eat that 20 percent and all the interest, but that third-party seller ripped me and you off."

Now, I can muddy their name really good. I can muddy my competitor because they made money and the third-part seller made money, and John Moore is the hero because I lost money doing that funeral. But we've got a chance right now to take preneed business back to us, put the regulations on us, watch the money. We already pay $2 for every contract for an audit that, I guess, is done. I've never seen an audit report. But we're governed under banks, we're governed under everything. Let's stand up and take control.
of our family's money, the people that
supported me for 30 years, supported many of
you for a lot longer than that, and we can
protect our money. And then if we have a
problem, who do we blame? It's us. We took
control back in 2008. And let's grab the bull
by the horns and take that control and go
forward. I don't think it's fair that we make
money off the public when we sit in our chair
and didn't do anything but spend 30 minutes
writing a contract out.

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

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

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

MR. OTTO: This is Don Otto again.

Again, I think our position is that we like
the idea of portability. We think it's very
difficult to do under Chapter 436 the way it's
written as a whole, and that sticking a
paragraph in or a sentence could potentially
cause us a lot of -- potentially can cause
confusion, and that's what we want to -- and
mistakes and more problems, and we don't want
more problems. I would also note that it's
not always that the consumer dislikes funeral
home #1 is the reason they switched. We've
had a couple instances where -- before I got
here; I've been told about them -- funeral
director moved from funeral home #1 to funeral
home #2, took his customer list with him, then
went door to door and offered everybody, like,
20 bucks if you'll move your preneed contract
over to funeral home #2. So, it's -- and I
would say that there are some legitimate
expenses that funeral homes do incur when they
do a preneed. They've got to have a building,
they've got to have stock, they've got to have
a room, you've got the casket room, if they
have that, or a wall. They're paying their
utilities, they're paying their staff. So, I
think there are some legitimate expenses that
a funeral home is out if a contract is
transferred. We've always thought 20 percent
is way too big a penalty for the consumer to
do that, but, nevertheless, even if -- and we
support 100-percent trusting if that were ever
possible. But to say that there are no
expenses to a funeral home in writing a
preneed and losing it, I don't think it's fair
to a lot of funeral homes because I think
there are some expenses even if people don't
always, you know, do an allocation of all
their stuff.

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

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

MR. LAKIN: Again, if you get down to
universal contract, there won't be any
horseplay between funeral home and funeral home, whether it's competitor or whether it's moving to the other end of the state. If you have a universal contract, then every funeral director has the same contract.

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

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

MR. OTTO: Well, this is Don Otto again. We think it could cause confusion for a lot of people. For example, and I can -- it may not happen, but we just are concerned that with portability just tacked on to paragraph 3 of that one section, where everywhere else it's absolutely clear that the consumer is not the owner of that money. Now, I don't like that personally, but that's what 436, basically, says. The title to that money is in the trustees. The interest belongs 100 percent to the seller, and if we have 10
percent, it belongs 100 percent to the seller. And if they cancel, they only get 90 percent back. But if they transfer it, we just want to make it absolutely clear what goes from funeral home #1 - what funeral home #2, under the law, is supposed to get when that contract comes due.

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

MR. OTTO: Well, I mean, if it were in the law, I mean, one problem is we can redo
our contracts. Then what if somebody says,
"Well, this contract -- you're not giving me
everything that the law says you're supposed
to give me," you know, because our contracts
can't change what the law is.

MS. GRINSTON: Right.

MR. OTTO: And so, the way it's worded
right now, all it says is if you change
provider, you might have a situation where
that interest has been -- you know, the seller
has the right to withdraw the interest from
the trust. So, in one situation, you may have
occasion the seller has withdrawn the interest
off the trust, and, in another case, you may
have a situation where the seller has chosen
to leave the interest in the trust. Will
funeral home #2, in those two different
situations, get the same amount, or will
funeral home #2 get more in the second amount
-- or, you know, I'm just saying it's -- and
it's not so much even just this particular
language, it's when this language interfaces
with all the rest of 436, well, we just urge
people to think it through carefully because
we're not opposed to the idea of portability,
but if you’re going to go to portability, I
think you almost have to start thinking about
rewriting 436 from the beginning and, like
some people have said here, make this a trust
for the consumer.

MR. MAHN: Hey, Don, this is Todd
Mahn; I have a question for you. So, are you
saying -- are you representing the
association? Are you saying that you think
the interest on the -- whether it’s 100, 50,
or 80 percent, are you saying the interest
should go to the funeral home that provides
the service, funeral home #2, if you’re
calling it -- that’s the name you’re calling
it right now? Is that what you’re saying?

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

MR. MAHN: Well, I’m asking you: I
know you all had a meeting. Are you all
together on this that the interest on the --
say it’s 100 percent -- I’m just using that as
an example -- goes along with the 100 percent
to the funeral home that provides the service?
MR. OTTO: Well, here's our complication -- I'm going to switch hats here and tell you what -- how the Missouri Funeral Trust does it.

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

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

MR. MAHN: The funeral home that does the service, right?

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

MR. MAHN: Well, I'm sitting here with owners now, and their feeling on this is, Don, I don't think -- I think the conversation we had the other day, I know you haven't ever made funeral arrangements and that kind of thing. But they feel like that the funeral home that does the service, that that money
actually still belongs to that family, and
that if that funeral home -- and ten years
later, that family decides to switch funeral
homes and it has to provide an $8,000 funeral
that was $5,000 back then, shouldn't the
funeral home that does the service receive the
interest?

MR. MOORE: Shouldn't the family?

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

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

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

MR. BENNETT: It's the consensus --

MR. OTTO: Well, under the statute
that we have in front of us --
MR. MAHN: I'm asking: Do we have the blessing of the association on that?

MR. OTTO: Well, I'm --

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

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

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

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

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

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

MR. OTTO: Part of the thing we're talking --
(Several people talking at the same
time.)

statements, then we've got to go.

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

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

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

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

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

CHAIRMAN: Okay.

MR. VERNON: Following the dialogue,
and, really, it's a good time again. I see
two issues, and it's a hard one to fix because
I understand what you're saying as the
interest following the family. I think that's
a great thing, kind of following Ken McGhee's
comment and Don's a while ago. If all we're
going to be is a holding-account institution
for families to bring their money in, that's
great. But if you'll all look at what the
definition of a preneed contract is in #5, it
says where it's a sale. You sold something.
I'm kind of -- I'm probably playing devil's
advocate for both sides here, the consumer and
the funeral director at the moment, because I
see where the consumer needs to be protected
and the money go along with them. But at the
same token is I see where the funeral director
needs to be protected, too. So, I don't know
that you can write a perfect contract here
that's going to make it 100 percent for the
consumer in this situation. If that's what
we're trying to do, then let's just be a
holding institution like a bank, and let's
just hold their monies and then send it
anywhere it wants to go. Don't guarantee them
anything because why? Why would you guarantee
them anything? That's it.

CHAIRMAN: Thank you. Anybody else
have any comments?

MR. OTTO: Well, this is Don Otto. I
think I'm in a better spot now. All I really
wanted to say is that the association is not
against the concept of portability in general,
we just want to be careful that whatever we 
put in any new legislation doesn't create more 
problems than we've already got.

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

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

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

MS. DUNN: We're in the main 
conference room at the Division of
Professional Registration at 3605 Missouri Boulevard.

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

MS. DUNN: 3605 Missouri Boulevard.

MR. LEWIS: Okay.

MS. DUNN: At the Division of Professional Registration.

MR. LEWIS: Okay. Thank you.

CHAIRMAN: Darlene?

MS. RUSSELL: On page 16 -- this is Darlene Russell. On page 16, it does say at the very top of the page when it's regarding a cancellation, that 90 percent of all payments. If that would say not less than 90 percent would give the person the option of giving them 100 percent. That was one thing I noticed there. And then another comment, on page 2, "A preneed contract may be funded by any mechanism authorized by this chapter including cash payment or whole or credit life insurance." I think you're boxing yourself in saying what type of insurance they can use because there are other types of insurance. So, if you would change the words, take out
whole or credit, and just say payment or life insurance -- the cash payment or life insurance, because there is other things, such as annuity, universal life, variable life. There’s quite a few other things. And on page 14, it protects you by saying, "Any investment in preneed funds shall be made in investments designed to increase the value of the preneed fund," so that protects you. But limiting yourself on what type of insurance is -- I don’t think it’s good for the consumer or good for the funeral home. Those are my comments.

CHAIRMAN: Thank you, Darlene.

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

CHAIRMAN: Yes. Who is it?

MR. MEADOWS: This is Representative Meadows. Listen, I won’t be able to rejoin you folks in the second half of the call this morning. I’m in San Diego; I’ve been out here for a week, so this all has come as a shock to me with all the news about this legislation. But if I may real quick, first of all, I want to commend all you folks that are on the call, as well as everyone that is...
sitting in that room there, because, now,
finally, we've got a nucleus of folks that
really care about your industry, and it just
shows me that you're trying to work together
to bring forward some legislation that's going
to be good for the consumer.

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

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

CHAIRMAN: Yes.

MR. MEADOWS: Okay. Last year, I
filed House Bill 825, and I could not even get
a hearing on that bill. I got with the
committee chairman, Representative Jay Watson,
and Representative Watson told me it was too
political and they was not going to bring that bill up in a political year. We fought like son of a guns just to get it -- just to get it to move forward, and I was met with a stone wall. About two weeks ago on a Saturday, I was on-line on my -- I was at home in St. Louis, and I was on-line, and I was shocked to see House Bill 2469 filed by Representative Kuessner. I immediately, on that Saturday, called Representative Kuessner on the phone and left him a message. He called me back exactly an hour later and I asked him, I said, "Representative," I said, "why did you file this bill? I'm kind of curious because I had been filed similar legislation last year on Chapter 436." And his exact words was, "Well, I'll just be honest with you. This bill came to me from the attorney general's office." Well, first of all, I don't know if that's a true statement or not, and I asked him, I said, "Are you sure?" And he said, "Yes." Well, first of all, I had worked with the attorney general's office on this bill. And in the original House Bill 825, I gave super powers
to the attorney general's office for auditing practices and so forth and so on. But with that being said, I just want to commend, again, everyone that's on this call and everyone in that room because it tells me that, finally, we're going to move forward, hopefully, and we can get some legislation passed that's going to be good for the consumer and good for your industry. But with that being said, I was not going to refile my legislation this year. I was not going to do that. That was not my intention. If you look at my House Bill 2594, it was filed at 5:00 p.m. on the final day of filing, and there were two -- only two other bills filed behind mine at the cutoff which was 2595 and 2596. The reason why I filed my legislation this year was mainly and solely as to put this back to the forefront because Representative Kuessner told me that he had gotten a bill that was sent over from the attorney general's office. I think if the bill would have really came from the attorney general's office, it would have had more language in there that would have protected the consumer. I think
that Representative Kuessner’s bill is a bit vague. But with that, I would just encourage you all, if you’ve got a piece of paper handy, you can e-mail me at tim.meadows@house.mo.gov, and that’s the same with your own legislators; you can put their first name in, a dot behind their first name, and then their last name, and then just the same thing across. I encourage you to get everyone involved and to start this discussion, and I am very, very proud, again, that you are all sitting down to do something. I don’t what precipitated this. Like I said, I’ve been gone for about eight days now, and I’m flying home today, and I won’t be back into my office in Jefferson City till tomorrow. But -- so, I’m somewhat at a disadvantage. I just had one question. Why does everything that’s gone on -- and maybe one of you folks on the Board can answer this, but let’s just say, for example, we do get a bill and this goes into effect, what will be the conditions and what about the existing -- there could be things that are now pending before your Board. How would that change that and will it change that, because I’ve watched
legislation change and then along with it,
protection is put in for those that -- and I
mean, because there's been Workers'
Compensation changes in the last year and
unemployment changes. I've seen things being,
you know, canceled and thrown out and changed
and so forth. But has the Board looked at
that, on how you would handle that?

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

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

CHAIRMAN: Bill?

MR. STEWART: Did you survey their
portability clause with those 100-percent
states?

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

MS. DUNN: Jo, are you still on?

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

MS. DUNN: Okay.

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

MS. DUNN: The chairman stepped away
for a moment. Is there anyone else from the
public that would make a comment, please?

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

Go ahead.

MR. MOORE: Mr. Chairman, before you
do, if I could ask one thing. On page 11,
#6, I've got some major concern and I have had
concern since I came into the industry in 1979
about anybody can sell freely, and I'm so glad
to see this. My question is, is that we have
included limited funeral directors and
apprentice. To me, an apprentice is there to
be guided and directed by whoever he's serving
under. He should be learning -- he or she
should be learning, not out doing. And I
would really like #6 to be looked at, and,
again, we, as funeral directors, owners,
embalmers, take our industry and guide it
better that, yes, it will be a licensed
funeral director, 100 percent point-blank,
that's going to sell to our families. Is it
fair that an apprentice or a limited person
that has limited capabilities sit at a kitchen
table and sell for a commission rate when I'm
sitting at my funeral home paying good money
to retain a person, paying Workmen's Comp,
paying insurance, giving vacation, giving a
good place to work? Is it fair to me as an
owner that the State Board allows anybody else
to go out and sell these things with very
little, one-day training from a third-party
sales organization? I feel we need to, again,
address that one and restrict this to do the
job of the regulations that we have out there.

MR. MEADOWS: Hey, Becky?

MS. DUNN: Yes, sir.

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

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

MS. CLARKSON: Representative Meadows,
this is Connie Clarkson. What we have done is
we have looked at both bills, the Board did,
and kind of blended the two of them together and made recommendations in addition to those two bills.

MR. MEADOWS: Okay.

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

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

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

MR. MEADOWS: But as you know, the -- you cannot file legislation. This would have to go in the form of an amended or a House Committee substitute to either my bill or
Representative Kuessner's bill, and just to
move it forward, you would have to absolutely
contact, of course, Representative Watson, as
you know.

MS. CLARKSON: Okay.

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

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

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

MS. CLARKSON: Okay.

MR. MEADOWS: Okay.

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

MS. DUNN: Okay. Just to verify
again, the local number to call into at 11:30
is 526-5402, and if you can be here in person,
that would be great. The toll-free number is 866/630-9346, and the Board will be taking a vote on some of the comments that we have received today when we resume our meeting at 11:00 in open.

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

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

CHAIRMAN: May I have a motion?

MS. GERSTEIN: I'll make the motion.

CHAIRMAN: Joy makes the motion.

MR. VERNON: Second.

CHAIRMAN: Martin seconds it. Gary?

MR. FLAKER: Yes.
CHAIRMAN: Todd?

MR. MAHN: Yes.

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

(Off the record)

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

MS. NEWMAN: Barbara Newman, 751-1311.

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

MS. DUNN: Next?

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

CHAIRMAN: Next?

MR. HEDGEPETH: Bob Hedgpeth, 573/996-2121.

CHAIRMAN: Are you from New Madrid?

MR. HEDGEPETH: Yeah. Well, formerly of New Madrid, of New Madrid and Donovan.

CHAIRMAN: Okay. Next?

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

CHAIRMAN: Thank you, Don. Next?

MR. McGHEE: Ken McGhee.

CHAIRMAN: Next?

MR. MCCULLOUGH: John McCullough, 635-5400.
CHAIRMAN: Thank you, John. Next?

MR. STALTER: Bill Stalter,

913/378-9920.

CHAIRMAN: Thank you, Bill. Next.

MR. WORTHAN: Tom Worthan,

573/438-2111.

CHAIRMAN: Thank you, Tom. Next?

MS. DUNN: Anyone else?

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

CHAIRMAN: Thank you, Representative.

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

MR. LAKIN: Hello?

CHAIRMAN: Yeah, Don. Thank you, Don.


CHAIRMAN: Thank you, Don.

MS. DUNN: So, what I was saying is for those who -- if we have a final copy of this this afternoon or early afternoon, we would like to have you to fax or call our
office with your e-mail address or your fax
number so that we can get everyone a copy.
The office number is 573/751-0813; the fax is
573/751-1155.

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

MS. DUNN: No. We have two more.

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

MS. GRINSTON: What I have handed out
-- for those who are on the phone, I
apologize. We handed out some revisions to
everybody in the room. Based on some of the
comments, the Board asked me to draft -- try
to draft some language very quickly. This is
not something that the Board has approved,
it's just language that the Board wanted to
see on paper to see what it might look like.
The first change is to 436.005.5, the
definition of a preneed contract. In response
to Darlene's comment, the language was
classed. The bold language that was
previously on the proposal has been taken off
and it has, instead, been changed to "In no
instance shall a preneed contract be funded by
any form of term life insurance." I think the
idea was to make sure we didn't restrict
ourselves to just what is traditional whole or
credit life, but to still keep restrictions on
term life insurance or insurance issues that
don't gain value.

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

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

MS. GRINSTON: No to the first part of
your question. The second part of your
question, when you have someone paying
installment payments on a credit life policy,
I don't think this language will pick that up.
MR. BAKER: Not on the credit life policy, but on the preneed contract, and if death occurs prior to the contract being paid in full, you have a side credit life policy that would cover that which, in essence, is a decreasing term.

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

That may

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

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

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

MS. GRINSTON: We hope. Okay. So, yeah, my suggestion would be taking out "any
form of and I think just saying straight term life might pick up what we need. 436.054 --

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

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

MR. LAKIN: Yeah.

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

MR. MOORE: Page 22.

MS. GRINSTON: Page 22, Don, and everybody who is on the call. Again, that second line would remove the reference to whole life and just say that a preneed contract may be funded by an insurance policy. However, subsection 3, which is on page 23 of the proposal you all have, will be amended. The end of subsection 3 -- the current subsection 3 -- would say, "Nor shall the seller fund any contract by or with term life
insurance." We're going to strike "any form of" for the purpose of the people in the room. Again, it would just be a blanket prohibition on what is traditionally deemed term life insurance, which I think will exclude some of your credit life issues that you just talked about. The other language that the Board asked me to draft -- again, this is for the Board's discussion purposes -- was language that would address what happens with income on a preneed trust. It would be 436.031, which is on page 14 now. This language would probably be pasted in there, and it reads, for purposes of everybody who is on the phone, "All income generated by the investment of preneed trust property shall be paid to the provider furnishing funeral services or arrangements upon the final disposition of the beneficiary. If the preneed contract is canceled or transferred by the purchaser, all interest from the trust property shall be paid to the purchaser with any other amounts required by this chapter." So, essentially -- and this is, again, just not something the Board has decided on. It's something they
wanted to see in draft form -- all income
would go to the provider who furnishes final
arrangements. If it's canceled or
transferred, that income would go to the
purchaser. Now, I would include language, if
this is -- if the Board decides to adopt some
amended language, I would suggested adding the
language that says income including interest,
dividends, and capital gains like we have in
the current statute, but, again, that's for
discussion purposes only, and back in the
hands of Mr. Chairman.

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

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

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

MR. BENNETT: So, all income is
everything? Does that need to be spelled out

-- interest, capital gains?

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

MR. BENNETT: Okay.

MS. GRINSTON: I would probably
migrate that over.

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

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

MR. OTTO: I know we have to have a
way to fund the costs of the trust -- the
administrative costs. In the current law, it
specifically says in a later section -- not in
this section, but in a later section -- that
all administrative costs have to come out of interest and not principal.

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

CHAIRMAN: Martin?

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

MS. GRINSTON: I don’t know. From the trust side administratively, I don’t know if
the allocation would be any different than the
way they're allocating now. I think the
records requirement probably would be a little
bit higher because you would have to determine
how much interest goes to that specific
contract. So --

CHAIRMAN: It could be done.

MR. VERNON: Oh, I'm sure.

MR. OTTO: This is Don Otto again. Two
possible ways, if the Board was inclined to
include language such as this that would, I
think, solve our question. Option one is to
reword it so that all interest that is
provided in the contract to go to the provider
-- that's one option. So, that whatever is in
the contract that goes to provider #1 also
then goes to provider #2, because there's
already references that -- there's already
references in 436 that what the provider gets
is what is contained in the contract between
the provider and the seller. So, you could
simply say all principal and all interest as
provided for between the contract and the
seller. That's one way. The other way then
-- the other way is to stick a parenthetical
in that left expenses of administering the
trust.

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

CHAIRMAN: Mr. Baker?

MR. BAKER: I think Kim just covered
it. Whether it’s you have your own trust, if
you’ve got your own trust through a bank, they
are going to have administrative costs for you
to keep that trust with them, so we’ve just
briefly talking on the corner here that somehow there needs to be a provision that the administrative costs come out, you know, maybe cap what those could be.

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

Mr. Lalyn: Again, I get down to, Darlene, that everybody should be using the same contract.

Ms. Russell: That's what I'm saying, too, Don, in respect to the part about if one
can keep the interest and the other doesn't
keep the interest, to make it a level playing
field, you'll have to address it, as Kim said,
in the language just exactly what the seller
can keep for administering the expenses.

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

MS. RUSSELL: Reasonable.

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

MR. LEWIS: If we're here today and,
you know, we're trying to protect the
consumer, I understand that. But the laws
were written in Missouri where the funeral
homes are held accountable. We're the ones
that have to protect this contract. So, if
we're going to look out for ourselves today
and look out for future funeral-home owners,
why don't we put into -- why don't we talk about saying that the interest has to go back in there, and that you cannot take those interest monies anymore and put them in your own pocket, because we have to protect future funeral directors, you know.

MR. STEWART: And consumers.

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

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

MR. STEWART: Whether transferred or not.

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

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

MR. STEWART: For those transfers.

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

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

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

MR. STROUD: That’s what -- that’s not a problem.

MR. STEWART: Of interest and administration should that transfer to a new provider -- Bill Stewart speaking -- should be no more than 10 percent.
MR. STROUD: Well, I think 10 percent is way too high.

MR. STEWART: Okay. Make it 5 percent.

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

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

UNIDENTIFIED: Very good. That's what you were saying.
MR. LAKIN: You cannot control what the trust company is going to charge you, though. Because if you’ve got $5 million, they’re going to work with you a lot better than if you’ve got $100,000.

UNIDENTIFIED: But 5 percent would cover any of that.

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

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

CHAIRMAN: Correct.

MS. DUNN: That’s correct.

MR. STROUD: He might decide to raise his fee all of a sudden to 4 percent. So, I’m saying put a cap on it until it gets radical, and then we could readjust. That’s the only reason I brought up the cap, was that
we need to put something on here that kind of keeps this down for a while. But your overseer of your trust, we don’t know what their rates are going to be. MFT has got a certain rate that we have to pay to administer our trust, which is a very reasonable rate. That doesn’t mean it’s going to be reasonable five years from now or ten years from now. We have no idea about the future on this. It could even go less, you know.

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

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

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

MR. STROUD: Well, then we’ll have to reup, relook at this. I don’t think we’re going to have that problem the way the economy is right now. I don’t think we’re going to have to worry about this for a while. But I’m just saying, down the road, we can leave a sub in there that says we can adjust this if
necessary. So, in the language of the bill, we could put in here something about the opinion on trust charges; you know what I'm saying? You're a representative; you know all the lingo.

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

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

John, what do you think?

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

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

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

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

MR. STROUD: That's exactly right.

MR. STEWART: Yeah. And my administration fees.
MR. STROUD: That's exactly right.
MR. MOORE: You know, if I'm getting free money, I'm an expensive person.
MR. STROUD: At a maximum of 5 percent now and we'll reevaluate these things as time goes on.
UNIDENTIFIED: That's the suggestion to the Board.
MR. STROUD: That's a suggestion. I mean, I -- you guys --
CHAIRMAN: All right. Kim is going to go clean that up, so, in the meantime, is there any other issues you want to address here? And I think Becky, our executive director, has a couple --
MS. RUSSELL: Oh, I was just going to ask about the joint accounts. Had the Board discussed leaving that as it is in the current law at 100 percent?
CHAIRMAN: I think that was the comments that were made.
MS. RUSSELL: Okay. But that wasn't something --
CHAIRMAN: That would just follow along right with --
MR. MOORE: Is the Board pretty well leading to a 90/10?

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

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

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

MS. DUNN: No. I just wanted to emphasize again that this is what our plan is today: We're going to take your comments, Kim is going to try to provide a draft back to you today. If we can't get the language totally confirmed while you're in this room today or on the phone, we will fax to you what we're going to give Connie this afternoon. But what we're doing is trying to address all the comments that you have
addressed to us today. And then the Board
will take a vote today. That's what I
understand; correct?

CHAIRMAN: Yeah.

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

CHAIRMAN: Oh, Todd?

MR. MAHN: John, on that particular
thing, the reason we incorporated apprentice
funeral directors makes a pretty big leap from
-- right now, they don't have to have any
license. And I agree with you about -- I
know what you're saying about the
funeral-director's license. The problem is,
in several conversations I've had in the
industry is a lot of people have folks working
for them and they're very good people who
aren't licensed at all. This is their
livelihood. People in the community know
them, they like them, they trust them, they've been selling this for a long time, and by automatically just saying they have to have a funeral-director's license is going to devastate a lot of people's livelihoods and their jobs. They're going to just lose jobs if they don't have a funeral-director's license. So, you know, in trying to deal with that was we thought that an apprentice funeral director -- because there's things apprentice funeral directors are doing now under that current law that needs to be adjusted anyway, but this would enable them to start working under the direction of the funeral director. And if the funeral director -- if you're the funeral director and you have an apprentice and you're liable for that apprentice, you're going to seal whether it's -- you know, approve whether it's okay for them to go out and see this family or not to make a prearranged funeral.

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

MR. BENNETT: Forever.

MS. DUNN: I believe that the Board
has had that concern brought to their
attention, and that in upcoming meeting, we
will address that in open session, that
limitations may be put on that.

MR. STROUD: Larry Stroud again. I
brought this up to Mr. Mahn a little earlier,
and I'll just use one of our employees as an
example. He's a retired gentleman. He does
not make house calls. We don't have sales
force out in the field, so to speak. If
anybody wants to buy a preneed, they come to
our funeral home where they make an
appointment; you know what I'm saying? And
this is what he does. He's not a licensed
funeral director. He assists us on funerals,
et cetera, et cetera. He's 65, 66 years old.
I'm not sure he would want to go through the
edged, you know, of getting just a license to
do this, you know -- you see what I'm saying?
I think what we're talking about here is real
good for somebody who is making a real
livelihood out of selling preneed insurance or
preneed contracts, however you want to look at
it. But for the guy who works in the funeral
home, you pay him an hourly salary, he really
doesn't get a commission. We don't pay him a commission. He enjoys doing it. He knows lots of people and they trust him; you see what I'm saying? So, I think you've got to have something here that says not everyone is required to have -- especially if he's in the funeral home every day -- or not every day, but a few hours a day, and you're overseeing all situations. All right. Now, the preneed sale out here on the road, hitting doors, 9:00 at night, that's a whole different ball game. That's a different ball game. That's their livelihood. In this case, this is not his livelihood.

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

MR. STROUD: I know. I understand that.

MR. MOORE: No worse than the man selling health insurance on the sideline or life insurance on the sideline, they've got to have a license. If you've got a retired guy coming in and driving the coach to the
cemetery, you know, that's one thing. But if
he's out there selling something that we're
trying to take over and take control again,
then --

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

MR. STROUD: Yeah. Absolutely.

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

CHAIRMAN: Okay. Darlene?

MR. LAKIN: Mr. Chairman? Mr.
Chairman?

CHAIRMAN: Don Lakin.

MS. DUNN: Don Lakin.

CHAIRMAN: Yeah, Don.

MR. LAKIN: I still would like for
this Board, the attorney general’s office, and
all the funeral directors sitting there to
think about what can kind of fund or where the
money can come from out of this 10 percent to
protect the providers if somebody is
dishonest. You can make all the laws, make
all the changes that you want; that does not
stop somebody that’s not going to put the
money in the trust, and there has been no
provision made that if somebody goes south
with the money, that there is money available
to provide those services. And somebody will
-- we have -- we’ve got people that’s done it
for years and years and years, you know. We
have laws that you’re not supposed to rob
banks, but banks are robbed every day. They
have an FDIC thing to take care of your
$150,000 -- $100,000 that’s in the bank.
MR. MAHN: Hey, Don. This is Todd.
If, for some reason, if this would go through
where it’s 100-percent investment, you’re not
going to have 5 percent to work with that
anyway; you know what I’m saying?
CHAIRMAN: You’re talking plus all the
money should be there.
MR. LAKIN: Say that again.

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

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

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

MR. MAHN: How about this, Don? If
funeral homes want to sell prearranged burial
plans, they have to be bonded in some way,
shape, or form?
MR. LAKIN: Well, you know, that might be an answer for it, but it needs to be -- if you're going to change this law, it needs to be put in here, some provision to protect providers and consumers. And all it's going to do is protect the consumers. I don't know of any law that forces me to have a funeral.

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

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


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

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

CHAIRMAN: Hold on a minute. We've got somebody on -- Ken. Ken. We've got somebody already on the floor here. Larry, do you want to finish up?
MR. STROUD: No. I'm just telling you, that's a real simple way for us to get out of all this confusion, and just pass a law that says no preneed sold, plain and simple, in the state of Missouri.

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

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

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

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

MR. MCGHEE: I heard what you said and I was just going to say, why don't we -- if there's going to be 100-percent trusting, why don't we just put this preneed under a different -- get it out of the State Board of Embalmers and Funeral Directors' jurisdiction and just put it under the banking or the insurance or some other department because, you know, it's to the point now where it was supposed to be set out to honor wishes and
make sure that the financial arrangements are
in place, and there's so much things that are
out of our control. And I can't control what
someone else does and if they want to change
their mind. That's fine. So, why don't we,
as funeral directors, just get it out of this
Division. Send it somewhere else. Let
someone else worry about that, the banking or
the insurance, you know. That's just what my
thoughts are, because I'm going to tell you
right now, and I think I know quite a bit
about the preneed, but with all these changes,
I don't know what kind of money this is going
to cost me to try to implement all this, get
all these reports out. I don't know the
financial impact yet, what it's going to cost
the Board about having to hire new people to
come in and do that. And I'm just saying
it's really, in my personal, Ken McGhee's,
opinion, I don't want to even have to deal
with that if there's nothing I can do in there
to understand it, where I can be beneficial
for the families we serve. I would just
rather not even deal with it all. Let someone
else worry about it.
MR. LAKIN: The only problem with that, Ken, is the irrevocability which the State of Missouri only allows $999 for people, you know. We -- you're going to have to face that irrevocability thing to protect the consumer that he will get a funeral and not just a green burial for $995.

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

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

MS. GRINSTON: No. This is just -- and this is not taking a position either way
about moving it away from the State Board.
This was something that did come up with a
discussion that was had with the Department of
Insurance. The Department of Insurance had an
interesting position on this. One of the
thoughts they shared was that if this moves
over to insurance, they will probably pull it
into their current regulatory scheme. They
had some concerns about how the industry would
react to that. They showed us the annual
reporting statement for an insurance company,
which was about the size of my Bible, and
said, "This is what we require insurance
companies to do. Do you want us to pull
preneed under these same requirements --
preneed sellers?" The book was about 400
pages, maybe 500 pages bound, and that's what
they file every year to report on. The other
concern that was expressed with insurance --
and I'm just sharing their concerns -- was
that you will have people regulating who have
no contact with the industry who deal with
insurance all together. For example, as we
talked today about, you know, providers and
how it happens in the market or the industry,
and you've got to remember insurance doesn't have a Board, insurance just has a department director. There wouldn't be a Board -- they were concerned about volume from the industry since they operate only with a director of the department, and they don't have anyone on their staff who does -- who is a funeral director. So, they would be making decisions from an insurance standpoint through the department director.

MR. HEDGPETH: Mr. Chairman?

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

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

CHAIRMAN: Oh, wait a minute, Bob.

We've got a gentleman here in the room.

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

CHAIRMAN: Okay. Thank you, Bob Hedgpeth.

MR. HEDGPETH: I think I'm going to reiterate just what was said, but I find it very unprofessional that we do have sellers out there that don't know anything about the funeral industry or funeral profession. I also find it very unprofessional on the parts that they can go out and we can hire them this morning and they could literally be out this afternoon working. And I, therefore, fall under the umbrella that we should have some type of licenses. I also think that we're trying to do too much too fast here. I understand from our last -- I missed this morning's conference call, but from the other day -- yesterday or Friday. I understand we're trying to get this filed under this filing date. And it just looks like, to me, the immensity and the complexity of all this is much more than we should do in a hurry.

The answer I got from that was that we have the legislature's ear right now. I believe with everything going on in the state as it
is, we’re still going to have the
legislature’s ear a year from now when we can
file this -- after we can go over it a little
bit better. I’ve got some more comments, but
that’s basically it for right now.

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

MR. HEDGFETH: Yes, sir.

MR. MEADOWS: Just from the bonding
aspect, last year there was a bill filed on
bonding funeral homes. We did some -- and my
office did some investigative work on that.
We could not find one bonding company in the
state that would take that on, so that whole
thing was just -- we ran into several problems
to try to get a license for a bond for
funeral homes, and we could -- I could -- at
least I couldn’t find -- my office couldn’t
find anyone that was willing to do that. Not
to mention the auxiliary costs that it would
cost some of the smaller funeral homes, we
were concerned that it could quite possibly
hurt some of the smaller businessmen in the
state, and we didn’t want to do that. So, I
just figured I would throw that out there as a
caution to the Board. And, again, the
legislation, will it get passed this year? I
don't know. But I guess that's entirely up to
the legislature as it moves forward from today
and tomorrow and throughout the next coming
weeks. Keep in mind we only have about four
-- about four or five weeks left and, you
know, maybe it should be laid over and as a
topic of discussion for next year. One can
never tell; that's entirely up to what you
folks decide today and tomorrow and throughout
the coming days. But I know that there is --
last year, we had so many different people.
My office was receiving calls from the
cemeteries; they were concerned. The cemetery
folks were concerned. I mean, everybody does
have a stake in this and, believe me, it's --
I think Don Lakin said it best last year or
two years ago; you can open -- when you open
up Chapter 436, you're opening up a can of
worms. But with that being said on the
bonding side, I just wanted to comment on that
issue because it could harm many of our small
businessmen in the state, not to mention we
couldn't find a particular insurance company
out there that would offer any type of bonding. So, with that, I just figured I'll close on that comment.

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

MR. MEADOWS: Yes, sir.

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

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

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

CHAIRMAN: We have another comment here.

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

CHAIRMAN: Absolutely.

MS. RUSSELL: So, that's what we need to -- granted, it's going to take some work and some time, and we may not get a perfect outcome, but this is the only time I've ever
seen a group of people come together to actually want to talk about doing this since back in the '90s. So, I think -- if you don't do it, somebody else is going to do it for you. Sorry about that; I'll get off my soapbox.

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

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

MR. MOORE: Right.

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

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

MR. MAHN: Right.

MR. MOORE: And I just -- I think both Boards have just did a phenomenal job. And communication maybe could have been better in
areas, but I just want to caution the State Board that, you know, there's many hundreds owners out there, and I hope you've afforded each the opportunity to express some concern. Those that didn't care enough to be here, that's their problem.

CHAIRMAN: Thank you. Thank you.

Becky?

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

MS. GRINSTON: Yes.

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

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

MR. VERNON: The concept there is not what a preneed contract can be funded with, but what it can't be funded with?
MS. GRINSTON: That's correct.

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

MR. MAHN: I'll make a motion.

MR. VERNON: Second.

CHAIRMAN: Martin seconds. Joy?

MS. GERSTEIN: Yes.

CHAIRMAN: Gary?

MR. FRAKER: Yes.

CHAIRMAN: Next.

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

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

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

MS. GRINSTON: No.

MS. DUNN: Okay. And then we're going to continue, and now I'm on page 11, paren 6,
where it says, "Only authorize the sale of a
preread contract by." The Board needs to
decide -- I'm sorry. Go ahead.

MS. GRINSTON: No, go ahead.

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

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

MS. DUNN: Okay.

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

MR. MAHM: I think we should leave in
apprentice, but take out limited funeral
director.

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

MR. MAHM: I make a motion that we
leave in apprentice and we leave in funeral
director, but take out limited funeral
director.
MR. VERNON: I'll second.


MS. GRINSTON: Mr. Chairman?

CHAIRMAN: Yes. Do you have a question?

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

MR. STROUD: Could I make a comment here?

CHAIRMAN: Yes, Larry.

MR. STROUD: We require a crematory operator that's overseeing the final disposition in the crematory to have a funeral director's license; is that correct?
Am I right?

MR. STEWART: At least a limited license.

MS. GRINSTON: Yes, generally.

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

MS. GRINSTON: Uh-huh.

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

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

MR. STROUD: I know.

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

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

MR. BAKER: But he's not selling
funeral merchandise.

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

MR. MOORE: Why did she ask that?

MR. STEWART: Why did she bring that up?

MR. MOORE: Why did she ask that?

Number 6 in there doesn't entail anything but preneed contracts. (Several people talking at the same time.)

CHAIRMAN: Hold it, Don.

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

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

MR. LAKIN: I'm sorry.

MR. BOYER: There is a local cemetery where I live that they sell vaults and they always have sold vaults, which is funeral merchandise. And I -- that's correct;
correct? Okay. So, I mean, I think they should fall under the same category as I do. I mean, if we’re going back and protecting consumers, you know. I’m trying to sell a vault. Well, if they go down the street, they buy a vault from Joe that’s off the street --

MR. STEWART: And he doesn’t have to be licensed.

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

MR. MAHN: We don’t regulate cemeteries, though.

MR. BOYER: No, we don’t.

MR. MAHN: It’s not under our jurisdiction.

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

MR. STEWART: They have to be.

MS. DUNN: We do.
MR. MOORE: -- then it's under you; correct?

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

MR. MAHN: I thought --

(Several people talking at the same time.)

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

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

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

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

MS. GRINSTON: They should be registered.

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

MS. GRINSTON: They should be registered with the Board. I guess my question is or that I'm asking the Board to
consider -- and it's easy to fix. If you're only selling, basically, funeral merchandise, is it the pleasure of the Board to require a funeral-director's license if this contract is only for funeral merchandise?

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

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

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

MS. RUSSELL: I was just going to say, I think when the preneed went into effect in '82, at one point, we had -- there was talk about registering individuals that -- so registering them so that you had something to where if they did something wrong, you know,
if they were a convicted felon or if something
of this type thing, that there was an
application process -- not necessarily a
funeral director, but a registered selling
agent, you know, of that term. That might be
something --

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

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

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

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

MR. MAHN: Yeah.

CHAIRMAN: The pleasure of the Board
would be to let -- to give us some latitude,
and, I mean, ask Kim to write this correctly
so we do not get ourselves in a mess, and
we'll go from there. So -- and it will all
come back to you and then Becky, you can say
your statement. Everybody here, this is not
the final end of the trail. This bill is
going to change and mutate, and everybody has
the right to talk to their senators,
representatives, you know. This -- the Board,
all we're trying to do is work through this,
give them, the legislature, some guidelines.

MS. DUNN: Comments.

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

MR. MAHN: And concern to Brian's
question, I think, you know, they have a good
point. John, I think, mentioned this as the
burial vaults. I could see -- I'm just
hypothetically seeing here about leaving that
in. The grave lots, you know, markers,
monuments, tombstones, crypts, and mausoleums,
and niches, to me, would be a part of a
cemetery. I don't see a cemetery coming to us
getting licensed to do those things.
(Several people talking at the same
time.)

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

MR. FRAKER: I'll second.

CHAIRMAN: Gary? Martin?

MR. VERNON: Yes.

CHAIRMAN: Todd?

MR. MAHN: Yes.

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

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

MS. RUSSELL: No.

MS. DUNN: Okay. Okay. So, I am
looking -- okay. On page 16, was there
something that we needed to address on page 16?
MR. MAHN: I don't think so, no.

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

MS. GRINSON: That Darlene's comment is not less than --

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

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

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

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

MS. DUNN: A hundred or ninety?

MR. MOORE: Let's settle for 95.

That's halfway, meet you halfway.

MR. RENNETT: That would be page 14, wouldn't it?

MS. GRINSON: Yes.

CHAIRMAN: Darlene?

MS. RUSSELL: Jim, Mr. Lewis wanted to bring up something, also.
MR. LEWIS: Don brought up a question earlier about how we can protect ourselves and the consumers mostly on a per-contract basis or to become bonded or whatever. When you're considering that you're going to put in 90 percent or 100 percent, is it possible to put -- pay in a per-contract amount from this point forward and then those monies are pooled to buy liability insurance to cover preneed contracts that go bad?

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

MR. LAKIN: Good.

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

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

CHAIRMAN: Steve, in answer to your question, I think what we're talking about
here is if we go into creating a fee that's
going to pay for some kind of insurance, we're
going to have to rewrite this bill
extensively; I mean, you know, to the point of
where we might as well just start again to
address that. And, I mean, I understand your
concerns and I think Don has a good idea, but
I just don't know where we go with that at
this time. And, it can always be added on by
somebody else.

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

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

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

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

MS. GERSTEIN: I'll second that.

CHAIRMAN: Okay. Do we have any more
discussion on it? Martin?
MR. VERNON: In a vote or a discussion?

MS. DUNN: Vote.

CHAIRMAN: Vote.

MR. VERNON: No.

CHAIRMAN: Todd?

MR. MAHN: Yes.

CHAIRMAN: Okay. Motion carries.

Thank you.

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

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

MR. LAKIN: Mr. Chairman.

CHAIRMAN: Bill -- hold on.

MR. BENNETT: Yeah. Would you restate what you just -- your motion and what it was?

What you voted on, restate that, please.

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

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

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

MR. LAKIN: All right. I want to ask you something. You have two or three large
third-party preneed sellers in the state of Missouri at this time. What if when you do go to 100 percent, and this is just a question, and, I guess, probably I'm standing up a little bit for the third-party preneed sellers. What's going to happen with the ones that's in business now? This is going to cut their income considerably, which could cut their payoffs considerably which could hurt everyone. That's just a question, just a food for thought.

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

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

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

CHAIRMAN: I hope it's the good third.

MR. McGHEE: I'm having trouble hearing, as well.

MS. DUNN: Okay. We have the volume up on the phone as much as we can, but we'll attempt to speak louder.
MR. MCGHEE: Well, could you just make
a note that some are having trouble hearing,
so --

CHAIRMAN: Yeah.

UNIDENTIFIED: I think it's everyone.

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

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

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

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

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

MS. GRINSTON: Yes. This is just what
I walked out of the room to draft. Can everyone hear me?

UNIDENTIFIED: Yeah.

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

that we will not be able to change that absent

a statutory change. So, just as an FYI.

MR. FOLLIS: First of all, a

clarification. Is this that the expenses

shall not exceed 5 percent of the trust

amount, say, a $5,000, it shall not, or does

this come out of the income from the -- that

it's earned?

UNIDENTIFIED: It should be the face

amount.

MR. FOLLIS: That the expenses come

out of the earned interest or out of the

principal?

MS. GRINSTON: No. Income. Income

only. And, in fact, I think we may -- I

think it may be suggested advisable, if the

Board likes this language, to add back in the

language that says something like, "In no

event shall the expenses be paid from the

principal of the trust," which is that little

hangover that you have at the bottom of the

page that's not highlighted. It's old

language, and maybe just take a portion of

that and carry it over. "In no event shall
expenses be paid from the principal of a
preneed trust."

CHAIRMAN: Go ahead.

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

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

MS. CHINSTON: "As set by rule of the Board"?

MS. DUNN: Uh-huh.

MS. GRINSTON: Definitely.

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

CHAIRMAN: Well, what do you think of that?

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

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

MR. STEWART: But you start with just 5?

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

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

MS. DUNN: Yes.

MS. GRINSTON: Yes. Definitely.

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

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

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

CHAIRMAN: Okay.

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

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

MR. MAHN: Second.

CHAIRMAN: Todd Mahn. Gary?

MR. FRAKER: Yes.

CHAIRMAN: Martin? All right.

MS. DUNN: And, Darlene, help me.

Where is the joint language? What page is
that?

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

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

MS. GERSTEIN: It's page 22.

MS. RUSSELL: Oh, thank you.

Twenty-two.

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

MS. GRINSTON: Yes.

MS. DUNN: Okay.

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

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

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

CHAIRMAN: Darlene, you might want to
speak up.

MS. RUSSELL: Pardon?

CHAIRMAN: You might want to speak up.

MS. RUSSELL: I think my concern was
that the joint accounts be treated with 100
percent like they currently are in the law,
you know. If it goes in a joint account,
it's 100 percent.

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

MS. RUSSELL: Joint account?

MR. STEWART: Yeah.

MS. RUSSELL: Oh.

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

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

MS. DUNN: So that if you had a cause
affiliated with that change, that you would
have a means to administer that.
MS. GRINSTON: The expenses for the joint account --

MS. DUNN: Yes.

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

MS. DUNN: Okay.

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

MR. FRAKER: And I'll second that.

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

MR. VERNON: Right. In that way.

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

CHAIRMAN: And it would be 100 percent.

MS. DUNN: Yeah.

CHAIRMAN: Okay. Gary?

MR. FRAKER: Yeah.

CHAIRMAN: Joy?

MS. GERSTEIN: Yes.

CHAIRMAN: Todd?

MR. MAHN: Yes.

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

MS. GRINSTON: Yes. It's --

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

MS. GRINSTON: Yeah.

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

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

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

MR. Fraeker: I'll make the motion.

MR. MAHN: I'll second it.

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

MR. VERNON: Yes.

CHAIRMAN: Joy?

MS. GERSTEIN: Yes.
MS. DUNN: Okay. And then it was brought to our attention that we had eliminated a section 059, but it was still addressed in the proposal, and we will address that correction throughout the proposal if that’s the --

CHAIRMAN: Yes.

MS. DUNN: Okay. It’s just a minor cleanup.

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

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

MR. STALTER: Yes, I’m here.

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

MR. STALTER: Okay.

MR. STEWART: What page?

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

MS. GRINSTON: It’s on page 23.

MS. DUNN: Okay. Page 23. There was an 059 section that we had in there. We
combined it with another section, so there is
no 059 section.

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

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

CHAIRMAN: Everybody clear on that?

Okay. Next?

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

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

MS. DUNN: Do we need to vote this as
a whole?

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

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

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

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

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

MS. DUNN: Certainly. Just so we have something that shows an address, because we were working so hard Friday night to get everyone a copy, and we didn't have everyone's
e-mails or faxes, so it just took some time.

CHAIRMAN: Yes, sir.

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

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

CHAIRMAN: Larry?

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

CHAIRMAN: Thank you, Larry. And on
behalf of the Board, we appreciate everybody's
inputs or e-mails or phone calls. And as
Howie Mandel would say, "Deal or No Deal," at
the end of the day, the legislature has got
it, so --

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

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

(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.

[Signature]

GAYLE E. SIMS, CCR
Notary Public for Boone County

My Commission Expires: 09/14/08

GAYLE E. SIMS
Notary Public - Notary Seal
State of Missouri
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