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EXECUTIVE SUMMARY

The Department of Consumer Affairs, at the direction of Mayor Giuliani, has conducted a comprehensive investigation of the funeral industry over the past several months. The investigation has revealed:

- There is a continuing movement toward the consolidation of the funeral industry with large corporations owning many homes. Service Corporation International, based in Houston, now owns at least 10 % of the registered funeral homes in New York City and conducts about 13% of the funerals in New York City.
- Consolidation is leading to higher funeral prices. An SCI funeral costs about 25% more than a funeral at an independent funeral home.
- If consolidation continues, funeral prices will likely rise even more in the future. By using a strategy called clustering, funeral chains can corner a portion of the funeral market and raise prices. For example, SCI owns 5 out of 6 Jewish Funeral homes in Manhattan. A Jewish funeral in Manhattan costs 50 percent more than a Jewish funeral at an independent funeral home.
- Funeral homes that are part of large chains often hide their ownership and claim to be independently owned. This inhibits consumers who are trying to shop around for the best price.
- Caskets were traditionally purchased only at the funeral home, enabling funeral homes to mark up casket prices as much as 300%. In recent years, independent casket companies have opened and offer a dramatic savings over funeral homes. However, funeral homes are now trying to prevent direct

casket companies from selling to families by “selectively” discounting caskets if a consumer has a quote from an independent casket company. Some homes also continue to charge a “service charge” for handling a casket not bought at the funeral home despite an FTC rule banning such service charges.

- Funeral homes are saving money by moving bodies from the funeral home to “embalming centers.” Funeral chains will also ship bodies to several locations before delivering the deceased to the intended funeral home. Consumers are not aware that their loved one is being transported around the city after being brought to the funeral home or on the way from the place of death to the funeral home.
- There are fewer and fewer independent monument companies and more and more funeral homes selling monuments. This means many people are being pressured to buy monuments when they plan the funeral, without giving the purchase appropriate consideration. Monuments are expensive purchases that should be made after a great deal of thought, especially since it will not be installed until well after the funeral.

To combat these problems, the Department of Consumer Affairs will take the following actions:

- Ask the Attorney General to investigate possible anti-trust violations in connection with the consolidation of the industry

- Require funeral homes to make their General Price List available in public areas of the funeral home so that consumers can comparison shop without sitting through a conference with a funeral director. Also require the Price List to inform consumers that complaints can be addressed to the New York State Department of Health Funeral Divisions, which licenses funeral homes, and the New York City Department of Consumer Affairs, which enforces the City's Funeral Law.
- Promulgate a rule requiring funeral homes to post a sign identifying who owns the business
- Ask the Federal Trade Commission to investigate the legality of selling caskets at prices lower than the prices listed on the funeral home's General Price List. The FTC requires every funeral home to have a casket price list. DCA will also ask the Attorney General to look at possible anti-trust implications of selectively matching prices.
- Require the General Price List to include the FTC rule that prohibits funeral homes from charging a service charge for handling a casket not purchased at the funeral home.
- Require a separate page of the funeral contract be used for the purchase of monuments and require the contract to clearly state that the monument does not have to be purchased at the time of the funeral.
- Conduct an annual survey of funeral prices throughout the city. The results will be published in a brochure and will also be posted on the DCA website.

INTRODUCTION

After buying a car and a home, a funeral is the most expensive purchase many consumers will ever make. Even an inexpensive funeral with a low cost casket is likely to cost close to \$4,000 while more elaborate funerals can cost upwards of \$50,000. According to the Metropolitan Funeral Directors Association, the average cost of a funeral in New York City is \$6,700 – and that doesn't include the cemetery charges.

However, because most people do not like to think about death until it is absolutely necessary, a funeral is often one of the most uninformed large purchases a consumer ever makes. After the loss of a loved, there is usually limited time to shop around for fair prices. In addition, because many people want to talk about the death as little as possible, they pick a nearby funeral home and rely completely on the funeral director's advice when deciding what is appropriate for the funeral.

Dependence on a funeral director's advice is based on generations of tradition, when funeral directors were often a leading figure in their community and were, in many cases, seen as an extension of the clergy. Everyone in the community knew the funeral director and relied on the director's guidance in making funeral arrangements.

But times have changed, and so has the funeral industry. During an extensive review of funeral industry practices, the Department of Consumer Affairs has documented that the funeral industry is consolidating with a few large companies buying many family funeral homes. While the needs of the bereaved were, at one time, the primary focus of a funeral director, many of these large funeral companies are publicly held. In some cases, that means maximizing revenues are the funeral director's number

one concern. As a result, consumers often end up buying high priced funeral extras that they do not want, or need, and they end up paying more for a funeral than they should.

Rising prices is just one of the many problems confronting New Yorkers who have the unenviable task of planning a funeral. DCA investigators concluded that there are many other trends in this changing industry that are making funeral planning increasingly difficult for consumers. This report examines those problems and suggests ways to ensure that there is a level playing field in the funeral industry and that New Yorkers have all the information they need to properly plan a funeral they can afford.

CONSOLIDATION

It's five o'clock in the morning and the head of a family receives word that his relative has just died. He is charged with the responsibility of handling all the funeral arrangements, just as he did 18 months ago when his parent died. He immediately goes for the phone book and calls the same funeral parlor that was so good to him the last time he needed their services. Trusting everything will be taken care of, he gives them his name, the name of the deceased and where the body is to be picked up. While the funeral home takes care of the arrangements, he begins the unenviable task of notifying friends and relatives about the death. He also tells them where the funeral will be held.

Later that morning the consumer goes to the funeral home to go over all the paperwork and notices the prices are much more expensive than the last time he needed the services. When he questions the costs and asks to speak to the owner, as he's certain the owner would remember him and work with him, he's politely told that that would be impossible. Although the former owner's name is still on the sign outside, the funeral home is now owned by a large, public corporation based in another state. The consumer is confused as the sign outside still says "Family-Owned" Funeral Home, the staff appear to be the same people who helped him the last time, and there is no indication anywhere that they've sold out to someone else.

Angry at the situation, the man leaves and drives two miles away to another funeral home. He hopes this one, which still has the name of the individual that opened the home in 1895, will be more reasonable. After a brief discussion that ends in an equally high-price quote, he learns that an international corporation also owns this funeral home, in fact the same company that owns the other funeral home. Remembering that

he's already made calls informing people where the funeral will be held, he returns to the original funeral home to pay the fees.

This is an example of what has been happening throughout the country in recent years, as there is a move toward consolidation of the funeral industry. Now, it appears the consolidation trend is sweeping through New York City as well.

What does this mean to the consumer? One funeral director in New York City feels that it should not matter at all. "Consumers are constantly being encouraged to shop around for whatever they purchase and that should not exclude funeral homes," said the funeral director, who asked to remain anonymous. "It sounds ridiculous, but consumers should take a look at funeral costs while they can. They'll see, for the most part, that there are definite price differences between funeral homes."

That's great advice – consumers should shop around whenever they are making a large purchase. However, Consumer Affairs has determined that one corporation, Service Corporation International, has obtained so many funeral homes in some areas of New York City that it's almost pointless to do comparison-shopping. If the funeral industry continues to consolidate without any further oversight, shopping around in New York City may become a useless task.

The Internet Web Page of Service Corporation International (SCI), the largest "death care" conglomerate in the world, explains why it is buying, and will continue to buy, more and more funeral homes.

"Demographic trends indicate an expected rise in the need for funeral services over the next three decades. According to U.S. Bureau of Census projections, the annual number of deaths in America will increase more than 61 percent by the year 2030.

Through an aggressive expansion program SCI is preparing for this increase. The company continues to grow by acquiring established funeral service businesses and building new branches in cities where increasing funeral needs are indicated.”

In other words, they’re banking on your death.

New York City was essentially immune to this trend for many years. But over the last decade more and more independent funeral homes in New York City have been selling out to international conglomerates.

According to interviews with funeral home owners and the State Department of Health’s records, 80 of the 607 funeral home registrations in New York City are owned by either SCI or its largest competitor, Loewen. Service Corporation International alone has 69 of the registered companies. (See Appendix 1). That’s 11 percent of the registered funeral companies in New York City. And according to SCI’s Eastern Regional President, Frank Rinaudo, SCI now handles about 13% of all the funerals in New York City. That number is likely to grow quickly as these corporations are expanding at incredible rates. In some cases, the corporations are buying blocks of funeral homes by buying other funeral chains. For example, SCI is in the process of buying E.C.I., which owns about 250 funeral homes. To date SCI owns 3,800 funeral homes throughout the world.

PRICES ON THE RISE

After identifying the ownership of the funeral homes (which was not easy – see “Hiding Their Identity” page 15) Consumer Affairs compared the General Price Lists of independently owned funeral homes and corporate-owned funeral homes throughout the City. The dominant funeral corporation in New York City is SCI, although its largest competitor, the Loewen Corporation, also owns a handful of funeral homes within the five boroughs. In a random sampling of SCI owned funeral homes and independently owned funeral homes, Consumer Affairs found that an SCI funeral costs approximately \$800 more than a funeral at an independent funeral home.¹ The average price for a low cost funeral at an SCI owned New York City funeral home is \$4,178. That’s 26 percent more than the independently owned funeral homes in the City, which average \$3,324.00 (SEE CHART 1).

One consumer said: “After seeing the prices of funerals, even simple ones, you become so overwhelmed with the thought of how you’ll pay for the funeral, you find yourself weeping over that rather than for the loss of your loved one.”

That consumer is not alone. According to the New York State Department of Health’s Division of Funerals, the number one complaint they receive about funerals is the price. People simply can’t afford to bury their loved ones.

¹ For the purpose of this report, DCA calculated the cost of the funeral by adding the cost of the following items: arrangements, supervision of the funeral, supervision of a done day visitation, use of the facility for the funeral, use of the facility for the visitation, transfer of the remains to the funeral home from a location in the city, embalming, a hearse to a cemetery within the city, and the least expensive burial container. These calculations do not include SCI’s most expensive funeral home, Frank E. Campbell, where a funeral based on the same products and services would cost \$7,640.

CHART 1

Independent Funeral Homes Lowest Cost Funeral

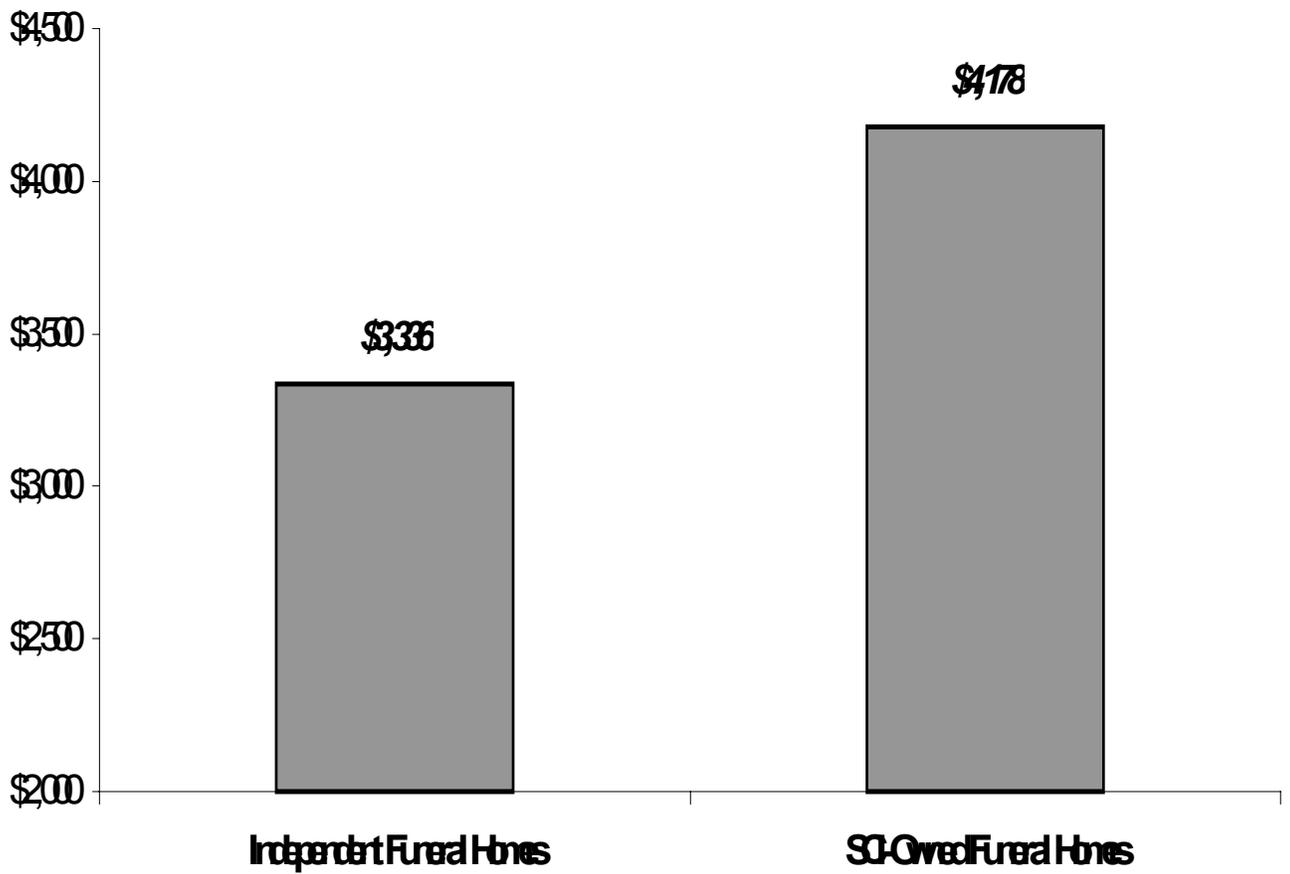
| | | |
|------------------------|--------------------------------|----------------|
| Buckley Funeral Home | 445 W. 43 rd Street | \$3,820 |
| Bernard F. Dowd | 165-20 Hillside Avenue | \$3,550 |
| Newkirk | 2244 Adam Clayton Powell | \$2,028 |
| Scarpaci Funeral Home | 1401 86 th Street | \$2,975 |
| Miraglia Funeral Home | 8519 New Utrecht Avenue | \$3,340 |
| McCall's | 4035 Bronxwood Avenue | \$2,327 |
| Hillebrand | 63-17 Woodhaven Blvd. | \$3,990 |
| Leo F. Kearns | Two Queens Locations | \$4,160 |
| John Krtil | 1297 First Avenue | \$3,390 |
| Nieberg Midwood Chapel | 1625 Coney Island Avenue | \$3,325 |
| Sherman's | 1283 Coney Island Avenue | \$3,105 |
| Gutterman's | 98-60 Queens Blvd | \$3,335 |
| Menorah Chapels | 2145 Richmond Avenue | \$3,550 |
| Parkside | Multiple Locations | \$3,645 |
| | Average Price | \$3,324 |

SCI Owned Funeral Homes Lowest Cost Funeral

| | | |
|----------------------|-----------------------------|----------------|
| Ransone Funeral Home | 4418 White Plains Blvd. | \$2,460 |
| Thomas Quinn | 35-20 Broadway | \$4,210 |
| Conner Colonial | 4955 Broadway | \$3,910 |
| Garlick | 1700 Coney Island Avenue | \$3,515 |
| Cooke-Kennedy | 117 W. 72 nd | \$3,540 |
| George Werst | 71-41 Cooper Avenue | \$4,325 |
| Gramercy Park | 152 Second Avenue | \$4,328 |
| Plaza Memorial | 630 Amsterdam Avenue | \$5,393 |
| Riverside Memorial | 180 W. 76 th St. | \$5,925 |
| | Average Price | \$4,178 |

'The High Cost of Dying'

**SO Funeral Homes Are 28% More Expensive
Than Independent Funeral Homes**



HIGHER PRICES ON THE HORIZON

While an \$800 difference is certainly significant, it appears that prices will continue to rise if SCI continues to purchase more funeral homes in New York City.

Often, when a company moves into a neighborhood and tries to gain a share of the market, consumers benefit because price competition leads to lower prices. But SCI defies the trend of lower prices when moving into an area and actually raises prices by employing a tactic described as clustering. In literature to potential investors, SCI says, “The majority of the Company’s funeral service locations and cemeteries are managed in groups called clusters. Clusters are established in and around metropolitan areas to take advantage of operational efficiencies, particularly the sharing of operating expenses such as service personnel, vehicles preparation services, clerical staff and certain building facility costs.” At the time SCI’s 1997 annual report was issued, the company had approximately 400 clusters ranging in size from two to 67 operations. But the savings are not passed on to the consumers.

A prime example of clustering is SCI’s purchase of Jewish funeral homes in New York City. Of the City’s 28 Jewish funeral homes, SCI owns 14. SCI owns all but one of the six Jewish funeral homes in Manhattan. While this domination of the market enables them to consolidate and save on their costs, it also enables them to raise prices because Jewish residents of Manhattan have little alternative unless they want to leave the borough.

For example, the average price of the lowest cost funeral at five randomly chosen, independently owned Jewish funeral homes located throughout the city was \$3,192.² However, the average cost of the lowest cost funeral at one of SCI's Jewish funeral homes in Manhattan is \$4,759. That's an incredible 50 percent more. And the cost of the funeral at the least expensive SCI home in Manhattan, Gramercy Park, is \$3,883. (See Chart 2)

“The large conglomerates want to enjoy the rather massive discounts that they realized by buying goods and services in volume,” Darryl J. Roberts, a former funeral director, writes in his book *Profits of Death*.³ “At the same time, they relish the existing exorbitant mark-ups on those goods and services they inherited when they made their acquisitions.”

DCA believes the best way for consumers to battle the rise in prices is to have as much information as possible and to shop around. With the help of the funeral industry, DCA is designing a comprehensive General Price List that funeral homes will be required to display in a publicly accessible area of the funeral home to enable consumers to comparison shop without being required to sit through a conference with a funeral director.

Furthermore, this growing trend of consolidation and rising prices appears to be a violation of federal and state anti-trust laws. DCA will turn its findings over to the FTC

² For the purpose of this report, DCA calculated the cost of a Jewish funeral by adding the cost of the following items: arrangements, supervision of the funeral, use of the facility for the funeral, transfer of the remains to the funeral home from a location within the New York City, embalming, a hearse to a cemetery within New York City, and the least expensive burial container. Although embalming is not part of a traditional Jewish funeral, the report included this cost because many General Price Lists do not include the charge for using the preparation room for Tahara, the traditional way to cleanse and prepare a Jewish body for burial. Use of the room is usually similar to the cost of embalming.

³ Roberts, Darryl J. “Profits of Death, An Insider Exposes the Death Care Industries.” Five Star Publications, 1997.

and the New York State Attorney General and ask that his office conduct anti-trust investigations into this trend.

CHART 2

Independent Jewish Funeral Homes

| | | |
|------------------------|--------------------------|----------------|
| Nieberg Midwood Chapel | 1625 Coney Island Avenue | \$3,075 |
| Sherman's | 1283 Coney Island Avenue | \$2,955 |
| Gutterman's | 98-60 Queens Blvd. | \$3,185 |
| Menorah Chapels | 2145 Richmond Avenue | \$3,225 |
| Parkside | Multiple Locations | \$3,520 |
| | Average Price | \$3,192 |

SCI Owned Jewish Funeral Homes in Manhattan⁴

| | | |
|---------------------|-----------------------------|----------------|
| Gramercy Park | 152 Second Avenue | \$3,883 |
| Plaza Memorial | 630 Amsterdam Avenue | \$4,968 |
| Riverside Memorial | 180 W. 76 th St. | \$5,425 |
| Wien and Wien | 152 Second Avenue | \$3,883 |
| Park West-Riverside | 333 Amsterdam Avenue | \$5,425 |
| | Average Price | \$4,716 |

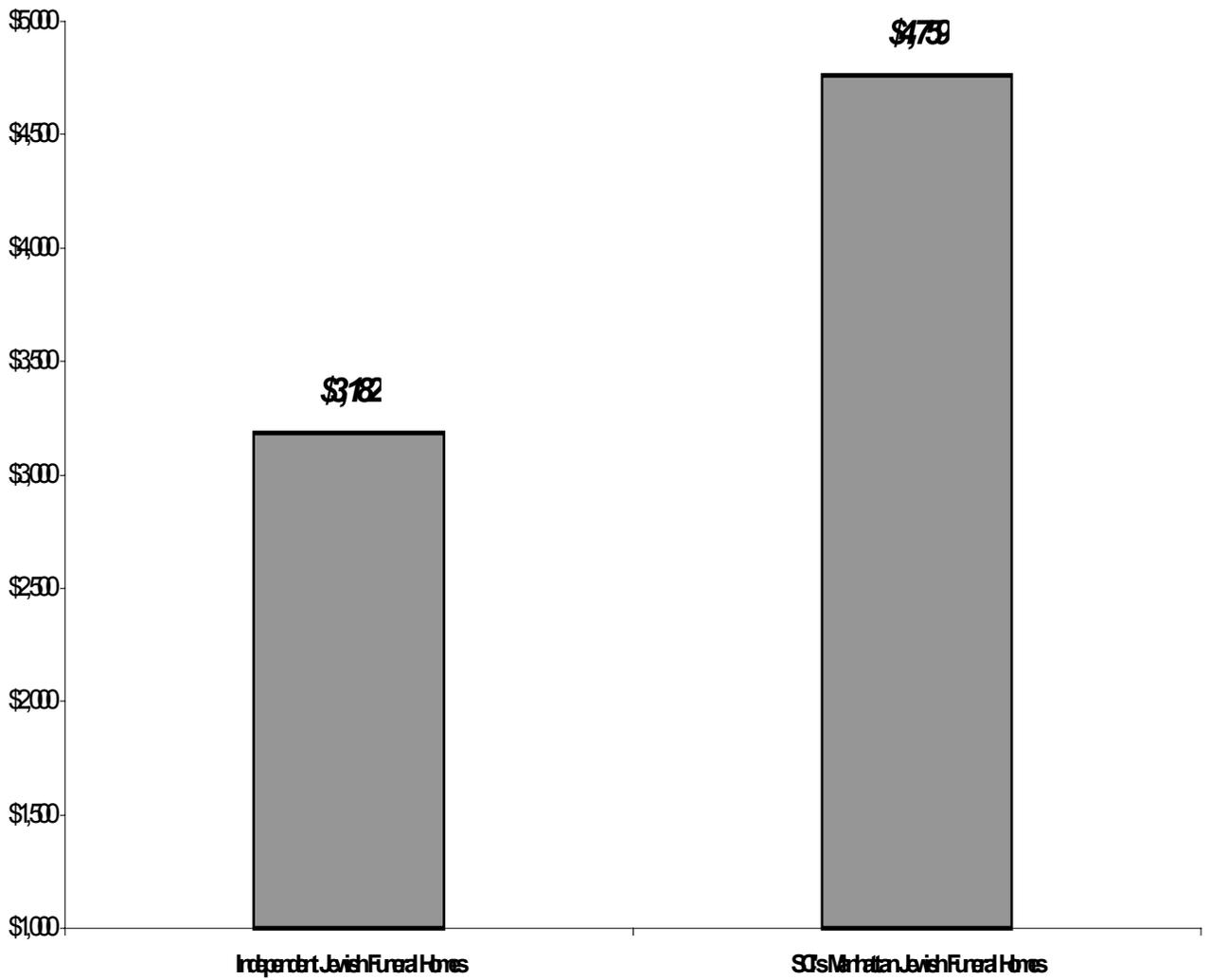
Independently Owned Jewish Funeral Homes in Manhattan

| | | |
|----------------|---------------------------|----------------|
| Brettschneider | 49 E. 7 th St. | \$3,820 |
| | Average Price | \$3,820 |

⁴ Park West is also owned by SCI but operates out of the same building as Riverside Memorial and charges the same prices as Riverside. Wien and Wien, another SCI owned home, operates out of Gramercy Park's facilities and has the same prices as Gramercy. However, they were included as separate funeral homes because they are all listed separately in the phone book.

'The High Cost of Dying'

**Jewish Funerals in Manhattan Are
50% More Expensive Than Those in Other Boroughs**



HIDING TRUE IDENTITY

In an ideal situation, a consumer who has to plan a funeral will shop around for the best price and best services. But this is made more difficult by conglomerates that hide behind other names. For example, a consumer who obtains a price list from two different funeral homes, both within the same area, may notice the prices are not exactly the same but that they are very similar. The consumer might conclude that that is the typical price for a funeral and that shopping around is not worth the effort.

However, they do not know that although the funeral homes have different names on the outside of the parlor, the same conglomerate owns them both. There is no law requiring that these conglomerate owned funeral homes let the public know that they've taken over. Therefore, the consumer who may be inclined to do comparison-shopping doesn't get a fair comparison.

The problem is made worse by the fact that many funeral homes intentionally conceal their true ownership. When DCA called virtually every funeral home in New York City asking if the operation was family owned or owned by a chain or major corporation, many funeral homes that said they were family owned were later found out to be owned by SCI. For example, an employee at Ransone funeral home in the Bronx said they were family owned but the home is actually owned by SCI. And an employee at every funeral home in Staten Island said over the telephone that they are independently owned. However, SCI owns five funeral homes on Staten Island.

When asked about the inaccuracy, one funeral home worker said: "I don't know who owns us, I just get my check. We're all like family here so one would think if asked about it being a family-owned business, of course you would say yes."

In addition to providing the opportunity to comparison shop, the disclosure of ownership is especially important as corporations move into different ethnic markets. The following example of a Jewish man who went to Riverside Funeral Home, now owned by SCI, illustrates the point.⁵

When the man's father died, he went to Riverside to plan the funeral. It was where his grandparents' funerals were held when he was a young boy. Although not a particularly religious man, his father had been more religious and wanted a traditional Jewish funeral. The son didn't know the traditions, but he was certain he could rely on the advice of the funeral directors at Riverside, which advertises that it has been "for generations, a symbol of Jewish tradition." When asked if his father would be embalmed, the consumer said sure, he would want that. When asked if he'd want nice flowers on the casket, he said his father should have nothing but the best.

Only after the funeral did he find out that both flowers and embalming are contrary to Jewish funeral traditions and that his father would have been most unhappy with these additions to the service. "I brought my father to Riverside because that's where my grandparents funerals were held and I thought they would guide me in the right direction. If I had known it wasn't the same Riverside, now owned by a conglomerate, I would have thought twice – maybe consulted a Rabbi."

One former SCI funeral director who spoke to DCA investigators said Riverside employees are pressured to sell flowers with each funeral.

To ensure that consumers have all the information they need to comparison shop when choosing a funeral home, DCA proposes an amendment to the New York City

⁵ This example is not meant to depict an actual person. It is a composite based on stories told to DCA investigators by a variety of consumers.

Funeral Rule (Title 20, Chapter 5, Subchapter G) that would require funeral homes to disclose, on a sign located either immediately outside or inside the main entrance, information disclosing who owns the business. (This is currently the law in Massachusetts.)

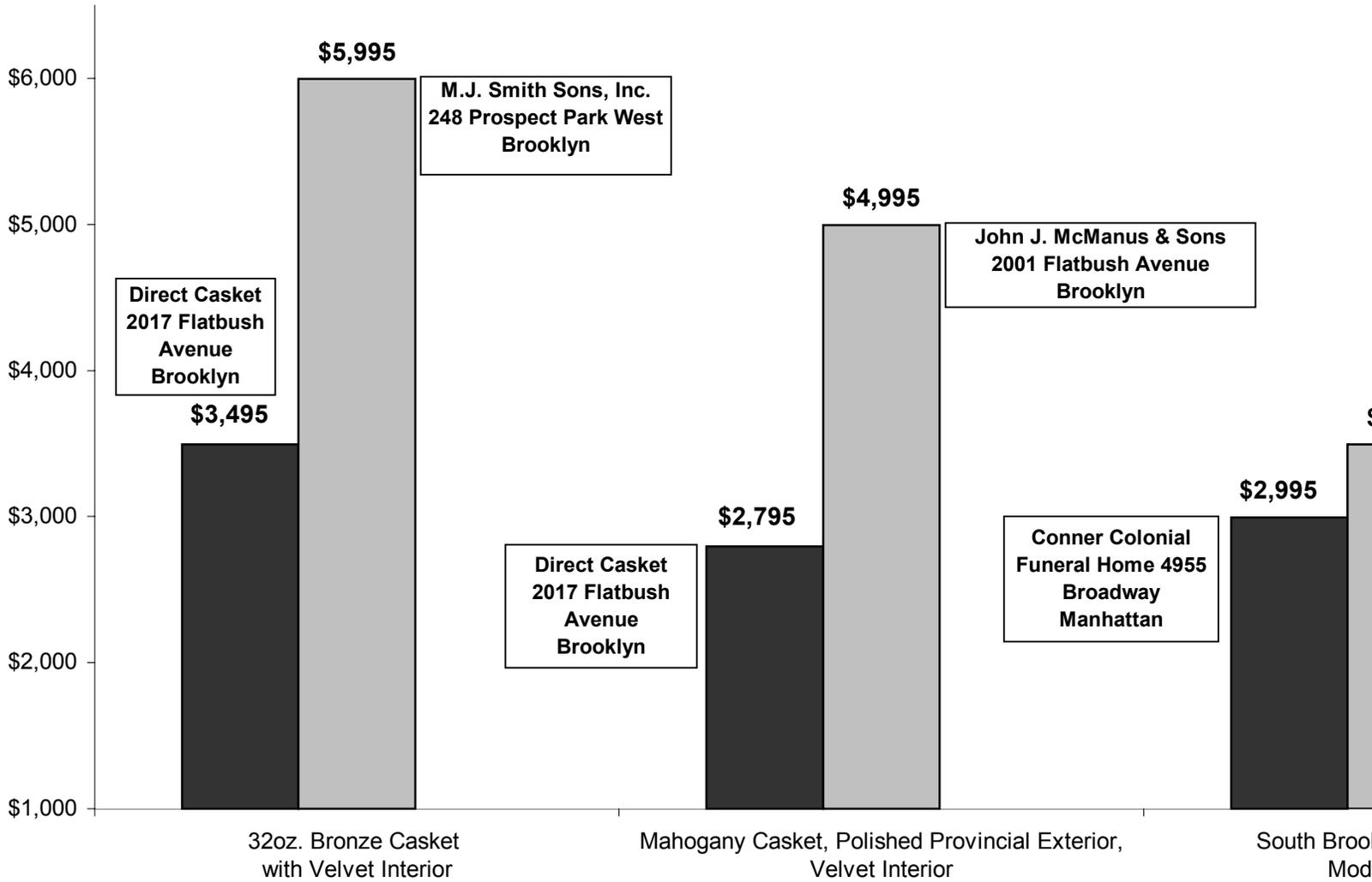
CASKETS

One of the most expensive parts of any funeral can be the casket, and an uneducated consumer can easily be taken advantage of by an unscrupulous funeral director.

The first thing that all consumers should know when planning a funeral is that there is no such thing as a “protective” casket. The Federal Trade Commission prohibits a funeral director from saying or insinuating that a particular type of casket will prevent the deterioration of a body. In fact, many experts say that these so called “air tight” caskets speed up the deterioration of the body and in some cases leads to the build up of gasses that cause an unnatural decomposition of the body. If you are going to spend money on an expensive casket, keep that in mind.

Secondly, most people do not shop around for their caskets, and that is a big mistake. In recent years, several independent casket companies have opened and in most cases, they sell caskets for much less than a funeral home. Some funeral homes mark-up caskets by as much as 300 percent which means some independent casket companies can offer discounts of as much as 65% off a funeral home’s price. For example, Direct Casket, an independent casket provider will sell a 32 oz. Bronze casket with a velvet interior for \$3,495. That same casket is sold by M.J. Smith Sons in Brooklyn for \$5,995. In another example, a mahogany casket with a “polished provincial” exterior and velvet interior sells for \$4,995 at John J. McManus & Sons in Brooklyn. Direct Casket sells the same casket for \$2,795. Jewish people who choose to bury their deceased in a traditional plain pine box can pay as much as \$795 or as little as \$195, depending on where they shop (See Chart 3).

Price Differences Between Selected Casket Providers



Even within the SCI chain, a consumer can pay significantly more for the same casket, depending on which SCI funeral home they patronize. For example, the SCI owned Conner Colonial Funeral Home in Manhattan sells the South Brooklyn brand, model # 401426 casket for \$2,995 while another SCI funeral home in Manhattan, Cooke-Kennedy, sells the same exact casket for \$3,295. The Walter B. Cooke funeral home in the Bronx, also owned by SCI, sells the same casket for \$3,495.

Similarly, the Gramercy Park memorial Chapel sells the South Brooklyn #401927 Mahogany casket for \$6,595. However, its SCI counterpart, Riverside memorial Chapel sells #401927 for \$7,295. Gramercy Park also sells the Marsellus #403070 for \$6,925 while Riverside sells it for \$5,695 (See Chart 3).

And it is also important to note that SCI now has an even stronger interest in selling caskets – they now own Marsellus, which industry insiders describe as the Rolls Royce of caskets by industry insiders. Therefore, they are making an even larger profit for every Marsellus casket they can persuade the bereaved to purchase.

Initially, funeral homes were combating competition from outside companies by charging a “service charge” to handle a casket that was not purchased from the funeral home. However, section 453.4 of the Federal Trade Commission’s Funeral Rule has since outlawed that practice and requires all funeral homes to accept outside caskets at no extra charge.

There are still complaints, however, of funeral homes continuing to charge what is now an illegal fee. Once consumer recently called Consumer Affairs to ask if it were legal for Porta-Coeli funeral home in the Bronx to charge a \$250 handling fee for a casket

he had purchased somewhere else. Porta-Coeli also told him he would have to obtain liability insurance in case any funeral home employees were injured while handling the casket. A follow up call by a DCA inspector found the same result and Porta-Coeli was issued a deceptive trade practice violation.

Most funeral homes are not blatantly violating this FTC rule. But to prevent consumers from seeking the outside casket option, many funeral homes, especially SCI homes, are offering to match the price of these independent casket companies, meaning the prices they are legally required to list on their price sheets are useless. For example, one DCA investigator called McManus funeral home inquiring about funeral prices. When the conversation turned to caskets, the investigator said the casket was going to be purchased from an independent supplier. The funeral director then said they would match the price of the casket.

In another example, a consumer that a DCA investigator spoke with was pre-arranging a funeral at I.J. Morris on Flatbush Avenue in Brooklyn. He had visited Direct Casket and said he found a “very high quality casket that I would not have been able to afford if I bought it at the funeral home.” When the I.J. Morris funeral director offered to match the price offered by Direct Casket, the consumer decided to stick with Direct Casket anyway. “They had been very open, honest and nice to me,” the consumer said.

The funeral director then returned with the manager, who told the consumer that a special size casket would be required because of the size of the headstone. However, after contacting the cemetery directly, the consumer said he discovered the funeral director had lied to him – the cemetery never talked to the funeral home about the size of

the grave. They would not know the size of the grave until the person actually passed away and the grave was opened.

“I was pre-arranging,” the funeral planner said. “If this were real time, I wouldn’t have had time to do this. I would have paid premium prices.”

In yet another complaint, a Brooklyn woman had ordered a coffin for her father from Direct Casket. She said as soon as she told the funeral director that she would not be purchasing a casket, the tone of the conversation changed. First, the consumer said, the funeral director tried to talk her out of using Direct Casket, claiming their products are inferior. Then, the day before the funeral, the viewing was moved from 12 noon to 6 p.m. The funeral home claimed the casket arrived late and, therefore, the body was not yet ready for display. However, according to the consumer, the funeral home confirmed the day before that the casket had been delivered. And Direct Casket furnished a receipt showing the casket had been delivered two days before the scheduled viewing.

When planning a funeral, consumers must know that they are not obligated to purchase the casket from the funeral home. When shopping around for caskets, it is important to note not only the name and model number of the casket but also the type of wood, the type of finish and the type of interior. This is very important because, when selling caskets, SCI homes use a name and number other than the name and number given by the manufacturer. For example, one SCI home may sell a maple casket with a velvet interior that it calls the Williamsburg for \$3,895. Direct Casket sells a casket with the same specifications for \$2,095. It may not be the exact same manufacturer, but it is essentially the same casket with a different name. SCI says they change the names

because of their internal computer systems, but some industry experts suspect it is also done to make it harder for consumers to shop around.

DCA will ask the Federal Trade Commission to investigate the legality of funeral homes selectively discounting the prices of caskets below the price listed on the casket price list. This practice is inherently deceptive because consumers are led to believe the prices on the General Price List and Casket Price List are accurate. Furthermore, this practice may be an illegal monopolistic effort to force independent casket companies out of the market.

DCA believes if funeral homes want to compete with outside casket companies, they must list lower prices on their casket price list.

In addition, to ensure that consumers know their rights when purchasing a casket, the new proposed General Price List will clearly state that the “FTC prohibits a funeral home from charging a service charge to handle a casket not purchased from the funeral home.”

EMBALMING

One of the most common misconceptions among funeral planners is that embalming the body will keep their loved one preserved for a significant period of time. The truth is that embalming only retards the decomposition of a body for a few days.

“The sole purpose of the embalming procedure is to present the body in the most pleasant way possible (not to mention, to further increase the profits of the funeral director),” Roberts, the former funeral director, writes. “The funeral industry has long promoted the concept that embalming permits the viewing of the body and that viewing the body somehow permits friends and loved ones to be better able to accept the death and to say their fond farewells.”

Mr. Roberts adds that embalming is rarely used anywhere but in the United States and Canada.

“Elsewhere throughout the world, we are looked upon with bewilderment and some disgust for our burial practices. Perhaps this fact is the greatest single testament to the marketing abilities of our funeral professionals.”

New York Law requires funeral directors to disclose on their General Price List that the law does not require embalming. However, for obvious reasons, funeral homes do have the right to require embalming if the family requests an open casket viewing.

Along with other changes, we are also seeing as an offshoot to the consolidation and cost-cutting trends, changes in embalming practices. In the past, funeral homes generally provided embalming services at the funeral home. But while State law requires every funeral home to have a preparation room, it does not require them to use it.

Therefore, to save money, many funeral homes employ embalming services that pick up

the body, take it to an embalming facility, and then return the body to the funeral home. In the case of the large chains, they usually pick a few of their funeral homes as “embalming centers” and transport all of the bodies to those locations.

Currently, funeral homes are not required to disclose the fact that the body will be moved to different locations. That poses some problems. What happens if the vehicle that is transporting the remains of your loved ones gets into an accident? Or what happens to the family member who comes to see the body late at night and learns it is not there? For others, they may simply be uncomfortable with the idea of their loved one being moved around during the night.

Similarly, many funeral chains pick-up several bodies at one time but do not bring the body directly to the funeral home. For example, a Manhattan based funeral home that owns another funeral home in Queens may pick up the bodies of two people who died on Monday at a hospital on Long Island. If the funeral in Queens is Tuesday and the funeral in Manhattan is on Wednesday, the body for the Manhattan funeral may stay at the funeral home in Queens for a day or two until it can be delivered to Manhattan during the next trip made in that direction by a company vehicle carrying another body.

Consumer Affairs will propose requiring that a funeral planner expressly consent to the body being transported to any location other than either the home where the funeral is to be held or to the final resting-place.

MONUMENTS

Another change associated with the consolidation of the funeral industry is the disappearance of monument dealers. Twenty years ago, there were an estimated 20 monument dealers in Manhattan. Now, there is only one monument company that is not located within a funeral home. (Silver Monument, which also owns Weinreb & Gross and Forsyth Monument Works.) As a result, consumers have little alternative but to buy their monuments at the funeral home.

Monuments often cost thousands of dollars and will be the most evident and lasting tribute to the deceased. Since monuments are never installed at the time of the funeral, consumers should comparison shop and put a lot of thought into what they want the monument to look like before purchasing one.

However, because so many funeral homes now sell monuments, many consumers are pressed to purchase a monument without the time to give adequate thought. In some cases, because of the amount of paperwork involved in planning a funeral, combined with the emotional stress, consumers end up buying a monument without even realizing it. One consumer who filed a complaint with DCA is trying to obtain restitution of \$2,540 from I.J. Morris. She was charged \$2,540 for a double monument but said she does not remember ordering it. The contract she signed has a line titled "Other" and on that line is typewritten "double monument."

To ensure that consumers realize they do not have to purchase the monument when the funeral arrangements are being made, Consumer Affairs will require that a separate color-coded page of the contract be used whenever a monument is purchased at a funeral home. As part of the monument contract, the consumer will be required to sign a

statement saying: “The funeral director has explained to me that a monument does not have to be purchased at the time funeral arrangements are made nor does it have to be purchased from the funeral home.” This still provides consumers the option of purchasing the monument at the time of the funeral if they so choose.

RECOMMENDATIONS

More than 20 years ago, New York City recognized that because of the unique nature of planning a funeral and all the unique circumstances surrounding a funeral purchase, consumers must be afforded special protections that go beyond their protections for other types of purchases. In 1981, those protections were formalized and New York City's Administrative Code was amended to include comprehensive regulation governing price disclosure by the funeral industry. In 1984 the Federal Trade Commission adopted its Funeral Rule, which extended to consumers nationwide most of the protections already in place in New York City. But with changes in the funeral industry leading to higher and higher prices, more must be done to protect New York's most vulnerable consumers.

"A funeral, for most people, is the third most expensive purchase they're going to make after a house and a car. Yet, in no other case are consumers at a greater disadvantage. They're beset by grief, for the most part ignorant about funerals... and under pressure to act quickly,"⁶ said Thomas Nelson, of the American Association of Retired Persons.

To ensure that consumers who are planning and paying for a funeral have a level-playing field when it comes to making a decisions about this important and sensitive transaction, the Department of Consumer Affairs makes the following recommendations:

Anti-Trust Investigation

The growing trend of consolidation and rising prices at SCI funeral homes documented in this report appears to be a violation of federal and state anti-trust laws.

DCA will turn its findings over to the FTC and the New York State Attorney General and ask them to conduct anti-trust investigations.

General Price List

DCA will work to create a simpler but more comprehensive General Price List and will require that it be more easily accessible to consumers seeking price information.

The cornerstone of the FTC Funeral Rule is the regulation requiring funeral directors to provide consumers with specific and detailed price information in advance so that the consumers can then purchase only the funeral merchandise and funeral services that they desire. When a consumer phones a funeral provider and inquires about terms, conditions, or prices of funeral goods or services, the funeral provider is currently required to:

- Give the consumer the prices and any other information from price lists to help answer the consumer's questions.
- Give the consumer any other information about prices or offerings that is readily available and reasonably answers the consumer's questions.

The intent is to enable consumers to comparison-shop by telephone before selecting the funeral home, goods, and services.

⁶ American Association of Retired Persons. *Product Report: Funeral Goods and Services*. Washington, DC:AARP, July 1989.

The Federal Funeral Rule also requires Funeral Homes to provide a General Price List to anyone who requests one. The document includes a range of prices for all the services provided and merchandise sold by the funeral home.

However, before the Federal Rule went into effect in 1984, DCA had promulgated a rule requiring that every funeral home provide a Presentation Sheet to anyone who asked for one. The presentation sheet is similar to the General Price List but does not have prices on it. Under the current regulations, funeral directors are required to provide both documents.

DCA will propose consolidating its presentation sheet into a comprehensive General Price List that will meet both Federal and New York City standards. The funeral home will be required to display the Price List in a publicly accessible area of the funeral home so a consumer can begin to comparison shop without talking to a funeral director. For the first time, price information will be available without having to sit through a conference with a funeral director.

This new price list will also inform consumers that complaints can be addressed to the New York State Department of Health Division of Funerals, which licenses funeral homes, as well as to the Department of Consumer Affairs.

Disclosure of Ownership

To ensure that consumers have all the information they need to comparison shop and choose their funeral director, DCA will require funeral homes to disclose, on a sign located either immediately outside or inside the main entrance to list information about who owns the funeral home.

Similar ownership disclosure is currently required for parking garages, electronic stores, and other businesses. Consumers making the sensitive decision to plan a funeral should have access to this basic information.

Separate Page for Monuments

Consumer Affairs will require that a separate color-coded page of the contract be used whenever a monument is purchased at a funeral home. As part of the monument contract, the consumer will be required to sign a statement saying: “The funeral director has explained to me that a monument does not have to be purchased at the time funeral arrangements are made nor does it have to be purchased from the funeral home.”

“Travel” Notification

Consumer Affairs will require that a funeral planner expressly consent to the body being removed anyplace other than to the chosen funeral home or the final resting place.

Annual Price Survey

To help consumers gain access to price information, DCA will conduct an annual survey of funeral prices throughout the city. The results will be published in a brochure and will also be posted on the DCA website.

Appendix

SCI Owned Funeral Homes

Bronx

Walter B. Cooke Funeral Home
1963 Grand Concourse
Bronx, NY 10453

Garlick-Riverside Memorial Chapel
1439-45 Unionport Road
Bronx, NY 10462

Walter B. Cooke Funeral Home
1439-45 Unionport Road
Bronx, NY 10462

Park West-Riverside Chapels
1439-45 Unionport Road
Bronx, NY 10464

Cordovano & Falletta Funeral Home
4420 White Plains Road
Bronx, NY 10470

Ransone Funeral Home
4418 White Plains Road
Bronx, NY 10470

Garlick Funeral Home
1439-45 Unionport Road
Bronx, NY 10462

Woodlawn Morticians Inc.
4418 White Plains Road
Bronx, NY 10470

Manhattan

The Abbey Funeral Directors
1076 Madison Avenue
New York, NY 10028

Colonial Funeral Home
4955 Broadway
New York, NY 10034

Andrett Funeral Home
353 Second Avenue
New York, NY 10010

Albert R. Conner Funeral Home
4955 Broadway
New York, NY 10034

Edward F. Becker Undertaking Co., Inc.
352 East 87th Street
New York, NY 10028

Albert R. Conner – Colonial
4955 Broadway
New York, NY 10034

Abraham Blau Funeral Directors
152 Second Avenue
New York, NY 10003

Walter B. Cooke Funeral Home
117 West 72nd Street
New York, NY 10023

Frank E. Campbell – The Funeral
Chapel
1076 Madison Avenue
New York, NY 10028

Walter B. Cooke – Kennedy
117 West 72nd Street
New York, NY 10023

Walter B. Cooke – Kennedy
630 Amsterdam Avenue
New York, NY 10024
Gramercy Park Memorial Chapel
152 Second Avenue
New York, NY 10003

Echevarria Sons Funeral Home
117 West 72nd Street
New York, NY 10023

Midtown Memorial Chapel
180 West 76th Street
New York, NY 10023

Peter Charles Nagel Inc.
352 East 87th Street
New York, NY 10028

Park West – Riverside Chapels
333 Amsterdam Avenue
New York, NY 10023

Universal Funeral Chapel
1076 Madison Avenue
New York, NY 10028

Plaza Memorial Chapel
630 Amsterdam Avenue
New York, NY 10024

West Side Funeral Service
180 West 76th Street
New York, NY 10023

Riverside Memorial Chapel
180 West 76th Street
New York, NY 10023

Wien & Wien
152 Second Avenue
New York, NY 10003

Sigmund Schwartz Funeral Directors
152 Second Avenue
New York, NY 10003

Zion Memorial Gramercy Chapel
152 Second Avenue
New York, NY 10003

Queens

Boulevard – Riverside Chapels
114 – 03 Queens Blvd.
Forest Hills, NY 11375

Garlick Funeral Home
114-03 Queens Blvd.
Forest Hills, NY 11375

Central Funeral Home, Inc.
136 – 25 41st Avenue
Flushing, NY 11355

Fogarty Funeral Home
136 – 25 41st Street
Flushing, NY 11355

David Funeral Home, Inc.
35 – 20 Broadway
Long Island City, NY 11106

Forest Hills Chapel
114 – 03 Queens Blvd.
Forest Hills, NY 11375

Forest Park Chapel
114 – 03 Queens Blvd.
Forest Hills, NY 11375

Jeffer Funeral Homes
114 – 03 Queens Blvd.
Forest Hills, NY 11375

Korean Funeral Services of New York
136 – 25 41st Avenue
Flushing, NY 11355

Quinn – Fogarty Funeral Home
162 – 14 Sanford Avenue
Flushing, NY 11358

Riverside Memorial Chapel
114 – 03 Queens Blvd.
Forest Hills, NY 11375

Schwartz Brothers – Jeffer Memorial
114 – 03 Queens Blvd.
Forest Hills, NY 11375

I.J. Morris Inc.

Thomas M. Quinn & Sons Inc.
162 – 14 Sanford Avenue
Flushing, NY 11358

Thomas M. Quinn & Sons Inc.
35 – 20 Broadway
Long Island City, NY 11106

Schwartz Brothers Memorial Chapel
114 – 03 Queens Blvd.
Forest Hills, NY 11375

Stamatiades Funeral Home
35 – 20 Broadway
Long Island City, NY 11106

George Werst Inc.
71 – 41 Cooper Avenue
Glendale, NY 11385

Brooklyn

Boulevard - Park West Chapels
312 Coney Island, Avenue
Brooklyn, NY

Boulevard – Riverside Chapels
312 Coney Island Avenue
Brooklyn, NY

Wien & Wien Funeral Directors
312 Coney Island Avenue
Brooklyn, NY

Garlick Funeral Homes
1700 Coney Island Avenue
Brooklyn, NY

Fred Herbst Sons, Inc.
7501 5th Avenue
Brooklyn, NY

Fred Herbst – Walter B. Cooke
7501 5th Avenue
Brooklyn, NY

Jeffer Funeral Home
310 Coney Island Avenue
Brooklyn, NY

Kirschenbaum Bros., Inc.
1153 Coney Island Avenue
Brooklyn, NY

John J. McManus & Sons

2001 Flatbush Avenue
Brooklyn, NY

1153 Coney Island Avenue
Brooklyn, NY

I.J. Morris, Inc.
1895 Flatbush Avenue
Brooklyn, NY

Daniel J. Schaefer
4123 4th Avenue
Brooklyn, NY

E.C. Waldeck Home for Funerals, Inc.
7614 4th Avenue
Brooklyn, NY

Schaefer Funeral Parlors
4123 4th Avenue
Brooklyn, NY

Westminster Chapels

Sunset Park Funeral Home
4123 4th Avenue
Brooklyn, NY

Staten Island

Casey Funeral Home, Inc.
350 Slosson Avenue
Staten Island, NY 10314

Virginia Funeral Home
188 Canal Street
Staten Island, NY 10305

Casey South Shore Funeral Home
30 Nelson Avenue
Staten Island, NY 10308

Virginia Funeral Home
1707 Hylan Blvd.
Staten Island, NY 10304

McCallum Rice Funeral Home
48 Giffords Lane
Staten Island, NY 10308

| Funeral Home | Address | Arrangements | Supervision | 630 St. Nicholas Avenue of | \$550 of | Tr \$200 of | Emb \$75 | Hea \$250 | Casket \$300 |
|-------------------------|--------------------------|--|-------------|----------------------------|----------|-------------|----------|-----------|--------------|
| | | Bentley's Schwartz Brothers Jeffer | (Funeral) | 11403 Queens Boulevard | (\$1295) | (\$395) | \$195 | \$195 | \$295 |
| Buckley Funeral Home | 445 W. 43rd St. | \$305 John J. McManus & Sons | \$305 | 1895 Flatbush Ave. | \$895 | \$495 | \$150 | \$325 | \$720 |
| Bernard F. Dowd | 165-20 Hillside Ave. | \$625 | \$150 | 2001 Flatbush Ave. | \$995 | \$495 | \$175 | \$275 | \$625 |
| Newkirk Funeral | 2244 Adam Clayton Powell | \$300 | \$100 | 152 Sedgwick Ave. | \$895 | \$450 | \$325 | \$200 | \$503 |
| Scarpaci Funeral Home | 1401 86th St. | \$480 | \$125 | 49 E. 34th St. | \$1000 | \$485 | \$500 | \$275 | \$800 |
| Miraglia Funeral Home | 8519 New Utrecht Ave. | \$550 | \$175 | 180 E. 34th St. | \$600 | \$265 | \$455 | \$295 | \$500 |
| McCall's Bronxwood | 4035 Bronxwood Ave. | \$350 | \$100 | 180 E. 34th St. | \$450 | \$175 | \$325 | \$227 | \$675 |
| Hillebrand Funeral Home | 63-17 Woodhove Blvd | \$650 | \$200 | \$150 | \$300 | \$300 | \$550 | \$265 | \$900 |
| Leo F. Kearns | Multiple Locations | \$780 | \$265 | \$175 | \$385 | \$350 | \$490 | \$280 | \$890 |
| John Krtill | 1297 First Ave. | \$550 | \$175 | \$100 | \$500 | \$275 | \$425 | \$295 | \$895 |
| Ransone Funeral Home | 4418 White Plains Blvd | \$495 | \$95 | \$95 | \$295 | \$195 | \$395 | \$295 | \$495 |
| Thomas Quinn | 35-20 Broadway | \$775 | \$225 | \$175 | \$695 | \$350 | \$625 | \$345 | \$595 |
| Conner Colonial | 4955 Broadway | \$995 | \$195 | \$150 | \$495 | \$295 | \$495 | \$395 | \$695 |
| Garlick | 1700 Coney Island Ave. | \$795 | \$290 | \$140 | \$310 | \$355 | \$340 | \$445 | \$695 |
| Cooke-Kennedy | 117 W. 72nd St. | \$895 | \$195 | \$150 | \$395 | \$295 | \$325 | \$395 | \$595 |
| George Werst | 71-41 Cooper Ave. | \$725 | \$195 | \$175 | \$595 | \$350 | \$625 | \$340 | \$895 |
| R. Stutzman | 224-39 Jamaica Ave. | \$850 | \$275 | \$175 | \$675 | \$345 | \$850 | \$310 | \$995 |
| Frank E. Campbell | 1076 Madison Ave. | \$1,695 | \$495 | \$295 | \$495 | \$495 | \$695 | \$580 | \$1,995 |
| Fox Funeral Home | 98-07 Ascan Ave. | \$850 | \$300 | \$240 | \$900 | \$420 | \$830 | \$430 | \$640 |
| John Dormi & Sons | 1121-3 Morris Park Ave. | \$895 | \$150 | \$150 | \$650 | \$350 | \$495 | \$295 | \$300 |
| Gramercy Park | 152 Second Ave. | \$995 | \$430 | \$220 | \$225 | \$485 | \$475 | \$508 | \$695 |
| Plaza Memorial | 630 Amsterdam Ave. | \$1,595 | \$495 | \$150 | \$275 | \$525 | \$500 | \$533 | \$695 |
| Riverside Memorial | 180 West 76th St. | \$1,670 | \$645 | \$225 | \$275 | \$550 | \$795 | \$495 | \$795 |
| Nieberg Midwood Chapel | 1625 Coney Island Ave. | \$845 | \$345 | \$100 | \$150 | \$395 | \$495 | \$325 | \$295 |
| Sherman's | 1283 Coney Island Ave. | \$845 | \$345 | \$75 | \$300 | \$375 | \$375 | \$320 | \$395 |
| Guterman's | 98-60 Queens Blvd. | \$845 | \$390 | \$50 | \$100 | \$320 | \$495 | \$340 | \$495 |
| Menorah Chapels | 2145 Richmond Ave. | \$895 | \$300 | \$150 | \$175 | \$365 | \$395 | \$350 | \$595 |
| Parkside | Multiple locations | \$1,045 | \$395 | \$25 | \$100 | \$425 | \$430 | \$365 | \$585 |
| Yablckoff Kingsway | 1978 Coney Island Ave. | \$1,195 | \$465 | \$175 | \$195 | \$495 | \$495 | \$495 | \$395 |
| Cobble Hill Chapels | 171 Court St. | \$350 | \$150 | \$150 | \$495 | \$175 | \$350 | \$225 | \$795 |
| Robert Cranford | 203 Dekalb Ave. | \$425 | \$150 | \$175 | \$250 | \$140 | \$400 | \$200 | \$668 |
| Scottio | 106 First Place | \$525 | \$175 | \$105 | n/a | \$215 | \$425 | \$250 | \$655 |
| Levy & Delany | 164 W. 136th St. | \$375 | \$100 | \$100 | \$175 | \$175 | \$275 | \$195 | \$400 |
| John H. Joyce | 2332 Adam Clayton Powell | \$495 | \$75 | \$75 | \$100 | \$150 | \$325 | \$245 | \$600 |

