



STATE OF MICHIGAN
LANSING

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

ORLENE HAWKS
DIRECTOR

DEPARTMENT OF LICENSING AND
REGULATORY AFFAIRS,
CORPORATIONS, SECURITIES & COMMERCIAL
LICENSING BUREAU,

Complaint No.: 339109

Complainant,

v

ROYAL FUNERAL HOME INC.
Prepaid Funeral and Cemetery Sales
Registration No. 34-01-000218

Respondent.

FINAL ORDER

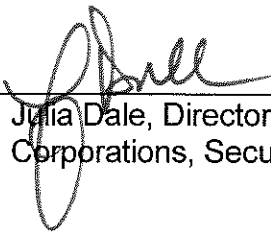
1. This matter came before the Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau ("Department") under the Michigan Prepaid Funeral and Cemetery Sales Act, MCL 328.211 to 328.235 (the "Act"), and its associated administrative rules.
2. The director of the Corporations, Securities & Commercial Licensing Bureau reviewed the Stipulation on behalf of the Department in accordance with sections 78 and 92(1) of the Michigan Administrative Procedures Act of 1969, (the "APA"), MCL 24.278 and MCL 24.292(1).
3. Respondent Royal Funeral Home Inc., Registration No. 34-01-000218, agreed with the requirements, conditions, and terms set forth in the attached Stipulation, signed by Respondent's Owner, Richard L. Royal, on November 19, 2019, Respondent's Attorney, Jay Tower, on November 21, 2019, and approved by Securities & Audit Division Director, Timothy L. Teague, on December 12, 2019, on behalf of the Department.

4. The director of the Corporations, Securities & Commercial Licensing Bureau, under the APA and the Act, considered and found the Stipulation acceptable and incorporates it by reference in this Final Order.

This Final Order is effective on the date mailed.

Given under my hand at Okemos, Michigan, this 17th day of December, 2019.

By: _____


Julia Dale, Director
Corporations, Securities & Commercial Licensing Bureau

Date mailed: December 17, 2019

Proof of Compliance Should be filed with:

Department of Licensing and Regulatory Affairs
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring – Securities & Audit Division
P.O. Box 30018
Lansing, MI 48909
Telephone: (517) 241-9180

This is the last and final page of the Final Order in the matter of Royal Funeral Home Inc., Complaint No. 339109.

**STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU**

**DEPARTMENT OF LICENSING AND
REGULATORY AFFAIRS,
CORPORATIONS, SECURITIES &
COMMERCIAL LICENSING BUREAU,**

Complaint No. 339109

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**ROYAL FUNERAL HOME INC.
Prepaid Funeral and Cemetery Sales
Registration No. 34-01-000218**

Respondent.

STIPULATION

A formal complaint ("Complaint"), dated May 20, 2019, was issued by the Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau ("Department") against Royal Funeral Home Inc. ("Respondent") alleging violations of the Prepaid Funeral and Cemetery Sales Act ("Prepaid Act"), MCL 328.211 *et seq.*

Based on the formal complaint dated May 20, 2019, the Department summarily suspended the Registrant's Prepaid Funeral and Cemetery Sales Registration.

On May 20, 2019, the Department also issued formal complaint nos. 339517 and 339519 against the mortuary science establishment license of Respondent, license no. 45-02-000239, and the mortuary science license of its designated manager,

Richard L. Royal, license no. 45-01-006155, alleging violations of the Prepaid Act and the Occupational Code, MCL 339.101 *et seq.* This Stipulation only addresses admissions and sanctions against Respondent's registration under the Prepaid Act. A separate Stipulation concerning complaint nos. 337484 and 337485 was signed by Richard L. Royal on behalf of himself and on behalf of Royal Funeral Home Inc. and is pending review by the Board of Examiners in Mortuary Science.

A compliance conference was held on September 19, 2019, which included the following participants: Eric M. St. Onge, Assistant Attorney General for the Department; Securities & Audit Division Director Timothy L. Teague, Administrative Law Specialist Dustin Kamerman, and Auditor Jose Quintero on behalf of the Department; Mark Ransford on behalf of the Board of Examiners in Mortuary Science (the "Board"); and Richard L. Royal and Attorney Jay Tower on behalf of Respondent. To resolve the Complaint, the parties agree to the following:

1. Respondent admits to the following factual allegations and violations alleged in the Complaint:

- A. From February 4, 2019, through March 6, 2019, Department personnel conducted an investigation of Respondent's activities and an examination of the books, records, contracts, and other documents relating to prepaid funeral contracts, under § 20(1) of the Prepaid Act, MCL 328.230(1).
- B. Respondent had the following duties in connection with the funds received for prepaid funeral arrangements:
 - (1) to deposit the monies received with an authorized escrow agent, MCL 328.222(1); and
 - (2) to deposit the monies received with an authorized escrow agent within thirty (30) days of receipt, MCL 328.222(6).

- C. As of January 31, 2019, Respondents failed to deposit at least \$269,228.29 received for prepaid funeral goods or services related to 92 prepaid contracts with an authorized escrow agent, contrary to § 12(1) of the Prepaid Act, MCL 328.222(1).
- D. As of January 31, 2019, Respondents failed to deposit at least \$269,228.29 received for prepaid funeral goods or services related to 92 prepaid funeral contracts with an authorized escrow agent within 30 days of receipt, contrary to § 12(6) of the Prepaid Act, MCL 328.222(6).
- E. As of January 31, 2019, Respondent provided funeral services for 20 of the above referenced prepaid funeral contracts, which totaled \$75,024.11.
- F. As of January 31, 2019, 72 prepaid contracts in the amount of \$194,204.18 were not deposited and held in escrow as required.

2. The order of summary suspension previously issued is DISSOLVED.

3. Respondent's Prepaid Funeral and Cemetery Sales Registration No. 34-01-00218 is REVOKED, effective on the mailing date of the Final Order in this matter.

4. Respondent must pay a FINE in the amount of **Five Thousand and 00/100 Dollars (\$5,000)**.¹ This fine must be paid by cashier's check or money order, with Complaint No. 339109 clearly indicated on the check or money order, made payable to the State of Michigan, by February 28, 2020. If Respondent fails to comply with any term of this Stipulation, then the FINE increases to **Twenty-Five Thousand and 00/100 Dollars (\$25,000)**. This check or money order must be mailed to the Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau, Securities & Audit Division – Final

¹ The fine is in addition to the \$5,000 fine imposed in Complaint Nos. 339517 and 339519.

Order Monitoring, P.O. Box 30018, Lansing, Michigan 48909. The Final Order will include a fine payment form with instructions. If the fine is not paid within six (6) months after the fine becomes overdue, the debt will be referred to the Department of Treasury for collection.

5. Within thirty (30) days of the mailing date of the Final Order in this matter, Respondent must either assign all prepaid contracts in its possession for which funds were properly deposited and held with an authorized escrow agent to another registrant or cancel those contracts and issue a refund of all the amounts to the contract buyers along with all accrued interest.

6. Within thirty (30) days of the mailing date of the Final Order in this matter, Respondent must pay Eighty Thousand and 00/100 Dollars (\$80,000.00) towards the \$194,204.18 referenced in paragraph 1.F. in restitution. The restitution must be paid by either depositing the amounts with an authorized escrow agent and assigning the contract to another registrant or canceling the contract and issuing a full refund to the contract buyers.

7. No later than February 28, 2020, Respondent must pay the balance of the \$194,204.18 referenced in paragraph 1.F. in restitution, One Hundred Fourteen Thousand Two Hundred Four and 18/100 Dollars (\$114,204.18) . The restitution must be paid by either depositing the amounts with an authorized escrow agent and assigning the contract to another registrant or canceling the contract and issuing a full refund to the contract buyers.

8. Respondent must submit written proof of having complied with each requirement of this Stipulation within the time period required by this Stipulation, in a form acceptable to the Department, to the address referenced in paragraph 4. Proof of compliance with paragraph 5 must include either a copy of the fully executed assignment agreement along with copies of the correspondence sent to all contract buyers informing them of the assignment and their right to cancel their contract and receive a full refund or copies of the front and back of fully negotiated checks used to refund contract buyers showing that all amounts received by Respondent along with all accrued interest was refunded to the contract buyers. Proof of compliance with paragraphs 6 and 7 must include copies of the front and back of fully negotiated checks used to either deposit the amounts with an authorized escrow agent or refund contract buyers. If the checks are made out to an authorized escrow agent, proof of compliance must also include a copy of the fully executed assignment agreement and copies of correspondence sent to all contract buyers informing them of the assignment and their right to cancel their contract and receive a full refund.

9. If Respondent fails to comply with any provision of this Stipulation in the time required, the Department reserves the right to initiate additional disciplinary administrative proceedings against Respondent and/or to continue to deny Respondent's registration applications made under the Prepaid Act, until compliance is made to the satisfaction of the Department.

10. The Director of the Securities & Audit Division of the Corporations, Securities & Commercial Licensing Bureau, or that person's designee, must approve

this Stipulation before the Stipulation is forwarded to the Director of the Corporations, Securities & Commercial Licensing Bureau for final approval and the issuance of a Final Order. Should the Securities & Audit Division Director, or that person's designee, or the Director of the Corporations, Securities & Commercial Licensing Bureau reject this Stipulation, the Department will schedule a contested case hearing in this matter without prejudice to either party.

11. Respondent understands and intends that by signing this Stipulation, Respondent is waiving the right, under the Prepaid Act, its associated administrative rules, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to a hearing before an administrative law judge, at which the Department would be required to prove the charges set forth in the Complaint by presentation of evidence and legal authority and at which Respondent would be entitled to appear with or without an attorney to cross-examine all witnesses presented by the Department and to present such testimony or other evidence or legal authority deemed appropriate as a defense to the charges.


Agreed to:

On behalf of Royal Funeral Home Inc.



Richard L. Royal, Owner
Royal Funeral Home Inc

Date: 11/19/19



Jay Tower
Attorney for Respondent

Date: 11/24/19

Corporations, Securities & Commercial Licensing Bureau:

Approved by: Timothy L. Teague
Timothy L. Teague, Director
Securities & Audit Division

Date: 12.12.19

LF: 2019-0253898-A/Royal Funeral Home, Inc. 339109/Stipulation -- to Settle Prepaid -- 2019-10-17