



September 17, 2007

Via Certified U. S. Mail

Mr. Paul G. Dixon
President
IFDA Services, Inc.
P.O. Box 7127
Springfield, IL 62791-7127

Re: IFDA Services, Inc.
IFBF Lic. No. 083/0728/02

Dear Mr. Dixon:

The Illinois Office of the Comptroller ("IOC") hereby declares void, effective immediately and for the reasons stated herein, Illinois Funeral or Burial Funds Act License No. 083/0728/02 issued to IFDA Services, Inc. ("IFDA").

The Illinois Funeral or Burial Funds Act (225 ILCS 45/1, *et seq.*) (the "IFBF Act"), establishes a regulatory structure overseeing funds generated from the pre-need sales of funeral merchandise and services. The IFBF Act requires sellers of pre-need contracts to secure a license from the IOC prior to conducting pre-need sales (225 ILCS 45/3). The purpose of the statutory licensing requirement is to ensure that all sales proceeds paid to a seller with respect to merchandise or services covered by the IFBF Act are properly entrusted and maintained for the purchaser and the beneficiary (225 ILCS 45/1b, 2, 2a).

On April 11, 1980, the IOC issued an IFBF license to the IFDA. It is unclear why a license was issued at that time, as the IFDA is not a funeral home and does not sell pre-need contracts to consumers. Rather, the IFDA provides administrative services to member funeral homes who are also licensed to sell pre-need contracts under the IFBF Act and who opt to utilize the IFDA as trustee of the pre-need funds. All facts indicate, and the IFDA's own assertions establish, that the IFDA's primary service to its members is as a trustee.

The IFBF Act authorizes sellers to act as trustee of funds where the seller holds less than \$500,000 in trust (225 ILCS 45/1b). Of course, all trustees are required to conduct trust business in accordance with applicable trust laws, *e.g.* the Trust and Trustees Act (760 ILCS 5/1 *et seq.*), the Corporate Fiduciary Act (205 ILCS 620/1-1, *et seq.*), the Common Trust Fund Act (760 ILCS 45/1 *et seq.*), etc. The IFBF Act provides no authority for a pre-need seller to serve as trustees of funds in amounts above \$500,000. Further, the IFBF Act does not sanction a trust in apparent disregard of other applicable laws.

Please respond to:

State House
Springfield, Illinois 62706-0001
217/782-6000

James R. Thompson Center
100 West Randolph, Suite 15-500
Chicago, Illinois 60601-3252
312/814-2451

325 West Adams
Springfield, Illinois 62704-1871

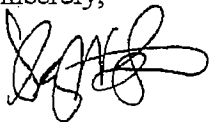
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Most importantly, the IFBF Act provides no authority for the IOC to "license" a trust for entrustment of pre-need contract funds. The IOC's statutory authority under the IFBF Act is limited to the licensing of sellers of pre-need goods or services. The IOC is without authority to comprehensively audit or regulate the entrustment and investment activities of a trust with over \$200 million in assets. Even if, as alleged by the IFDA, IOC action in 1980 was purported to license IFDA as a trustee, no authority existed for the IOC to issue a license of that nature. Therefore, IFBF Lic. No. 083/0728/02 is void ab initio.

The IOC will continue to regulate, in accordance with our authorities under the IFBF Act, the licensees that currently utilize IFDA as trustee. All IFBF Act licensees are required to entrust with a trust maintained in a trust account established in a bank, savings and loan association, savings bank or credit union authorized to do business in Illinois in which accounts are insured by an agency of the federal government; or in a trust company authorized to do business in Illinois (25 ILCS 45/2(b)). IFDA does not meet these requirements. Accordingly, this Office has established September 30, 2008 as a reasonable deadline for the IFDA's transition to a lawful trust maintained in accordance with the IFBF Act. If the IFDA fails to accomplish the transition by that date, the IOC will direct the licensees that the continued use of IFDA as a trustee is not acceptable. The IOC intends to immediately notify the impacted IFBF licensees of this action and the IFDA's need to transition to ensure compliance with applicable trust laws.

Should you have any questions, please call me at (312) 814-5782. Thank you.

Sincerely,



Percy Lucina
Director, Cemetery Care & Burial Trust Division

cc: Mark K. Cullen, Sorling, Northrup, Hanna, Cullen & Cochran, Ltd.