

## News Releases

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# **HYNES: IFDA MUST RETURN \$10 MILLION IN EXCESS FEES TO CONSUMER TRUST FUND**

SPRINGFIELD, IL -- Comptroller Dan Hynes is demanding the return of nearly \$10 million in excess fees taken by the Illinois Funeral Directors Association in its administration of a trust fund intended to pay for consumer funerals.

Click [here](#) to download the audit document.

Illinois funeral homes which allow consumers to prearrange for their funeral goods and services are required to place funds from the sales in trust until the money is needed for those goods and services. Hundreds of funeral home directors invested those sale proceeds with the IFDA Preneed Trust.

State law caps fees trust administrators can take at 25 percent of earnings on those trust funds, but Hynes said an investigation by his office showed the IFDA subsidiary, IFDA Services, Inc., took more than the legal amount from 2000-2006.

"The IFDA was overcompensated by the trust," Hynes said. "These excess management fees are a display of greed and a betrayal of the consumer trust that will not be tolerated. I am demanding that IFDA return the excess fees to the trust." Hynes said his office found a significant shortfall in the IFDA Trust due in part to questionable investment practices and the excess fees taken by the IFDA. As a result of that discovery, Hynes' office brought in outside auditors to review the findings and notified appropriate authorities.

As a part of its ongoing probe, the Comptroller's Office referred the matter in June 2006 to the Illinois Department of Financial and Professional Regulation, which regulates trusts in Illinois. The IFDA Trust has transitioned to Merrill Lynch as trustee and the IFDA no longer oversees it. Hynes said additional regulatory and investigatory efforts by his office and several other governmental agencies are ongoing to address the shortfall.

"Throughout the 3 ½ years since discovering this problem, our goals have not wavered – to protect the trust fund and bring it under the proper regulation and oversight, to protect Illinois consumers who are relying on the trust fund and to restore the deficit," Hynes said.

In April, Hynes proposed stronger regulations to protect consumer investments used to pay for funeral and cemetery goods and services. It prohibits funeral directors from overseeing funds consumers pay for future funeral needs, but rather requires those dollars to be invested and overseen by an independent trustee that is a corporate fiduciary, regulated by IDFPR or one of several federal agencies. AARP Illinois and Citizen Action/Illinois have endorsed the proposal (SB1682), which is sponsored by Sen. Deanna Demuzio, D-Carlinville, and Rep. Lisa Dugan, D-Bradley.

During his tenure as Comptroller, Hynes has been a strong advocate for consumers. He's held public meetings around the state to hear consumer concerns about the funeral industry and he's pushed for stronger industry regulation and consumer protections that have become state law.

Funeral homes which sell pre-need are licensed through the state Comptroller's Office, which ensures the sale proceeds are properly entrusted. IFDA Services, Inc., was issued a pre-need sales license in 1980, but Hynes voided that license in 2007 as IFDA Services, Inc., was acting in the capacity of trustee, rather than seller of preneed goods and services. Trust licensing is not provided for under the Illinois Funeral or Burial Funds Act.

