

IFDA Preneed Trust letter to members, dated December of 1999 (emphasis in original).

- Revocable versus Non-revocable: Revocable contracts can be cancelled for any reason upon a request in writing from the preneed funeral planning customers. Non-revocable contracts cannot be canceled at any time, and as the Preneed Contracts explain, non-revocability is “necessary for certain federal, state, or local benefits eligibility.” See Funeral Trust – Guaranteed Form contract, ¶5.

B. Participating Member Firm Agreements

66. To facilitate funeral pre-planning programs, Plaintiffs and approximately 600-650 other IFDA members signed Participating Member Firm Agreements (“PMF Agreements”) with IFDA Services during its time as Trustee.

67. According to at least one version of the PMF Agreement, each funeral home was an authorized agent of IFDA Services. At all times, however, Plaintiffs and other similarly situated funeral homes were authorized to accept Preneed Trust contracts on behalf of the IFDA.

68. The Preneed Contracts created by IFDA Services as Trustee but signed by participating funeral homes and their preneed funeral planning customers provided that the funds would be held in the Preneed Trust until the beneficiary’s death. At that time, the contract required that the funeral home “shall provide a funeral with the [specified] merchandise and services.” As allowed pursuant to the Burial Act, the contract also entitled the funeral home provider to charge administrative fees in an amount ranging from 1-5% of the principal and/or 1-25% of the earnings on the invested funds, depending on the terms of the contract.

C. Promises Made and Broken

69. While acting as the Trustee and investing the Preneed Trust funds, IFDA was required to “exercise the judgment and care under the circumstances then prevailing that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in