

www.chicagotribune.com/business/chi-sun-funeral-regulatorsmar01,0,3671640.story

chicagotribune.com

Funeral directors, Illinois comptroller's office at odds over trust regulation

—Ameet Sachdev

March 1, 2009

In 1980, the Illinois comptroller's office gave the Illinois Funeral Directors Association a funeral and burial trust fund license. The license is the same one that grants funeral homes in the state the authority to sell prepaid funeral plans to consumers.

The association is not a funeral home nor does it sell funeral contracts directly to consumers. It is a trade group that served as a trustee of the funds raised from prepaid funeral plans. The comptroller's office discovered a \$39 million deficit in the trust in 2005 that grew to more than \$50 million last year.

Consumers and funeral directors are outraged at the lack of oversight. The comptroller's office response: It does not regulate trusts.

"Our belief was that IFDA used a corporate fiduciary to manage the funds in trust—**trust oversight is not in our jurisdiction,**" Carol Knowles, spokeswoman for Illinois Comptroller Dan Hynes, wrote in response to Tribune questions.

That's impossible, the association said. Every year, hundreds of licensed funeral homes that sold prepaid plans gave reports to the comptroller's office stating that IFDA Services Inc. was the corporate fiduciary of the trust, the group said. IFDA Services is a wholly owned subsidiary of the association. Also, the IFDA provided annual reports to the comptroller, disclosing the trust's financial condition.

"The Office of the Comptroller did not question that fact for 25 years," the group said.

After finding the deficit in 2006, the comptroller's office reviewed the IFDA's 1980 license and revoked it. In a letter to the association in September 2007, the agency wrote "it is unclear why a license was issued at that time."

The association disputes the comptroller's version of events. It said the licensing occurred in 1980 after the group initiated talks with officials in the comptroller's office and the banking unit to determine the proper way to operate the trust. In 1992, Comptroller Dawn Clark Netsch declared the license was valid.

In its audits of funeral homes, the comptroller's office would follow the money from the consumer to the funeral home and into the IFDA trust, Knowles said, but the audits did not include an extensive review



of the trust itself.

State-licensed trusts are regulated by the Department of Financial and Professional Regulation, but that agency did not get involved with the IFDA trust until 2006.

Copyright © 2009, [Chicago Tribune](#)