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'No one knows where my money is' Pre-paid funeral funds at beleaguered Ryder's missing; State demonstrates lax oversight of pre-paid system



CAROL LOLLIS () / DAILY HAMPSHIRE GAZETTE

CAROL LOLLIS Cemetery in Hadley.

By DAN CROWLEY Staff Writer

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NORTHAMPTON — On March 19, Pamela Rys and her sister sat down with former funeral director William W. Ryder at the now-closed Ryder Funeral Home in South Hadley and made funeral arrangements in advance for their elderly parents.

Rys handed over two checks totaling nearly \$17,000 to Ryder that night to pay for final arrangements for her 82-year-old mother, who recently moved to a nursing home, and her 90-year-old father, both of South Hadley.

The sisters left the funeral home with their parents' pre-need funeral contracts in hand. The money was to go into an unnamed "Irrevocable fund account," according to contract documents reviewed by the Gazette.

Two months later, they heard the shocking news that a state inspection had found bodies improperly stored and in varying states of decomposition at the funeral home. The business was shut down and Ryder in July surrendered his licenses to practice.

And what of her parents' funeral arrangements? Those documents and copies of two cashed checks are all Rys and her family have left.

"Nobody knows where my money is," said Rys, who lives in Ludlow. "I'm guessing it went personally to Will Ryder."

Rys said she tried to locate and transfer her money to another area funeral home when the Ryder Funeral Home was shut down in May. But she ran into a wall, she said, when state investigators and officials at a local bank where her checks were cashed had no answers.

"What am I supposed to do if, God forbid, something happens?" Rys said. "It's just the stress of everything on top of caring for aging parents."

Rys may not be alone. As the Ryder case unfolded and investigators try to make sense of his financial affairs, it turns out state regulators have their own problems that might have flagged questionable business practices at the Ryder Funeral Home long before this year.

Ryder and his family have not publicly addressed the events that led to the unraveling of their funeral home business, which was established in 1953. Last month, Ryder's South Hadley attorney, Paul Boudreau, told the Gazette that he had confirmed that \$1.5 million paid by customers for pre-need services with Ryder could be accounted for.

However, state regulators acknowledge there is an undetermined sum of pre-paid funeral service money that still cannot be found. Boudreau did not respond to an interview request for this story.

State filings non-existent

Rys said she turned over her records to the Division of Professional Licensure, but the state may be hard-pressed to locate any unaccounted-for cash.

That's because for at least the last three years, Ryder has failed to submit a required annual filing detailing the funeral home's pre-paid funeral contract activity. When the Gazette sought the filings through a public records request, officials said they had no such documents on file.

The so-called "Pre-Need Report" is supposed to be filed by funeral homes with the DPL and state Board of Registration of Funeral Directors and Embalmers by June 30 each year. The filing details the number of pre-need contracts a funeral home has entered into during the past calendar year and names the banking institutions, trust companies and insurance companies with which the funeral home invests money for pre-arranged funeral services.

Ryder Funeral Home is not the only business for which these filings are late and not on file. This month, state funeral industry regulators are sending out letters to more than 200 funeral homes in the state reminding them that they have not met this year's June 30 filing deadline, officials told the Gazette.

The penalties for a funeral home that fails to submit the pre-need reports are vaguely defined. Also, it is not clear whether some or many of these business are, like the Ryder Funeral Home, years behind in detailing their financial activities with consumers. The DPL did not respond to questions submitted by the Gazette a week ago.

Morgan G. Mitchell, a funeral director in Easthampton and chairman of the state Board of Registration of Funeral Directors and Embalmers, said state regulators must do more to monitor the reporting of pre-need funeral contract activity.

"If we don't have records, the responsibility is on the board and DPL. The buck stops with us," Mitchell said.

"It's something we should look into immediately."

The board last week instructed the DPL to open complaints against funeral homes that do not meet the deadline.

Others who work with elderly people and monitor the funeral industry agree. They say measures to protect consumers with pre-arranged funeral services must be taken seriously, especially since funeral directors are handling large sums of money and there is no limit on the cash value of such contracts.

"You could have Queen Elizabeth's funeral with the horses walking down Main Street," said Carol Klyman, an elder law attorney in Springfield. "It's unbelievable that the state's not policing these things."

'How can he keep up?'

In Massachusetts, funeral directors are not permitted to hold a client's pre-need funds in their own bank accounts; they must invest consumers' money through a trust account or insurance policy. Consumers are to be provided a standardized pre-need funeral contract, an itemized statement of funeral services and goods and a trust document with a bank or insurance policy, according to the Office of Consumer Affairs and Business Regulation.

The DPL has one investigator who is responsible for inspecting not only the entire funeral home industry in Massachusetts, but also the commonwealth's veterinary services. As part of state inspections of funeral homes, this inspector is supposed to conduct spot-check reviews of pre-need report filings on premises.

Klyman, among others, questions whether one inspector can adequately cover this vast territory. "It's sort of a ridiculous job," Klyman said. "How can he keep up?"

Carol N. Coan, a spokeswoman for the Funeral Consumers Alliance of Western Massachusetts, which is part of a national organization that advocates against pre-need funeral contracts, said it's worrisome that funeral directors are not filing required paperwork with the state. The pre-need contract money belongs to consumers, not funeral homes, and there needs to be oversight, she said.

"It's hard to know how closely they (regulators) are paying attention," said Coan, who is also a past president of the nonprofit alliance. A requirement that funeral directors file such paperwork with the state is "as close as we're going to get to transparency," said Coan. "If they're not filing them, then that's a breach of their responsibility."

Others in the funeral industry say the system of monitoring and safeguarding consumers' pre-need contract money is ineffective.

Peter Stefan, owner and director of Graham Putnam & Mahoney Funeral Parlors in Worcester and a member of the state Board of Registration of Funeral Directors and Embalmers, described the pre-need filings by funeral homes as "totally useless."

"If you're going to steal something, you're not even going to report it," Stefan said. "If I stole money, I'm not going to list it. Why would I?"

In his view, the system of accountability doesn't work because the DPL doesn't have enough staff — and because the way consumers pay funeral homes for pre-need contracts is flawed.

Stefan said the state board, which can set rules and regulations, needs to forbid the practice of asking consumers to write checks to funeral homes and directors. Instead, consumers should write checks directly to guaranteed trusts and insurance companies.

"When it comes to pre-paid funeral contracts, cash is not acceptable," said Stefan, who introduced the idea to the state funeral board last week. "Then you eliminate all this gobbledygook that's going on."

Stefan said the state should go even further, requiring funeral directors to submit balance sheets by certified public accountants guaranteeing that funeral homes are dealing with legitimate companies with reserve funds to back pre-need funeral contracts.

"Right now, the consumer at this point needs some backup," Stefan said. "Take the money out of the funeral directors' hands. I don't see why anybody can have any gripes with that."

For the past several weeks, the Czelusniak Funeral Home in Northampton has been helping the state sort out the paperwork and finances at the Ryder Funeral Home, say state regulators. Meantime, the Northwestern district attorney's office said it would not comment on a "potential investigation" and is referring anyone who has complaints or concerns regarding finances related to the former Ryder Funeral Home to contact Bob Williams, the state's funeral home investigator. The DPL did not respond to questions about the status of any investigations under its purview.

As for consumers who may have lost pre-need contract money with the Ryder Funeral Home, Stefan, the Worcester funeral director, said state lawmakers ought to provide them with financial relief and set up a fund for any future losses in similar circumstances. Other states have done so.

"The state legislators ought to do something to reimburse these people, because they haven't provided enough protections to these people," he said.

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