

HB 2088 - Supervision of endowment care cemeteries



Background: Endowment Care Cemeteries

- Endowment care cemeteries use a trust fund to ensure income will be available for cemetery upkeep and maintenance, even when all spaces are sold.
- The invested money in the trust can never be voluntarily reduced, and must be maintained separately from all other funds.
- The irrevocable trust fund's earned net income is only to be used for general care and maintenance of the cemetery property.

The Problem

“Licenses revoked for...[Funeral Home] in Klamath Falls”— KOB-TV/KOTI-TV, March 30, 2016

“[Funeral home] facing new sanctions”— Herald and News, Apr 23, 2017 **“State reassures public of...outcome”**— Herald and News, Dec 5, 2017

“[Funeral Home] is a scandal that gets worse day by day”— Herald and News, Sep 21, 2017

Why we are before you today:

- Experience now shows that current law does not provide adequate remedies for endowment care cemeteries that:
 - Commit consumer fraud
 - Fail to follow through with cemetery care arrangements
 - Stop family members from accessing grave sites
 - Refuse to follow orders from state authorities
 - Hide assets from state authorities
- DCBS worked with industry and state and local government stakeholders in crafting a solution.

House Bill 2088:

- Prohibits licensees from engaging in consumer fraud
- Authorizes DCBS to issue cease-and-desist orders when necessary
- Grants ability to request a cemetery be placed into receivership by a private party
- Directs DCBS and the Oregon Mortuary and Cemetery Board to adopt standards for maintenance, operation, and public access

The need to expand receivership authority

- Receivership is when a court appoints a person or entity to manage the operations and finances of a business to prevent consumer harm
- When it is necessary for consumer protection, DCBS will request receivership authority for many of the financial services companies it regulates

History

- 01/01/2019 – Introduced
- 01/28/2019 – Passed unanimously out of House Committee on Business and Labor
- 01/31/2019 – Passed unanimously out the House of Representatives

Questions?

