



## NEWS RELEASE

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[Date]

Contact: Kim Brown (916) 574-8167

### **CEMETERY AND FUNERAL BUREAU FILES LAWSUIT AGAINST ONE OF CALIFORNIA'S LARGEST PRE-NEED FUNERAL TRUSTS**

*Bureau seeks to halt misuse of funds, remove key players and force them to repay more than \$14 million in missing trust funds.*

SACRAMENTO – The Department of Consumer Affairs' (DCA) Cemetery and Funeral Bureau (Bureau) has filed a lawsuit against the Funeral Directors Service Corporation (FDSC), the California Funeral Directors Association (CFDA), Mechanics Bank, and others based, in part, over activities uncovered during an [audit of the California Master Trust \(CMT\)](#).

The lawsuit filed today in Los Angeles Superior Court details several ways the CMT, one of California's largest pre-needs funeral trusts, was improperly managed. Approximately 27,000 consumers, the customers of more than 300 funeral establishments, have their money entrusted to CMT. The trust's principal is approximately \$63.5 million.

Among other things, the Bureau alleges that millions of dollars of consumers' money paid into the "trust" was being misused, misspent or mismanaged and defendants had improperly invested the trust funds; the trust suffered millions in losses from investments, yet the defendants paid themselves administrative fees in 2001 and 2002 in violation of California law; and defendants paid illegal kickbacks to participating funeral establishments. The Bureau estimates that approximately \$14 million should be returned to the trust, trustors, beneficiaries, heirs, and/or the State.

"We have tried time and again to bring the trust into compliance with the law," said Bureau Chief Bev Augustine. "Instead, they have continued to operate the trust illegally. Not only are they violating the law, they are jeopardizing consumers' money that has been entrusted to them as well as the licenses of the funeral establishments that participate in the trust."

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The lawsuit, filed by the Attorney General on behalf of the Bureau, seeks to take control of the trust away from FDSC and place it in the hands of a receiver, another trustee or administrator. The Bureau is also asking that the defendants be ordered to pay restitution of all the missing monies, and that the Bureau be given full accountings of all financial transactions of the trust and of the defendants' transactions with the trust since 2000.

Consumers who have questions should call the Cemetery and Funeral Bureau toll-free at (800) 952-5210.

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*The Cemetery and Funeral Bureau licenses, regulates, and investigates complaints against California funeral establishments, funeral directors, embalmers, apprentice embalmers, cemetery brokers, cemetery salespersons, cemetery managers, cremated remains disposers, crematories, crematory managers, and the nearly 200 fraternal and private cemeteries in the state.*