

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
REGULATION AND ENFORCEMENT DIVISION**

IN THE MATTER OF:)	
)	
PATTERSON MEMORIAL)	Administrative Proceeding
CHAPEL)	Number: <u>LPR-15-1277</u>
125 SOUTH FRANKLIN STREET)	
CORINTH, MS 38834)	
)	
<i>Respondent</i>)	

**ORDER OF CEASE AND DESIST OF PRENEED SALES
NON-RENEWAL OF PRENEED REGISTRATION
AND AN ADMINISTRATIVE FINE IN THE AMOUNT OF \$10,000.00**

On or about December 18, 2014, the Regulation and Enforcement Division of the Secretary of State's Office issued a notice of nonrenewal to Danny Patterson, doing business as Patterson Memorial Chapel, Corinth, Mississippi, advising him that his Preneed Registration would not be renewed for cause, effective April 1, 2015. Exhibit A. The letter advised Mr. Patterson that if he desired to contest the non-renewal, he could make a request for an administrative hearing in writing prior to January 19, 2015. Mr. Patterson made a timely request for a hearing. Exhibit B. Subsequently, on February 13, 2015, the Division issued a Notice of Hearing setting the same before the hearing officer for March 31, 2015. The Notice of Hearing placed Mr. Patterson on notice that the Division was seeking nonrenewal of his preneed registration, an order of cease and desist from preneed sales, and an administrative fine in the amount of Ten Thousand Dollars (\$10,000.00). Exhibit C. Subsequent to the Notice of Hearing, the Division received on March 6, 2015, a written withdrawal of Mr. Patterson's request for a hearing. Exhibit D.

Consequently, this matter stands ready for a final adjudication. To this end, the Undersigned finds as follows:

I. JURISDICTION

The Secretary of State is vested with the regulation of establishments that sell preneed merchandise and/or services in the State of Mississippi pursuant to Mississippi Code Annotated §75-63-51, *et seq.* ("Act"). Respondent, at the time of the violation herein, was a preneed 'contract provider' as defined by Mississippi Code Annotated §75-63-53 (e). The Secretary of State, therefore, finds that he has jurisdiction over the subject matter and the parties herein.

II. VIOLATIONS

1. Danny Pattern d/b/a Patterson Memorial Chapel has no preneed trust and no ability to back preneed contracts he has sold. Likewise, there are no insurance products backing his preneed sales. Preneed contracts must be backed by either trust or insurance. Patterson has no funding for either. *Miss. Code Ann.* § 75-63-55(3). Patterson has sold at least Twenty-Eight (28) preneed contracts for which there was no funding mechanism as required by statute. These violations represent Seventeen Thousand Two Hundred Sixty-One Dollars and Ten Cents (\$17,261.10) in misappropriated consumer funds. Each failure to trust or to procure insurance represents a single and separate violation of Mississippi Code Annotated Section 75-63-55(3) and is tantamount to a misappropriation of consumer funds. *Miss. Code Ann.* § 75-63-56(c). Additionally, each failure by Patterson to trust consumer funds he receives by the fifth day of the following month is also a violation of Mississippi Code Annotated Section 75-63-59(4).
2. In the course of the examination of Danny Patterson's business, Division staff made not one, but two trips from Jackson, Mississippi, to Corinth, Mississippi, to meet with Danny Patterson regarding examination findings, to review business records, and to question Mr. Patterson. On both occasions, Mr. Patterson was a complete no-show for the

appointments made by the Division staff. Furthermore, Mr. Patterson completely ignored phone messages seeking an explanation of his failure to appear and meet with Division staff. This is a violation of Mississippi Code Annotated Section 75-63-56(f). This section requires examinees to cooperate with Division staff conducting examinations and investigations into business activity.

4. Danny Patterson does not have an approved contract for preneed sales on file with the Secretary of State's Office. All preneed providers must file for review and approval, prior to use, a sample form of their preneed contract that the business intends to utilize for preneed sales. Danny Patterson does not have an approved preneed contract on file with the Division. This failure is a violation of Mississippi Code Annotated Section 75-63-55(1).

III. PENALTIES

For the reasons stated herein, Mr. Danny Patterson, d/b/a Patterson Memorial Chapel is hereby ORDERED to CEASE and DESIST with all preneed sales, effective immediately. Mr. Patterson's registration expiring on March 31, 2015, is hereby NON-RENEWED, for cause, as authorized by Mississippi Code Annotated Section 75-63-56(1)(c). Finally, Mr. Danny Patterson is hereby ORDERED to pay an administrative fine for the violation described herein in the amount of Ten Thousand Dollars (\$10,000.00). Such penalty is authorized by Mississippi Code Annotated Section 75-63-69(1)(b)(i), and must be paid within thirty (30) days from the date of this Order.

SO ORDERED this the 1st day of April, 2015.

C. Delbert Hosemann, Jr.
C. DELBERT HOSEMAN, JR.
SECRETARY OF STATE



DELBERT HOSEMANN
Secretary of State

December 18, 2014

Mr. Danny Patterson
Patterson Memorial Chapel
125 South Franklin Street
Corinth, MS 38834

CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

Re: Nonrenewal of Preneed License # 120000242

Mr. Patterson,

The Secretary of State's Office, Regulation and Enforcement Division has decided, based on findings from an examination of your preneed book of business, to designate your license as a nonrenewal. During the examination, this Office found you to be uncooperative and inconsiderate of our time. You missed several meetings which you had agreed to attend, all of which employees of this Office traveled several hours to attend. You do not have a proper trust account which is required under Mississippi Law. And there are at least Seventeen Thousand Two Hundred Sixty-One Dollars and Ten Cents (\$17,261.10) of consumer funds which are unaccounted for. See Exhibit A. When your current license to sell preneed expires on March 31, 2015, the Secretary of State's Office will not renew it. You will no longer be licensed to sell preneed merchandise and services in the State of Mississippi. Selling preneed merchandise and services without a license is illegal and would cause you to be subject to administrative penalties under Mississippi's preneed law.

If you would like to dispute the nonrenewal of your license to sell preneed merchandise and services, you only need to write a letter to me requesting a hearing on the matter by the close of business Monday, January 19, 2015. You will then receive a Notice of Hearing informing you of the date and time of the requested hearing.

Please feel free to contact me at (601) 359-9055 if you have any questions or concerns.

Sincerely,


Amy C. Foster
Senior Attorney
Regulation and Enforcement Division



JAN 20 2014

Patterson Memorial Chapel
125 S. Franklin Street
Corinth, Mississippi 38834

To Whom It may CONCERN:

I Danny Patterson Request a hearing on
the matter of writing prepared for the
State of Miss.

Respectfully Submitted
Danny Patterson
Patterson Memorial Chapel
120000242



OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
REGULATION AND ENFORCEMENT DIVISION

IN THE MATTER OF:)

PATTERSON MEMORIAL)
CHAPEL)
125 SOUTH FRANKLIN STREET)
CORINTH, MS 38834)

Administrative Proceeding
Number: LPR-15-1277

Respondent)

NOTICE OF HEARING TO ISSUE AN ORDER OF CEASE AND DESIST FOR
PRENEED SALES, NONRENEWAL OF PRENEED LICENSE, AND FOR
CONSIDERATION OF MONETARY PENALTIES

The SECRETARY OF STATE OF MISSISSIPPI, by and through the undersigned designated representative, hereby issues this Notice of Hearing to Issue an Order of Cease and Desist for Preneed Sales, Nonrenewal of Preneed License, and for Consideration of Monetary Penalties (fines) against PATTERSON MEMORIAL CHAPEL. ("Patterson"), and states the following:

I. JURISDICTION

The Secretary of State is vested with the regulation of establishments that sell preneed merchandise and/or services in the State of Mississippi pursuant to Mississippi Code Annotated §75-63-51, *et seq.* ("Act"). Respondent, at the time of the violation herein, was a preneed 'contract provider' as defined by Mississippi Code Annotated §75-63-53 (e). The Secretary of State; therefore, finds that he has jurisdiction over the subject matter and the parties herein.

II. ALLEGED VIOLATIONS

1. Danny Pattern d/b/a Patterson Memorial Chapel has no trust and no ability to back preneed contracts he has sold with insurance funded products. Preneed contracts must be backed by either trust or insurance. Patterson has neither. Pursuant to Mississippi Code



Annotated Section 75-63-55(3), "all preneed contracts sold shall be funded by trust or insurance as defined in the article or evidenced by a warehouse receipt..." The Division alleges that Patterson has sold at least Twenty-Eight (28) preneed contracts for which there was no funding mechanism as required by this statute. These violations represent Seventeen Thousand Two Hundred Sixty-One Dollars and Ten Cents (\$17,261.10) in misappropriated consumer funds. See Exhibit A to this Notice, titled "Unaccounted Preneed Funds". Each failure to trust represents a single and separate violation of Mississippi Code Annotated Section 75-63-55(3).

2. Each failure by Patterson to trust consumer funds he receives by the fifth day of the following month is also a violation of Mississippi Code Annotated Section 75-63-59. Again, by reference to Exhibit A, Patterson has committed scores of violations by not trusting by the fifth day of the month following receipt of consumer funds. The failure to trust consumer funds is a misappropriation of consumer funds, which is a violation of Mississippi Code Annotated Section 75-63-56(c), grounds for penalties against a preneed provider.
3. In the course of the examination of Danny Patterson's business, Division staff made not one, but two trips from Jackson, Mississippi, to Corinth, Mississippi, to meet with Danny Patterson regarding examination findings and to review business records. On BOTH occasions, Patterson was a complete no-show for the appointments made by the Division with him at his funeral home location. Furthermore, Patterson completely ignored phone messages seeking an explanation of his failure to appear and meet with Division staff. Both occurrences are a violation of Mississippi Code Annotated Section 75-63-56(f).

This section requires examinees to cooperate with Divisions staff conducting examinations and investigations into business activity.

4. Danny Patterson does not have an approved contract for preneed sales on file with the Secretary of State's Office. All preneed providers must file for review and approval, prior to use, a sample form of their preneed contract that the business intends to utilize for preneed sales. Danny Patterson does not have an approved preneed contract on file with the Divisions. This failure is a violation of Mississippi Code Annotated Section 75-63-55.

III. NOTICE OF INTENDED ACTION

Please note that the Secretary of State intends to take the following actions:

1. Issue an Order of Cease and Desist for Preneed Sales.
2. Nonrenewal of Patterson's Preneed License which expires on March 31, 2015.
3. Impose a monetary penalty of Ten Thousand Dollars (\$10,000.00) for the aforementioned violations of Mississippi Code Annotated § 75-63-51 *et seq.* to be made payable to the Secretary of State's Office.

IV. ADMINISTRATIVE HEARING

On December 18, 2004, the Division sent Patterson a notice of nonrenewal via letter attached as Exhibit B. This letter gave Danny Patterson an opportunity to request a hearing on the matter which he did.

Therefore, an administrative hearing has been scheduled for Thursday, March 19, 2015 at 10:00 a.m. in the Vicksburg Room at the Secretary of State's Office, 125 S. Congress Street, Jackson, MS 39201 (Capital Towers, 17th Floor). Each party shall file with the Hearing Officer and the opposing party, a list of witnesses such party may call to testify at the hearing pursuant to

1 Mississippi Administrative Code Part 12, Rule 5.4 (C). Witness lists shall be submitted no later than four (4) business days prior to the hearing date.

V. PUBLIC INTEREST

The actions taken and proposed to be taken herein by the Secretary of State are in the public interest and are consistent with the purposes set out in Mississippi Code Annotated § 75-63-51, *et seq.*

VI. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Notice of Hearing to Issue an Order of Cease and Desist for Preneed Sales, Nonrenewal of Preneed License, and for Consideration of Monetary Penalties.

Issued, this the 13th day of February, 2015.

C. DELBERT HOSEMANN, JR.
SECRETARY OF STATE
In his Official Capacity

BY:



Dave Scott
Assistant Secretary of State
Regulation and Enforcement

CERTIFICATE OF SERVICE

I, Dave Scott, do hereby certify that I have this day, mailed via United States Certified Mail, a true and correct copy of the Notice of Hearing to Issue an Order of Cease and Desist for Preneed Sales, Nonrenewal of Preneed License, and for Consideration of Monetary Penalties to the following:

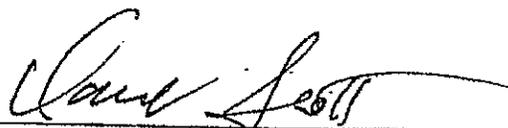
First Class Mail Regular Delivery:
Certified Mail, Return Receipt Requested:
By Facsimile (W/O Exhibits): 662-286-0213

Danny Patterson
Patterson Memorial Chapel
125 South Franklin Street
Corinth, MS 38834

First Class Mail:

Hon. Mack Varner, Hearing Officer
Varner, Parker, & Sessums, P.A.
1110 Jackson Street
Vicksburg, MS 39183

This the 13th day of February, 2015.



Dave Scott
Assistant Secretary of State,
Regulation and Enforcement

Dave Scott, MSB # 8765
Mississippi Secretary of State's Office
125 S. Congress Street
Jackson, Mississippi 39201
(601) 359-9055

Patterson Memorial Chapel
125 S. Franklin Street
Corinth, Mississippi 38834

Mr Dave Scott
Assistant Secretary of State

Dear Mr Dave Scott.

This letter is to verify that I Danny
Patterson of Patterson Memorial Chapel would
like to withdraw from the hearing
sat for March 19 2015 at 10:00 am.

Respectfully Submitted
Danny Patterson

