

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 674

A bill to amend 1968 PA 251, entitled
"Cemetery regulation act,"
by amending the title and sections 2, 2a, 8, 9, 10, 12, 12a, 13,
15, 16, 18, and 21 (MCL 456.522, 456.522a, 456.528, 456.529,
456.530, 456.532, 456.532a, 456.533, 456.535, 456.536, 456.538, and
456.541), the title and sections 2, 8, 9, 10, 12, 12a, 13, 15, 16,
18, and 21 as amended by 2004 PA 22 and section 2a as added by 1982
PA 132, and by adding sections 9a, 9b, and 13a; and to repeal acts
and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

2

An act to regulate the creation and management of cemeteries;

3

to provide for a cemetery commissioner ~~—~~and to prescribe the

4

powers and duties of the commissioner; to require the registration

1 and audit of cemeteries; to provide ~~for~~ **STANDARDS REGARDING THE**
2 long-term care of certain cemeteries **AND TRUSTING OF CERTAIN FUNDS;**
3 to regulate persons selling burial, entombment, or columbarium
4 rights **AND CERTAIN MERCHANDISE; TO PROVIDE FOR QUALIFICATIONS FOR**
5 **OWNERS, OPERATORS, EMPLOYEES, AND TRANSFEREES OF CEMETERIES UNDER**
6 **CERTAIN CIRCUMSTANCES; TO ALLOW THE CEMETERY COMMISSIONER TO**
7 **CONDUCT CERTAIN INVESTIGATIONS;** and to prescribe **ADMINISTRATIVE AND**
8 **CIVIL** remedies and penalties.

9 Sec. 2. As used in this act:

10 (a) "Cemetery" means 1 or a combination of more than 1 of the
11 following:

12 (i) A burial ground for earth interments.

13 (ii) A mausoleum for crypt entombments.

14 (iii) A crematory for the cremation for human remains.

15 (iv) A columbarium for the inurnment of cremated remains.

16 (b) "Interment" means the disposition of human remains by
17 earth interment, entombment, or inurnment.

18 (c) "Burial right" means a right of earth interment.

19 (d) "Entombment right" means the right of crypt entombment in
20 a mausoleum or in an aboveground vault.

21 (e) "Columbarium right" means the right of inurnment in a
22 columbarium for cremated remains.

23 (f) "Mausoleum" means a building or other aboveground
24 structure that is affixed to land and is a permanent repository for
25 human remains.

26 (g) "Crypt" means a chamber in a mausoleum of sufficient size
27 to entomb the uncremated remains of a deceased person.

1 (h) "Columbarium" means a building or other aboveground
2 structure that is affixed to land and is a permanent repository for
3 cremated human remains.

4 (i) "Crematory" means a building or structure, within which
5 the remains of deceased persons are or are intended to be cremated.

6 (j) "Cremation" means the incineration of the body of the
7 deceased person.

8 (k) "Cemetery commissioner" or "commissioner" means the
9 director of the department of labor and economic growth or a
10 designee of the director.

11 (l) "ENDOWMENT AND PERPETUAL CARE" MEANS ALL GENERAL WORK
12 NECESSARY TO KEEP THE CEMETERY PROPERTY IN A PRESENTABLE CONDITION
13 AT ALL TIMES, INCLUDING, BUT NOT LIMITED TO, THE CUTTING OF GRASS
14 AT REASONABLE INTERVALS; THE RAKING, CLEANING, FILLING, SEEDING,
15 AND SODDING OF GRAVES; THE REPLACEMENT, PRUNING, OR REMOVAL OF
16 SHRUBS AND TREES IN ORDER TO ASSURE ACCESS TO INTERMENT RIGHTS; AND
17 THE REPAIR AND MAINTENANCE OF ENCLOSURES, BUILDINGS, DRIVES, WALKS,
18 AND THE VARIOUS MEMORIAL GARDENS.

19 (m) "MERCHANDISE TRUST" MEANS TRUSTS REQUIRED BY SECTION 16,
20 COMPOSED OF DEPOSITS MADE IN CONNECTION WITH MERCHANDISE AND
21 SERVICE SALES MADE PRIOR TO JANUARY 1, 2005.

22 (N) ~~(l)~~ "Municipal corporation" means ~~that term as defined in~~
23 ~~section 1 of 1927 PA 10, MCL 456.181~~ A COUNTY, CITY, VILLAGE, OR
24 TOWNSHIP.

25 (O) "REGULATED FINANCIAL INSTITUTION" MEANS A STATE OR
26 NATIONALLY CHARTERED BANK, SAVINGS AND LOAN ASSOCIATION OR SAVINGS
27 BANK, CREDIT UNION, TRUST COMPANY, OR OTHER STATE OR FEDERALLY

1 CHARTERED LENDING INSTITUTION OR A REGULATED AFFILIATE OR REGULATED
2 SUBSIDIARY OF ANY OF THESE ENTITIES.

3 (P) ~~(m)~~—"Person" means an individual, group of individuals,
4 sole proprietorship, partnership, limited liability company,
5 association, corporation, government agency, cemetery, or a
6 combination of these legal entities.

7 (Q) "GOOD MORAL CHARACTER" MEANS THAT TERM AS DEFINED AND
8 DETERMINED UNDER 1974 PA 381, MCL 338.41 TO 338.47.

9 (R) "CEMETERY OWNER" MEANS THE PERSON WHO HAS TITLE TO THE
10 CEMETERY.

11 (S) "OPERATOR" MEANS ANY OF THE FOLLOWING:

12 (i) A PERSON, AN OFFICER OF A PERSON, A PARTNER OF A PERSON, OR
13 A MEMBER OR MANAGER OF A LIMITED LIABILITY COMPANY, WHO HOLDS MORE
14 THAN 50% VOTING RIGHTS IN A CEMETERY OWNER.

15 (ii) A PERSON WHO IS A MEMBER OF THE BOARD OF DIRECTORS OF A
16 CEMETERY OWNER, A PARTNER IN A CEMETERY OWNER, OR A MEMBER OR
17 MANAGER OF A LIMITED LIABILITY COMPANY THAT IS A CEMETERY OWNER.

18 (iii) AN ADMINISTRATIVE OFFICIAL OF THE CEMETERY OWNER OR THE
19 PERSON DESCRIBED IN SUBPARAGRAPH (i), COMPARABLE TO A CHIEF
20 ADMINISTRATIVE OFFICER, CHIEF EXECUTIVE OFFICER, OR CHIEF FINANCIAL
21 OFFICER.

22 (T) "AFFILIATED PERSON" MEANS A PERSON DIRECTLY OR INDIRECTLY
23 CONTROLLING THE CEMETERY AND INCLUDES ALL OF THE FOLLOWING:

24 (i) A PERSON WHO HOLDS AT LEAST A 50% INTEREST IN A CEMETERY.

25 (ii) A PERSON WHO IS A MEMBER OF THE BOARD OF DIRECTORS OR A
26 CEMETERY OWNER, A PARTNER IN A CEMETERY OWNER, OR A MEMBER OR
27 MANAGER OF A LIMITED LIABILITY COMPANY THAT IS A CEMETERY OWNER.

(iii) A PERSON WHO IS AN OFFICER OF THE PERSON WHO HOLDS AT LEAST A 10% INTEREST IN A CEMETERY CORPORATION OR OTHER ENTITY HAVING CONTROL OF THE CEMETERY.

Sec. 2a. The cemetery commissioner, or the commissioner's spouse or child, shall not have a **DIRECT OR INDIRECT** financial interest in a cemetery, **CEMETERY OPERATIONS**, a supplier of cemetery services or cemetery memorials, or a funeral establishment as defined in section 1801 of ~~Act No. 299 of the Public Acts of 1980,~~ ~~being section 339.1801 of the Michigan Compiled Laws~~ **THE OCCUPATIONAL CODE, 1980 PA 299, MCL 339.1801.**

Sec. 8. (1) The commissioner ~~may~~ **SHALL** promulgate rules ~~in accordance with and subject to~~ **UNDER** the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement and administer this act, including, **BUT NOT LIMITED TO**, rules regarding all of the following:

(a) The maintenance of records relative to the financial aspects of cemeteries.

(b) Requirements for applications for the granting of permits and registrations required under this act, **INCLUDING, BUT NOT LIMITED TO, THE GOOD MORAL CHARACTER AND FINANCIAL SECURITY, RESPONSIBILITY, AND STABILITY OF PERSONS HAVING AN INTEREST IN THE CEMETERY AND ALL PERSONS WITH DECISION-MAKING AUTHORITY THAT ARE EMPLOYED BY THE APPLICANT, REGISTRANT, OR PERMITTEE.**

(c) The formal and informal procedures governing the conduct of contested cases under this act before the commissioner or ~~an authorized~~ **A hearing officer DESIGNATED BY THE COMMISSIONER.**

(D) **THE ESTABLISHMENT, CONTROL, RECORD KEEPING, AND AUDITING**

1 OF ENDOWMENT CARE TRUSTS, MERCHANDISE TRUST ACCOUNTS, AND RELATED
2 TRUST FUNDS.

3 (E) REQUIREMENTS FOR TRUST AGREEMENTS, ENDOWMENT CARE TRUSTS,
4 AND MERCHANDISE TRUST ACCOUNTS.

5 (F) THE FULL DISCLOSURE OF THE SOURCE, NATURE, AND AMOUNT OF
6 CONSIDERATION TO BE USED IN THE SALE OR TRANSFER OF A CEMETERY.

7 (G) SUBMISSION OF ANNUAL REPORTS IN ACCORDANCE WITH SECTION
8 16(12) AND (13), INCLUDING REQUESTS FOR EXTENSIONS.

9 (2) THE COMMISSIONER SHALL UPDATE ANY EXISTING RULES THAT MUST
10 BE CHANGED DUE TO THE AMENDATORY ACT THAT ADDED THIS SUBSECTION
11 WITHIN 12 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
12 THAT ADDED THIS SUBSECTION.

13 Sec. 9. (1) The commissioner may hold hearings, CONDUCT
14 INVESTIGATIONS, administer oaths, take testimony under oath, and
15 request in writing the appearance and testimony of witnesses,
16 including the production of books and records. ~~Upon the refusal of~~
17 ~~a witness to appear, testify, or submit books and records after a~~
18 ~~written request, the~~ THE commissioner ~~or a party to a contested~~
19 ~~case may apply to~~ MAY PETITION the circuit court for Ingham county
20 for AN ORDER TO ISSUE, AS PART OF THE COMMISSIONER'S GENERAL
21 INVESTIGATIVE AND ENFORCEMENT AUTHORITY, a subpoena or a subpoena
22 duces tecum RELATING TO ANY PERSON'S APPEARANCE AND TESTIMONY AND
23 FOR THE PRODUCTION, EXAMINATION, OR COPYING OF BOOKS, PAPERS, OR
24 OTHER DOCUMENTS PERTAINING TO AN INVESTIGATION OR HEARING THAT IS
25 WITHIN THE SCOPE OF THE COMMISSIONER'S AUTHORITY UNDER THIS ACT.
26 The court shall issue ~~a subpoena~~ AN ORDER FOR THE ISSUANCE OF
27 SUBPOENAS when reasonable grounds are shown.

1 (2) THE COMMISSIONER HAS THE AUTHORITY TO CONTROL, MANAGE, AND
2 DISPOSE OF OR TRANSFER ABANDONED CEMETERIES OR TO REQUIRE
3 ACCEPTANCE OF RESPONSIBILITY FOR AN ABANDONED CEMETERY ACCORDING TO
4 LAW. THE COMMISSIONER MAY PROMULGATE RULES THAT ARE NECESSARY FOR
5 THE DEPARTMENT TO CARRY OUT ITS POWERS AND DUTIES UNDER THIS
6 SUBSECTION.

7 (3) FAILURE TO OBEY A SUBPOENA ISSUED TO ANY PERSON BY THE
8 COMMISSIONER THROUGH AN ORDER OF THE CIRCUIT COURT MAY SUBJECT THE
9 PERSON TO PUNISHMENT BY THE CIRCUIT COURT AS A CONTEMPT OF COURT.

10 (4) ANY PERSON REQUIRED BY THIS ACT TO TAKE ANY OATH OR
11 AFFIRMATION AND WHO KNOWINGLY MAKES ANY FALSE OATH OR AFFIRMATION
12 IS CONSIDERED TO HAVE COMMITTED THE CRIME OF PERJURY.

13 (5) ~~(2)~~When it appears to the commissioner that a person or
14 registrant has ~~violated~~**ENGAGED IN, OR IS ABOUT TO ENGAGE IN, ANY**
15 **ACT OR PRACTICE CONSTITUTING A VIOLATION OF** this act or a rule
16 promulgated or order issued under this act, the commissioner may do
17 1 or more of the following:

18 (a) Issue a cease and desist order.

19 (b) Accept an assurance of discontinuance **OF THE VIOLATION.**

20 (c) Bring an action in the circuit court for the county in
21 which the person resides or in the circuit court for the county of
22 Ingham, to enforce compliance with this act or a rule promulgated
23 or order issued under this act.

24 (6) ~~(3)~~Upon a proper showing regarding an action brought
25 under subsection ~~(2)(e)~~**(5) (C)**, a permanent or temporary injunction
26 or a restraining order may be granted and a receiver or conservator
27 may be appointed by the court. A receiver or conservator appointed

Senate Bill No. 674 (H-2) as amended December 18, 2008

by the court **SHALL RECEIVE COMPENSATION FROM THE CEMETERY AS**

DETERMINED BY THE COURT. THE RECEIVER OR CONSERVATOR may **OPERATE**

THE CEMETERY AND take possession of the assets. **THE RECEIVER OR**

CONSERVATOR SHALL HAVE THE RIGHTS AND OBLIGATIONS OF THE CEMETERY

AS TO ALL TRUST AND ESCROW ACCOUNTS and may sell, assign, transfer,

or convey the cemetery ~~, including a cemetery in receivership on~~

~~the July 26, 2002 date of the amendatory act that amended this~~

~~subsection, AND ANY OF THE ASSETS~~ to a municipal corporation or

other person other than the holder of a license for the practice of

mortuary science or a person who owns, manages, supervises,

operates, or maintains, either directly or indirectly, a funeral

establishment, under conditions prescribed by the court, in order

to discharge outstanding contractual obligations. A receiver **OR**

CONSERVATOR appointed under this section **[OR SECTION 2926A OF THE REVISED JUDICATURE ACT OF 1961, 1961 PA 236, MCL 600.2926A,]** has all the powers, authority, and remedies of an assignee for the benefit of creditors

under chapter 52 of the revised judicature act of 1961, 1961 PA

236, MCL 600.5201 to 600.5265. The court may allow the receiver or

conservator to file for protection under the bankruptcy code.

(7) **SUBJECT TO COURT APPROVAL, A RECEIVER OR CONSERVATOR MAY DO ANY OF THE FOLLOWING:**

(A) **TAKE POSSESSION OF THE BOOKS, RECORDS, AND ASSETS OF THE CEMETERY OR CEMETERY ENTITY.**

(B) **EMPLOY EMPLOYEES AND AGENTS, LEGAL COUNSEL, ACTUARIES, ACCOUNTANTS, APPRAISERS, CONSULTANTS, AND SUCH OTHER PERSONNEL AS HE OR SHE CONSIDERS NECESSARY.**

(C) **FIX THE REASONABLE COMPENSATION OF EMPLOYEES AND AGENTS, LEGAL COUNSEL, ACTUARIES, ACCOUNTANTS, APPRAISERS, AND CONSULTANTS**

1 **WITH THE COURT'S APPROVAL.**

2 (8) ~~(4)~~—In the order of sale of the cemetery, the court shall
 3 make provision for notice to creditors and the filing of claims
 4 against the receivership or conservatorship. ~~Any remaining funds~~
 5 **MONEY** held by the cemetery **IN TRUST OR** in escrow ~~under this act~~
 6 ~~belong to the contract buyers or beneficiaries of the contract~~
 7 ~~buyers and~~ shall not be distributed to the general creditors of the
 8 cemetery. This section does not prohibit the court from allowing
 9 the sale of the cemetery to a person other than the holder of a
 10 license for the practice of mortuary science or a person who owns,
 11 manages, supervises, operates, or maintains, either directly or
 12 indirectly, a funeral establishment, or **FROM ALLOWING THE SALE OF**
 13 **THE CEMETERY TO A** municipal corporation.

14 (9) ~~(5)~~—In addition to an action taken under this section, the
 15 commissioner may deny an application or may suspend or revoke a
 16 permit or registration after ~~a~~ **AN ADMINISTRATIVE** hearing as ~~set~~
 17 ~~forth~~ **PROVIDED FOR** in this act.

18 **SEC. 9A. ALL DEPARTMENTS, STATE AGENCIES, PUBLIC BODIES**
 19 **CORPORATE, COMMITTEES, COMMISSIONERS, OR OFFICERS OF THIS STATE,**
 20 **AND ANY POLITICAL SUBDIVISION OF THIS STATE, SO FAR AS IS**
 21 **COMPATIBLE WITH THEIR DUTIES, SHALL GIVE THE COMMISSIONER OR HIS OR**
 22 **HER DESIGNEE ANY NECESSARY ASSISTANCE REQUIRED BY THE COMMISSIONER**
 23 **IN THE PERFORMANCE OF THE DUTIES OF THE COMMISSIONER. ALL**
 24 **DEPARTMENTS, STATE AGENCIES, PUBLIC BODIES CORPORATE, COMMITTEES,**
 25 **COMMISSIONERS, OR OFFICERS OF THIS STATE, AND ANY POLITICAL**
 26 **SUBDIVISION OF THIS STATE, SHALL PROVIDE THE COMMISSIONER FREE**
 27 **ACCESS TO ANY BOOK, RECORD, OR DOCUMENT IN THEIR CUSTODY RELATING**

1 TO THE MATTERS WITHIN THE SCOPE OF THE COMMISSIONER IN THE
2 PERFORMANCE OF HIS OR HER DUTIES.

3 SEC. 9B. THE COMMISSIONER MAY ENTER INTO CONTRACTS TO
4 ACCOMPLISH REQUIREMENTS UNDER THIS ACT, INCLUDING FOR THE
5 ENGAGEMENT OF CONSULTANTS. THE COMMISSIONER MAY USE AN AUTHORIZED
6 EMPLOYEE OR AGENT, WHO IS AN ATTORNEY, TO REPRESENT THE
7 COMMISSIONER OR THE DEPARTMENT IN A CONTESTED CASE PROCEEDING
8 BROUGHT UNDER THIS ACT.

9 Sec. 10. (1) The commissioner shall institute and maintain a
10 system of auditing trust funds required by this act and of
11 registering each cemetery authorized to be created, maintained, and
12 operated ~~under 1869 PA 12, MCL 456.101 to 456.119, and 1855 PA 87,~~
13 ~~MCL 456.1 to 456.36, and conducting sales under the prepaid funeral~~
14 ~~and cemetery sales act, 1986 PA 255, MCL 328.211 to 328.235~~ **IN THIS**
15 **STATE**, as well as any other cemetery operating under state law or
16 local ordinance. A cemetery owned and operated by a municipal
17 corporation, church, or religious institution is exempt from this
18 act. However, a municipal corporation may pass ordinances necessary
19 for regulating that municipal corporation's cemeteries.

20 (2) A cemetery for earth interment of 10 acres or less in
21 size, which is owned and operated entirely and exclusively by an
22 existing nonprofit entity and in which a burial has taken place
23 before September 15, 1968, is exempt from the fee provisions of
24 this act, shall have the trust fund required by this act audited at
25 the discretion of the commissioner, and is exempt from the
26 endowment care trust fund requirements of section 16, except for
27 the report requirements if the cemetery maintains **ENDOWMENT AND**

1 ~~PERPETUAL~~ care ~~or memorial~~ **TRUST** funds.

2 Sec. 12. (1) A person shall not establish a cemetery without a
3 valid permit or operate an existing cemetery except under a valid
4 registration issued under this act.

5 (2) If a person proposes to purchase or otherwise acquire a
6 controlling interest in an existing cemetery company, that person
7 shall first apply to the commissioner for a certificate of approval
8 of a proposed change of control of a cemetery company. The
9 application shall contain **ALL OF the FOLLOWING:**

10 **(A) THE** name and address of the proposed new owner or
11 operator. ~~and~~

12 **(B) A SWORN STATEMENT FROM THE SELLER ATTESTING TO THE ASSETS**
13 **AND LIABILITIES RELATED TO THE CEMETERY, INCLUDING ALL TRUST**
14 **ACCOUNTS AND THE VALUE OF THOSE ACCOUNTS.**

15 **(C) SWORN STATEMENTS FROM BOTH THE SELLER AND THE PURCHASER**
16 **STATING WHO WILL ASSUME THE ASSETS AND LIABILITIES RELATED TO THE**
17 **CEMETERY.**

18 **(D) A SWORN STATEMENT THAT THE PRINCIPAL FROM THE ENDOWMENT**
19 **AND PERPETUAL CARE TRUST ACCOUNTS WILL BE HELD IN ESCROW FOR 6**
20 **MONTHS FROM THE LATER OF THE FOLLOWING:**

21 **(i) THE COMMISSIONER'S APPROVAL OF THE APPLICATION.**

22 **(ii) THE CLOSE OF THE SALE OF A CONTROLLING INTEREST IN THE**
23 **CEMETERY OWNER OR THE SALE OF A SUBSTANTIAL PORTION OF THE ASSETS**
24 **OF THE CEMETERY OWNER.**

25 **(iii) THE TRANSFER OF TITLE OF THE CEMETERY.**

26 **(E) ANY** other information ~~as~~ the commissioner requires.

27 (3) The commissioner shall issue a certificate of approval **FOR**

1 **A CHANGE OF CONTROL** only after he or she is satisfied that the
 2 proposed new **CEMETERY** owner **OR OPERATOR** is qualified by **GOOD MORAL**
 3 character, experience, and financial **STABILITY**, responsibility, **AND**
 4 **SECURITY** to control and operate the cemetery in a legal and proper
 5 manner, and that the interest of the public generally will not be
 6 jeopardized by the proposed change in ownership and management. The
 7 application for a purchase or change of control must be accompanied
 8 by an initial filing or investigation fee of ~~\$500.00~~ **\$1,500.00**.

9 (4) If a person fails to comply with this section, the
 10 commissioner ~~shall order that an administrative hearing be held. If~~
 11 **MAY DO ANY OF THE FOLLOWING IF** a transfer of controlling interest
 12 is found to have taken place without prior commissioner approval: ~~7~~
 13 ~~the commissioner may suspend~~

14 (A) **SUSPEND** or revoke the registration of the cemetery. ~~or~~
 15 ~~take~~

16 (B) **ISSUE A CEASE AND DESIST ORDER OR OTHER ORDER REQUIRING A**
 17 **PERSON TO IMMEDIATELY TAKE REMEDIAL ACTION AS PRESCRIBED BY THE**
 18 **COMMISSIONER.**

19 (C) **SEEK INJUNCTIVE OR OTHER EQUITABLE ACTION FROM A COURT OF**
 20 **COMPETENT JURISDICTION.**

21 (D) **TAKE** other appropriate action until ~~it~~ **THE PERSON**
 22 **PURCHASING OR OTHERWISE ACQUIRING A CONTROLLING INTEREST IN AN**
 23 **EXISTING CEMETERY, PURCHASING AN EXISTING CEMETERY, OR OTHERWISE**
 24 **ACQUIRING THE CEMETERY** demonstrates compliance with this section **OR**
 25 **DIVESTS ITSELF OF ANY INTEREST OR CONTROL OF THE CEMETERY.**

26 (5) **AFTER THE SALE, TRANSFER, PURCHASE, OR ACQUISITION OF A**
 27 **CONTROLLING INTEREST IN A CEMETERY IS COMPLETED, THE ENDOWMENT AND**

1 PERPETUAL CARE TRUST FUND FOR THE CEMETERY SHALL BE ESCROWED INTO
2 AN ACCOUNT FOR THE FIRST 6 MONTHS OF THE NEW OWNERSHIP. THIS
3 SUBSECTION SHALL NOT BE CONSTRUED TO PREVENT OR PROHIBIT THE
4 CEMETERY FROM RECEIVING INTEREST OR INCOME FROM THE ENDOWMENT AND
5 PERPETUAL CARE TRUST FUND TO MAINTAIN THE CEMETERY.

6 (6) THE ENDOWMENT AND PERPETUAL CARE TRUST FUNDS OF A CEMETERY
7 BEING SOLD SHALL NOT BE USED BY THE NEW OWNER OF AN EXISTING
8 CEMETERY IN ANY MANNER TO PURCHASE OR OTHERWISE FINANCE THE
9 PURCHASE OF THAT CEMETERY FROM THE PREVIOUS OWNER.

10 (7) ~~(3)~~ As used in this section, "controlling interest" means
11 the capability to decide the operating and financial policies of
12 the cemetery company or to select the officers or directors with
13 majority control of the cemetery company.

14 Sec. 12a. (1) The commissioner or an examiner, investigator,
15 or other person the commissioner may appoint, may visit and examine
16 the affairs of any cemetery or person required to register under
17 this act and shall have free access to the books, papers, records,
18 and documents ~~that relate to the business of the cemetery~~
19 corporation, person, **AFFILIATED PERSON**, or agent acting on its
20 behalf **THAT RELATE TO THE BUSINESS OF THE CEMETERY OR PERSON**
21 **REQUIRED TO REGISTER UNDER THIS ACT.**

22 (2) The books, papers, records, and documents shall be
23 available for inspection or audit at any time during regular
24 business hours with reasonable notice. One or more qualified
25 persons **DESIGNATED BY THE COMMISSIONER** shall conduct the audit,
26 whose services shall be charged to and paid by the cemetery. ~~at the~~
27 ~~rate of \$10.00 per hour, but not more than \$1,000.00 total.~~

1 Sec. 13. (1) Any person desiring to establish a cemetery shall
2 file with the commissioner, on forms furnished by the commissioner,
3 an application for a permit to establish a cemetery. The
4 application shall be accompanied by ~~an~~ **A NONREFUNDABLE**
5 investigation fee of ~~\$500.00~~ **\$1,500.00**.

6 (2) After a receipt of an application, the commissioner shall
7 conduct an investigation pertaining to the physical plans, the
8 community need for the planned cemetery, and pertinent information
9 pertaining to the applicant's experience, financial **SECURITY,**
10 **RESPONSIBILITY, AND** stability, ability, and ~~integrity~~ **GOOD MORAL**
11 **CHARACTER AND THE SOURCE, NATURE, AND AMOUNT OF CONSIDERATION TO BE**
12 **USED IN THE PURCHASE OF THE CEMETERY.** If the applicant is not a
13 ~~natural person~~ **AN INDIVIDUAL,** the same investigation shall be made
14 of the ~~general manager and principal owners,~~ **DIRECTORS, OFFICERS,**
15 **PARTNERS, MEMBERS, OR ANY PERSON OCCUPYING A SIMILAR STATUS OR**
16 **PERFORMING SIMILAR FUNCTIONS, OR ANY AFFILIATED PERSON.**

17 (3) **A CEMETERY COMPANY SHALL IMMEDIATELY NOTIFY THE**
18 **COMMISSIONER OF ANY CHANGE IN ITS DIRECTORS, OFFICERS, PARTNERS,**
19 **MEMBERS, AFFILIATED PERSONS, OR ANY PERSONS OCCUPYING A SIMILAR**
20 **STATUS OR PERFORMING SIMILAR FUNCTIONS. IF AFTER INVESTIGATION THE**
21 **COMMISSIONER DETERMINES THAT ANY NEW DIRECTOR, OFFICER, PARTNER,**
22 **MEMBER, AFFILIATED PERSON, OR A PERSON OCCUPYING A SIMILAR STATUS**
23 **OR PERFORMING A SIMILAR FUNCTION DOES NOT HAVE SUITABLE EXPERIENCE,**
24 **FINANCIAL SECURITY, RESPONSIBILITY, AND STABILITY, ABILITY, AND**
25 **GOOD MORAL CHARACTER, THE COMMISSIONER SHALL ORDER THE CEMETERY**
26 **COMPANY TO VOID THE APPOINTMENT OF THE DIRECTOR, OFFICER, PARTNER,**
27 **MEMBER, AFFILIATED PERSON, OR ANY PERSONS OCCUPYING A SIMILAR**

1 STATUS OR PERFORMING A SIMILAR FUNCTION.

2 SEC. 13A. (1) NOTWITHSTANDING ANY OTHER PROVISIONS GOVERNING
3 ELIGIBILITY AS A CEMETERY OWNER, A PERSON MAY BE INELIGIBLE TO
4 BECOME A CEMETERY OWNER OR HOLD A CONTROLLING INTEREST IN A
5 CEMETERY COMPANY IF ANY OF THE FOLLOWING CIRCUMSTANCES EXIST:

6 (A) THE PERSON HAS BEEN CONVICTED OF A FELONY UNDER THE LAWS
7 OF THIS STATE, ANY OTHER STATE, OR THE UNITED STATES.

8 (B) THE PERSON HAS BEEN CONVICTED OF A MISDEMEANOR INVOLVING
9 GAMBLING, THEFT, DISHONESTY, OR FRAUD IN ANY STATE, OR HAS BEEN
10 CONVICTED UNDER A LOCAL ORDINANCE IN ANY STATE INVOLVING GAMBLING,
11 DISHONESTY, THEFT, OR FRAUD THAT SUBSTANTIALLY CORRESPONDS TO A
12 MISDEMEANOR IN THIS STATE.

13 (C) THE PERSON HAS KNOWINGLY SUBMITTED AN APPLICATION FOR A
14 LICENSE UNDER THIS ACT THAT CONTAINS FALSE INFORMATION.

15 (D) THE PERSON LACKS THE REQUISITE CHARACTER, EXPERIENCE, AND
16 FINANCIAL RESPONSIBILITY TO CONTROL AND OPERATE THE CEMETERY IN A
17 LEGAL AND PROPER MANNER, AS DETERMINED BY THE COMMISSIONER, AND THE
18 PROPOSED OWNERSHIP OR CHANGE IN OWNERSHIP AND MANAGEMENT IS LIKELY
19 TO JEOPARDIZE THE PUBLIC.

20 (2) IN DETERMINING WHETHER TO ALLOW A PERSON TO BECOME A
21 CEMETERY OWNER, THE COMMISSIONER SHALL ALSO CONSIDER ALL OF THE
22 FOLLOWING:

23 (A) THE PAST AND PRESENT COMPLIANCE OF THE PERSON AND ITS
24 AFFILIATED PERSON WITH CEMETERY OR CEMETERY-RELATED LICENSING
25 REQUIREMENTS, CEMETERY-RELATED AGREEMENTS, OR COMPACTS WITH THE
26 STATE OF MICHIGAN OR ANY OTHER JURISDICTION.

27 (B) WHETHER THE PERSON HAS BEEN INDICTED, CHARGED, ARRESTED,

1 OR CONVICTED, HAS PLEADED GUILTY OR NOLO CONTENDERE, OR HAS
2 FORFEITED BAIL CONCERNING ANY CRIMINAL OFFENSE UNDER THE LAWS OF
3 ANY JURISDICTION, EITHER FELONY OR MISDEMEANOR, NOT INCLUDING
4 TRAFFIC VIOLATIONS, UNLESS THE OFFENSE HAS BEEN EXPUNGED, PARDONED,
5 OR REVERSED ON APPEAL OR OTHERWISE NULLIFIED AS DETERMINED BY THE
6 COMMISSIONER.

7 (C) WHETHER THE PERSON HAS FILED, OR HAD FILED AGAINST IT, A
8 PROCEEDING FOR BANKRUPTCY OR HAS EVER BEEN INVOLVED IN ANY FORMAL
9 PROCESS TO ADJUST, DEFER, SUSPEND, OR OTHERWISE WORK OUT THE
10 PAYMENT OF ANY DEBT.

11 (D) WHETHER THE PERSON HAS BEEN SERVED WITH A COMPLAINT OR
12 OTHER NOTICE FILED WITH ANY PUBLIC BODY REGARDING A PAYMENT OF ANY
13 TAX REQUIRED UNDER FEDERAL, STATE, OR LOCAL LAW THAT HAS BEEN
14 DELINQUENT FOR 1 OR MORE YEARS.

15 (E) THE PERSON HAS A HISTORY OF NONCOMPLIANCE WITH ANY
16 REGULATORY REQUIREMENTS IN THIS STATE, ANY OTHER JURISDICTION, OR
17 THE FEDERAL GOVERNMENT.

18 Sec. 15. (1) Each person **OWNING, MANAGING, OR** operating a
19 cemetery shall register the cemetery by filing with the
20 commissioner a registration application before June 2 of each year,
21 on a form furnished by the commissioner, and accompanied by the
22 registration fee. A registration expires on July 1 of each year.

23 (2) If the commissioner intends to deny registration, the
24 procedure set forth in section 19 shall be followed. The
25 commissioner may impose a late penalty filing fee of \$10.00 per day
26 on a person which filed a registration application after June 1.

27 Sec. 16. (1) The commissioner shall require each cemetery to

1 establish and maintain an irrevocable endowment **AND PERPETUAL** care
 2 **TRUST** fund. ~~as required by section 35a of 1855 PA 87, MCL 456.35a,~~
 3 ~~or section 7a of 1869 PA 12, MCL 456.107a, and to THE AMOUNTS~~
 4 **DEPOSITED INTO AN ENDOWMENT AND PERPETUAL CARE TRUST FUND PURSUANT**
 5 **TO SUBSECTION (5) SHALL BE HELD IN PERPETUITY BY THE TRUSTEE AND**
 6 **MAY ONLY BE DISTRIBUTED TO THE CEMETERY UPON ORDER OF A COURT**
 7 **FOLLOWING PETITION BY THE COMMISSIONER. INTEREST OR INCOME SHALL BE**
 8 **USED ONLY FOR ENDOWMENT CARE. EXCEPT AS OTHERWISE PROVIDED IN**
 9 **SUBSECTION (2), MONEY IN THE ENDOWMENT AND PERPETUAL CARE TRUST**
 10 **FUND SHALL NOT BE COMMINGLED WITH ANY OTHER MONEY OR TRUST**
 11 **ACCOUNTS. THE CEMETERY SHALL** report annually before July 1 of each
 12 year, on forms approved and furnished by the commissioner,
 13 **ENDOWMENT AND PERPETUAL** care **TRUST** fund information required to be
 14 reported to the commissioner by other statutes and information
 15 regarding the funds as the commissioner considers pertinent in the
 16 public interest. A cemetery applying to the commissioner as
 17 authorized by other statutes for a ~~AN ENDOWMENT AND PERPETUAL~~ care
 18 **TRUST** fund deposit modification or waiver shall be assessed the
 19 actual expenses for an examination or investigation by the
 20 commissioner.

21 (2) NOTWITHSTANDING SUBSECTION (1), BUNDLING OF FUNDS HELD IN
 22 TRUST OR ESCROW, FOR EACH CEMETERY OR AMONG CEMETERIES WITH COMMON
 23 OWNERSHIP, IS PERMISSIBLE ONLY UNDER THE FOLLOWING CIRCUMSTANCES:

24 (A) EACH CEMETERY MAINTAINS SEPARATE TRUST AND ESCROW ACCOUNT
 25 RECORDS PURSUANT TO STATUTORY AND RULE REQUIREMENTS FOR ENDOWED
 26 CARE, MERCHANDISE, OR PREPAID FUNERAL AND CEMETERY SALES.

27 (B) A CEMETERY, OR CEMETERIES WITH COMMON OWNERSHIP, HAS ALL

1 ITS TRUST OR ESCROW ACCOUNTS ON DEPOSIT WITH 1 OR MORE REGULATED
2 FINANCIAL INSTITUTIONS WITH TRUST POWERS IN THIS STATE.

3 (C) THE TRUSTEE, OR THE TRUSTEE'S TRADING BLOCK NOMINEE, HOLDS
4 TITLE IN THE NAME OF EACH INDIVIDUAL TRUST OR ESCROW ACCOUNT FOR
5 THAT TRUST OR ESCROW ACCOUNT ASSETS AND THE ASSETS ARE PROMPTLY
6 SETTLED BACK TO THE INDIVIDUAL ACCOUNTS BY THE TRUSTEE IN THE
7 ORDINARY COURSE OF BUSINESS.

8 (3) NOTWITHSTANDING SUBSECTION (2), OTHER COMPARABLE METHODS
9 OF BUNDLING OR POOLING OF TRUST OR ESCROW FUNDS FOR INVESTMENT
10 PURPOSES MAY BE PERMISSIBLE UPON TERMS AND CONDITIONS APPROVED IN
11 WRITING BY THE COMMISSIONER AND ONLY AFTER THE COMMISSIONER IS
12 REASONABLY SATISFIED THAT THE TITLE TO, CHARACTER OF, AND
13 ACCOUNTING FOR FUNDS HELD IN TRUST OR ESCROW IS PRESERVED.

14 (4) NOT LATER THAN JANUARY 1, 2010, THE IRREVOCABLE ENDOWMENT
15 AND PERPETUAL CARE TRUST FUND SHALL BE ESTABLISHED, OR
16 REESTABLISHED, WITH 1 OR MORE REGULATED FINANCIAL INSTITUTIONS WITH
17 TRUST POWERS THAT SHALL BE THE TRUSTEE OF THE PORTION OF THE FUND
18 ALLOCATED TO IT. THE CEMETERY SHALL ENTER INTO AGREEMENTS OF
19 IRREVOCABLE TRUST AGREEMENTS WITH EACH TRUSTEE. THOSE AGREEMENTS
20 SHALL PROVIDE THAT THE INVESTING OF THE ASSETS ARE SUBJECT TO THE
21 MICHIGAN PRUDENT INVESTOR RULE AS SET FORTH IN SECTIONS 1501 TO
22 1511 AND 7302 OF THE ESTATES AND PROTECTED INDIVIDUALS CODE, 1998
23 PA 386, MCL 700.1501 TO 700.1511 AND 700.7302, EXCEPT THAT THE
24 AGREEMENT SHALL NOT BE MODIFIED OR AMENDED, AS ALLOWED UNDER
25 SECTIONS 1502(2) AND 7302 OF THE ESTATES AND PROTECTED INDIVIDUALS
26 CODE, 1998 PA 386, MCL 700.1502 AND 700.7302, TO PROVIDE LESS THAN
27 THE STANDARD OF CARE IN THE PRUDENT INVESTOR RULE. THE CEMETERY

1 SHALL NOTIFY THE COMMISSIONER, IN WRITING, NOT LATER THAN 14 DAYS
2 PRIOR TO THE EFFECTIVE DATE OF AN APPOINTMENT OF A TRUSTEE. THE
3 CEMETERY MAY REMOVE AND REPLACE A TRUSTEE AT ANY TIME, SUBJECT TO
4 THE CONSENT OF THE COMMISSIONER, AND SUBJECT TO THE TERMS OF THE
5 CEMETERY'S AGREEMENT WITH THE TRUSTEE. THE FEES AND COSTS OF THE
6 TRUSTEE MAY, IN ACCORDANCE WITH THE TERMS OF THE TRUST AGREEMENT,
7 BE PAID FROM THE PRINCIPAL OF THE TRUST. A CEMETERY THAT
8 ESTABLISHES ITS IRREVOCABLE ENDOWMENT AND PERPETUAL CARE TRUST WITH
9 1 OR MORE REGULATED FINANCIAL INSTITUTIONS WITH TRUST POWERS, AND
10 WHICH CEMETERY DOES NOT RESERVE, RETAIN, OR OTHERWISE EXERCISE ANY
11 POWER OF DIRECTION OF SPECIFIC INVESTMENTS, SHALL NOT BE LIABLE FOR
12 ANY DEFICIENCIES IN THE IRREVOCABLE ENDOWMENT AND PERPETUAL CARE
13 TRUST CAUSED BY PERFORMANCE OF THE INVESTMENTS. A CEMETERY MAY
14 RESERVE THE RIGHT TO RECOMMEND, TO A TRUSTEE, AN INVESTMENT
15 ADVISOR, REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION
16 UNDER THE INVESTMENT ADVISERS ACT OF 1940, 15 USC 80B-1 TO 80B-21,
17 OR UNDER THE UNIFORM SECURITIES ACT, 1964 PA 265, MCL 451.501 TO
18 451.818, TO ADVISE THE TRUSTEE IN THE TRUSTEE'S DECISIONS ON ASSET
19 ALLOCATION, INVESTMENT MANAGERS, AND INVESTMENTS, EXCEPT THAT A
20 TRUSTEE IS NOT REQUIRED TO HEED SUCH ADVICE. ALTERNATIVELY, AND
21 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SECTION, AND AT ALL
22 TIMES SUBJECT TO THE MICHIGAN PRUDENT INVESTOR RULE, A CEMETERY MAY
23 DIRECT THE TRUSTEES TO MAKE CERTAIN INVESTMENTS, PROVIDED THAT THE
24 TRUST IS A NAMED BENEFICIARY OF FIDUCIARY LIABILITY INSURANCE
25 COVERING THE CEMETERY'S OR OTHER FIDUCIARIES' ACTIONS IN AN AMOUNT
26 EQUAL TO 100% OF THE AMOUNT SO DIRECTED. PROOF OF SUCH FIDUCIARY
27 LIABILITY COVERAGE SHALL BE PROVIDED NOT LESS THAN ANNUALLY TO THE

1 COMMISSIONER, IN A FORM TO BE DETERMINED BY THE COMMISSIONER, PRIOR
2 TO ANY DIRECTION BEING GIVEN. THE COMMISSIONER OR THE ATTORNEY
3 GENERAL MAY PROSECUTE A CLAIM AGAINST THE FIDUCIARY LIABILITY
4 INSURANCE ON BEHALF OF THE TRUST. THE TRUSTEES SHALL NOT BE LIABLE,
5 OR OTHERWISE PUNISHABLE, FOR COMPLYING WITH SUCH DIRECTION OF
6 INVESTMENTS EXCEPT THAT THE TRUSTEES SHALL RETAIN CUSTODY OF ALL
7 SUCH INVESTMENTS.

8 (5) BEGINNING THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
9 ADDED THIS SUBSECTION, AN IRREVOCABLE ENDOWMENT AND PERPETUAL CARE
10 TRUST FUND SHALL BE CREATED BY THE DEPOSIT OF AT LEAST \$50,000.00
11 INTO THE FUND BEFORE ANY SALE OF BURIAL RIGHTS, ENTOMBMENT RIGHTS,
12 OR COLUMBARIUM RIGHTS IS MADE.

13 (6) EACH MONTH, NOT LESS THAN 15% OF ALL PROCEEDS RECEIVED
14 DURING THE PREVIOUS MONTH FROM THE SALES OF BURIAL RIGHTS,
15 ENTOMBMENT RIGHTS, OR COLUMBARIUM RIGHTS SHALL BE DEPOSITED WITH
16 THE TRUSTEE FOR INCLUSION IN THE ENDOWMENT AND PERPETUAL CARE TRUST
17 FUND. NO TOTAL DEPOSIT FOR A SINGLE BURIAL RIGHT SALE OR ASSIGNMENT
18 SHALL BE LESS THAN \$20.00. A CEMETERY MAY APPLY TO THE COMMISSIONER
19 FOR A MODIFICATION OF THE MINIMUM DEPOSIT REQUIREMENT. THE
20 COMMISSIONER SHALL TAKE TESTIMONY AND INVESTIGATE AS HE OR SHE
21 CONSIDERS NECESSARY AND IF THE COMMISSIONER DETERMINES THAT THE
22 APPLICANT'S ENDOWMENT AND PERPETUAL CARE TRUST FUND WILL GENERATE
23 SUFFICIENT INCOME TO MEET ALL CURRENT COSTS OF KEEPING THE
24 APPLICANT'S CEMETERY IN GOOD CONDITION, THE COMMISSIONER MAY MODIFY
25 THE MINIMUM DEPOSIT REQUIREMENT. A CEMETERY APPLYING TO THE
26 COMMISSIONER FOR A MODIFICATION OF THE ENDOWMENT AND PERPETUAL CARE
27 TRUST FUND DEPOSIT REQUIREMENTS SHALL BE ASSESSED THE ACTUAL COSTS

1 FOR THE COMMISSIONER'S EXAMINATION AND INVESTIGATION. EXCESS SUMS
2 ON DEPOSIT IN THE FUND MAY BE APPLIED BY A CEMETERY AGAINST FUTURE
3 DEPOSITS AND SHALL BE ANNUALLY REPORTED TO THE COMMISSIONER IN A
4 MANNER PRESCRIBED BY THE COMMISSIONER.

5 (7) The commissioner shall require each person engaged as
6 agent or seller ~~, as a means of livelihood either part time or full~~
7 ~~time,~~ in the selling of burial rights, entombment rights, or
8 columbarium rights owned by a party other than a cemetery or
9 corporation subject to the irrevocable endowment **AND PERPETUAL** care
10 **TRUST** fund requirements of **THIS ACT AND** other laws, to deposit 15%
11 of all gross proceeds received from the sales of those rights into
12 the irrevocable endowment **AND PERPETUAL** care **TRUST** fund of the
13 cemetery in which the rights are located if an irrevocable
14 endowment **AND PERPETUAL** care **TRUST** fund exists for that cemetery.
15 ~~Excess sums on deposit in the fund can be applied by a cemetery~~
16 ~~against future deposits.~~ A deposit required to be made by those
17 persons shall be modified or waived if the cemetery has received an
18 irrevocable endowment **AND PERPETUAL** care **TRUST** fund deposit
19 modification or waiver approved by the commissioner. The total
20 deposit for a single adult burial right sale or assignment shall
21 not be less than \$20.00.

22 (8) **INTEREST OR INCOME FROM THE MONEY IN THE ENDOWMENT AND**
23 **PERPETUAL CARE TRUST FUND SHALL BE USED EXCLUSIVELY FOR ENDOWMENT**
24 **AND PERPETUAL CARE. NO PORTION OF THE INTEREST OR INCOME MAY BE**
25 **USED DIRECTLY OR INDIRECTLY FOR SALARIES OR OTHER PAYMENTS TO THE**
26 **OFFICERS, DIRECTORS, PARTNERS, MEMBERS, OR MANAGERS OF THE ENTITY**
27 **OWNING THE CEMETERY. WITHDRAWALS OF ACCUMULATED INTEREST OR INCOME**

1 FROM THE ENDOWMENT AND PERPETUAL CARE TRUST FUND MAY BE AUTHORIZED
 2 BY THE TRUSTEE, AND SUCH WITHDRAWALS SHALL BE DOCUMENTED IN THE
 3 MANNER PROVIDED BY RULE OF THE COMMISSIONER. A CEMETERY SHALL
 4 MAINTAIN RECORDS SHOWING THAT INTEREST FROM THE ENDOWMENT AND
 5 PERPETUAL CARE TRUST FUND IS USED EXCLUSIVELY FOR ENDOWMENT AND
 6 PERPETUAL CARE. THE TRUSTEES SHALL NOT BE RESPONSIBLE FOR
 7 ASCERTAINING THAT SUCH AMOUNTS PAID OVER TO THE CEMETERY ARE
 8 EXPENDED FOR THE LIMITED PURPOSES PERMITTED BY THIS SUBSECTION.

9 (9) ~~(2)~~ Subject to subsection ~~(8)~~ (17), a cemetery ~~which~~ **THAT**
 10 is required to register pursuant to this act and an agent ~~which is~~
 11 authorized by a cemetery or acting on its behalf under an agreement
 12 or sales contract to sell cemetery merchandise or cemetery services
 13 shall establish a merchandise trust account and deposit a
 14 percentage of the gross proceeds received from the sales as
 15 determined by the commissioner. The merchandise trust account shall
 16 be maintained exclusively for the deposit of the money into a ~~state~~
 17 ~~or national bank, a state or federally chartered savings and loan~~
 18 ~~association, or a trust company~~ **REGULATED FINANCIAL INSTITUTION**
 19 under the terms of a written trust agreement approved by the
 20 commissioner. **ALL DOCUMENTS, REPORTS, AND RECORDS REGARDING THE**
 21 **TRUST SHALL BE KEPT IN THIS STATE.** It shall be the responsibility
 22 of each registrant under this act to assure that documents relating
 23 to the merchandise trust account are provided to the commissioner
 24 upon request. If a subpoena is issued to obtain these documents,
 25 the registrant shall pay all costs related to obtaining the
 26 documents. ~~regardless of the \$100.00 charge limitation contained in~~
 27 ~~section 12a(2).~~ The funds shall be deposited not later than the

1 month following their receipt.

2 (10) ~~(3)~~ Subject to subsection ~~(8)~~ **(17)**, the total deposits to
3 a merchandise trust for the sale of cemetery burial vaults or other
4 outside containers, other than crypts installed underground and
5 sold as part of a cemetery lot, shall at all times be not less than
6 the greater of \$100.00 per vault or outside container or 130% of
7 the total costs of the containers covered by the trust. Money
8 deposited in connection with a sale shall be repaid within 30 days
9 upon written demand of purchaser. A burial vault shall be installed
10 only at need or by separate written authorization of the purchaser.
11 The cemetery shall have the right to withdraw the amount on deposit
12 for the delivered vault or outside container.

13 (11) ~~(4)~~ Subject to subsection ~~(8)~~ **(17)**, a contract or
14 agreement made with a purchaser of cemetery merchandise and
15 cemetery services shall contain a complete description of the
16 cemetery merchandise purchased and of the cemetery services to be
17 rendered.

18 (12) ~~(5)~~ The commissioner shall require ~~each~~ **THE** cemetery ~~or~~
19 ~~agent authorized by it acting on its behalf~~ **OWNER OR OPERATOR** to
20 report annually before July 1 of each year on forms provided by the
21 commissioner. The reports shall contain information as the
22 commissioner considers necessary to ascertain that **THE REQUIREMENTS**
23 **OF** this act ~~is~~ **AND RULES PROMULGATED UNDER THIS ACT ARE** being
24 implemented. **SUBJECT TO APPROVAL OF THE DEPARTMENT, THE CEMETERY**
25 **OWNER OR OPERATOR MAY ASK FOR AN EXTENSION NOT TO EXCEED 90 DAYS TO**
26 **SUBMIT THE REPORT REQUIRED BY THIS SUBSECTION. ALL REPORTS REQUIRED**
27 **BY THIS SUBSECTION AND SUBSECTION (13) SHALL INCLUDE A SWORN**

1 STATEMENT BY THE CEMETERY OWNER OR OPERATOR THAT INCLUDES THE
2 FOLLOWING:

3 (A) A CERTIFICATION THAT THE SIGNING CEMETERY OWNER OR
4 OPERATOR HAS REVIEWED THE REPORT.

5 (B) BASED ON THE OPERATOR'S OR OWNER'S KNOWLEDGE, THAT THE
6 REPORT DOES NOT CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT
7 RELATED TO THE FINANCIAL CONDITION OF THE ENDOWMENT AND PERPETUAL
8 CARE TRUST FUND OR MERCHANDISE TRUST ACCOUNTS.

9 (C) BASED ON THE OPERATOR'S OR OWNER'S KNOWLEDGE, THAT THE
10 REPORT FAIRLY PRESENTS ALL MATERIAL INFORMATION REGARDING THE
11 FINANCIAL CONDITION OF THE ENDOWMENT AND PERPETUAL CARE TRUST FUND
12 OR MERCHANDISE TRUST ACCOUNTS.

13 (D) THAT THE SIGNING OPERATORS OR OWNERS ARE RESPONSIBLE FOR
14 ESTABLISHING AND MAINTAINING INTERNAL CONTROLS; HAVE DESIGNED THOSE
15 INTERNAL CONTROLS TO ENSURE THE ACCURACY OF MATERIAL INFORMATION
16 RELATING TO THE CONDITION OF THE ENDOWMENT AND PERPETUAL CARE TRUST
17 FUND OR MERCHANDISE TRUST ACCOUNTS; HAVE EVALUATED THE
18 EFFECTIVENESS OF THE INTERNAL CONTROLS WITHIN 90 DAYS PRIOR TO THE
19 ISSUANCE OF THE REPORT; AND HAVE INCLUDED INFORMATION EVALUATING
20 THE EFFECTIVENESS OF THOSE INTERNAL CONTROLS.

21 (13) AT A MINIMUM, THE COMMISSIONER SHALL REQUIRE THE
22 FOLLOWING INFORMATION CONCERNING THE ENDOWMENT AND PERPETUAL CARE
23 TRUST FUND, THE ACCURACY OF WHICH SHALL BE CERTIFIED BY A CERTIFIED
24 PUBLIC ACCOUNTANT:

25 (A) BEGINNING AND ENDING BALANCES.

26 (B) RECEIPTS FROM THE SALE OF BURIAL, ENTOMBMENT, AND
27 COLUMBARIUM RIGHTS.

1 (C) DEPOSITS TO THE ENDOWMENT AND PERPETUAL CARE TRUST FUND.

2 (D) ITEMIZED PAYMENTS OF INTEREST OR INCOME.

3 (E) DOCUMENTATION THAT INTEREST WAS UTILIZED SOLELY FOR
4 ENDOWMENT CARE.

5 (14) ~~(6)~~ If, after an audit by the commissioner's staff, a
6 deficit in the amount of required deposits to the trust funds is
7 found, the commissioner may assess a penalty ~~not to exceed 10% of~~
8 **IN** the amount ~~of the deficit~~ **ALLOWED UNDER THIS ACT**. The cemetery
9 ~~or entity of a cemetery~~ may request an administrative hearing
10 before the commissioner **OR A HEARING OFFICER DESIGNATED BY THE**
11 **COMMISSIONER** within 30 days after being notified of a deficit by
12 the commissioner. If, following the administrative hearing, the
13 commissioner determines that a deficit does exist, an additional
14 penalty ~~not to exceed 1.5%~~ may be assessed each month on the unpaid
15 monthly balance until the deficit is paid in full.

16 (15) **IN ADDITION TO ALL OTHER REMEDIES AT LAW OR IN EQUITY,**
17 **THE ATTORNEY GENERAL AND THE CIRCUIT COURT OF THE COUNTY IN WHICH**
18 **THE CEMETERY IS LOCATED SHALL HAVE ALL THE POWERS AND JURISDICTION**
19 **GRANTED TO THE ATTORNEY GENERAL AND COURT AS TO TRUSTS COVERED BY**
20 **1915 PA 280, MCL 554.351 TO 554.353. THE REMEDIES GRANTED INCLUDE**
21 **ALL ENDOWMENT AND PERPETUAL CARE TRUST FUNDS WITHOUT REGARD TO**
22 **UNCERTAINTY OR INDEFINITENESS OF BENEFICIARIES.**

23 (16) ~~(7)~~ All fees, charges, and penalties, **OR OTHER MONEY FROM**
24 **ANY SOURCE**, collected under this act, other than fines prescribed
25 in section 21, shall be paid to the commissioner. Upon receipt, the
26 commissioner shall remit funds received to the department of
27 treasury for deposit in the general fund of the state.

1 (17) ~~(8)~~ Any preneed contracts for cemetery merchandise or
2 services entered into on or after January 1, 2005 are subject to
3 the prepaid funeral and cemetery sales act, 1986 PA 255, MCL
4 328.211 to 328.235.

5 ~~(9) As used in this section, "endowment care" means all~~
6 ~~general work necessary to keep the cemetery property in a~~
7 ~~presentable condition at all times, including, but not limited to,~~
8 ~~the cutting of grass at reasonable intervals; raking, cleaning,~~
9 ~~filling, seeding, and sodding of graves; replacement, pruning, or~~
10 ~~removal of shrubs and trees in order to assure access to interment~~
11 ~~rights; and the repair and maintenance of enclosures, buildings,~~
12 ~~drives, walks, and the various memorial gardens.~~

13 (18) NOT LESS THAN 7 DAYS BEFORE 30% OF THE ENDOWMENT AND
14 PERPETUAL CARE OR PERPETUAL CARE FUNDS ESTABLISHED UNDER THIS ACT
15 ARE MOVED FROM AN ACCOUNT OR OTHERWISE ENGAGED IN SOME TYPE OF
16 FINANCIAL TRANSACTION OR INVESTMENT, THE CEMETERY OWNER OR OPERATOR
17 SHALL NOTIFY THE COMMISSIONER OF THE TRANSACTION ON APPROPRIATE
18 FORMS THAT THE COMMISSIONER SHALL AUTHORIZE. THE COMMISSIONER MAY
19 ALLOW THE SUBMISSION OF A NOTIFICATION UP TO 7 DAYS AFTER THE
20 TRANSACTION, FOR GOOD CAUSE SHOWN. FAILURE TO COMPLY WITH THIS
21 SUBSECTION IS CONSIDERED A VIOLATION OF THIS ACT.

22 (19) THE COMMISSIONER, UPON FINDING AFTER NOTICE AND AN
23 OPPORTUNITY FOR A HEARING PURSUANT TO THE ADMINISTRATIVE PROCEDURES
24 ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, THAT A CEMETERY
25 OWNER OR OPERATOR HAS FAILED TO TIMELY SUBMIT A REPORT REQUIRED
26 UNDER SUBSECTIONS (12) AND (13), REGARDLESS OF WHETHER HE OR SHE
27 ACTED ALONE OR THROUGH AN EMPLOYEE OR AGENT, MAY IMPOSE AN

1 ADMINISTRATIVE FINE, PAYABLE TO THE COMMISSIONER, FOR THE
2 ENFORCEMENT OF THIS ACT. IF THE COMMISSIONER FINDS THAT A VIOLATION
3 OCCURRED DESPITE THE EXERCISE OF DUE CARE, THE COMMISSIONER MAY
4 ISSUE A WARNING INSTEAD OF IMPOSING AN ADMINISTRATIVE FINE.

5 (20) THE COMMISSIONER SHALL ADVISE THE ATTORNEY GENERAL OF THE
6 FAILURE OF A PERSON TO PAY AN ADMINISTRATIVE FINE IMPOSED UNDER
7 THIS SECTION. THE ATTORNEY GENERAL MAY BRING AN ACTION IN A COURT
8 OF COMPETENT JURISDICTION FOR THE FAILURE TO PAY AN ADMINISTRATIVE
9 FINE IMPOSED UNDER THIS SECTION.

10 (21) APPLICABLE PROVISIONS OF THE REVISED JUDICATURE ACT OF
11 1961, 1961 PA 236, MCL 600.101 TO 600.9948, APPLY TO CIVIL ACTIONS
12 FILED PURSUANT TO THIS SECTION.

13 Sec. 18. (1) The commissioner may deny an application filed
14 under this act and refuse to issue a permit or registration, or may
15 suspend or revoke a permit or registration, or may reprimand, place
16 on probation, or take other disciplinary action against the
17 applicant if the commissioner's investigation reveals facts which,
18 with reference to the establishment of a cemetery, show
19 inappropriate physical plans; lack of community need; inadequate
20 experience, financial stability, or integrity to protect the public
21 welfare; or when the commissioner finds that the **CEMETERY OWNER,**
22 **OPERATOR, OR** applicant or ~~its~~ **THE** officers, **CEMETERY OWNERS,**
23 **DIRECTORS, MEMBERS, AFFILIATED PERSONS,** or general manager **OF THOSE**
24 **ENTITIES** has done 1 or more of the following:

25 (a) Made a false statement of a material fact in the
26 application.

27 (b) Not complied with this act.

1 (c) Been guilty of an unlawful or fraudulent act in connection
2 with selling or otherwise dealing in cemetery lots and burial
3 rights regulated by this act or funeral or cemetery merchandise and
4 services regulated by the prepaid funeral and cemetery sales act,
5 1986 PA 255, MCL 328.211 to 328.235.

6 (d) Been guilty in the judgment of the commissioner of other
7 conduct whether of the same or different character than specified
8 in this act which constitutes dishonest and unfair dealing **OR A**
9 **DEMONSTRATION OF LACK OF GOOD MORAL CHARACTER.**

10 (e) Violated article 18 of the occupational code, 1980 PA 299,
11 MCL 339.1801 to 339.1812.

12 (f) Violated the terms of an assurance of discontinuance
13 entered into with the commissioner pursuant to section ~~9(2)~~ **9(5)**.

14 (g) Violated the prepaid funeral and cemetery sales act, 1986
15 PA 255, MCL 328.211 to 328.235.

16 (h) Failed to comply with section 2080 of the insurance code
17 of 1956, 1956 PA 218, MCL 500.2080.

18 (i) Adopted, enforced, or attempted to enforce a regulation of
19 the cemetery that prohibits the installation of a grave memorial or
20 burial vault unless the grave memorial or burial vault was
21 purchased from the cemetery. This subdivision does not prohibit a
22 cemetery from adopting and enforcing consistent rules and
23 regulations to be followed by both the cemetery and outside vendors
24 as to the quality, size, shape, type, installation, and maintenance
25 of the grave memorial or burial vault.

26 (2) If the commissioner denies an application for a permit or
27 registration, or suspends or revokes an existing permit or

1 registration required by this act, the denial, revocation, or
 2 suspension shall revoke the cemetery operation as to the sale or
 3 assignment of burial rights, entombment rights, or columbarium
 4 rights, cemetery merchandise, or cemetery services after the date
 5 of the suspension, revocation, or denial. The ~~corporation~~ **CEMETERY**
 6 **OWNER OR OPERATOR** shall fulfill all contractual obligations and
 7 agreements entered into before the date of the suspension,
 8 revocation, or denial, and shall make required interments for the
 9 owners of burial rights, entombment rights, or columbarium rights
 10 purchased before the date of suspension, revocation, or denial.

11 (3) The commissioner may impose an administrative fine of not
 12 more than \$5,000.00 for each separate violation of this act.

13 Sec. 21. (1) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED FOR IN SUBSECTION**
 14 **(2), A** person who violates this act is guilty of a misdemeanor ~~and,~~
 15 ~~if a natural person, the first offense shall be punishable by~~
 16 ~~a fine of not more than \$100.00 or imprisonment for not more than~~
 17 ~~90 days, and a second offense shall be punishable by a fine of not~~
 18 ~~more than \$500.00 or imprisonment for not more than 1 year, or both~~
 19 **\$10,000.00.**

20 (2) If the violator is ~~other than a natural person~~ **AN**
 21 **INDIVIDUAL,** the ~~first offense shall be~~ **IS** punishable by a fine of
 22 not more than ~~\$100.00 and the second offense shall be punishable by~~
 23 ~~a fine of not more than \$1,000.00~~ **\$10,000.00 OR IMPRISONMENT FOR**
 24 **NOT MORE THAN 1 YEAR, OR BOTH.**

25 Enacting section 1. (1) Sections 107 and 107a of 1869 PA 12,
 26 MCL 456.107 and 456.107a, are repealed.

27 (2) Sections 35 and 35a of 1855 PA 87, MCL 456.35 and 456.35a,

- 1 Senate Bill No. 674 (H-2) as amended December 18, 2008
are repealed.
[Enacting section 2. This amendatory act does not take effect
unless House Bill No. 6036 of the 94th Legislature is enacted into law.]