

NOTICE OF PROPOSED DISCIPLINARY ACTION

State Mortuary and Cemetery Board State of Oregon

In the Matter of the funeral establishment
license of **Cornerstone Funeral
Services and Cremation Corporation
(FE-8488)**,

Respondent

Notice of Proposed Disciplinary Action
And
Opportunity for Hearing

Case No. 05-1051A

Pursuant to ORS 692.180, the Oregon Mortuary & Cemetery Board proposes to take disciplinary action in the form of a civil penalty against you on the grounds noted below. For statutory and rule violations the Board may impose one or more of the following sanctions: Reprimand; license revocation; civil penalty of up to \$1000 for each violation; or other sanctions as authorized by law.

Grounds for Disciplinary Action:

1. At all times mentioned herein Cornerstone Funeral Services and Cremation Corporation (hereafter "Respondent") was licensed by the Oregon Mortuary and Cemetery Board ("Board") as a funeral establishment (OMCB License No. FE-8488). Respondent is also licensed by the Department of Consumer and Business Services as a certified provider of prearrangement sales contracts (Certified Provider Registration No. 266).
2. At all times mentioned herein the Respondent's manager was Holly Kroening (OMCB License No. FS-0391) ("Kroening").
3. On or about December 19, 2003, Kroening met with Marie L., an elderly woman residing at Fernhill Care Center, to make trust-funded prearrangements for Marie's funeral goods and services. Kroening completed, and both Kroening and Marie signed, an American Funeral & Cemetery Trust Services (AFCTS) prearranged, guaranteed sales contract. The contract references Oregon law that requires the deposit of 90 percent of funds paid on a guaranteed

prearranged sales contract into a trust depository, within five (5) days of receipt. ORS 97.941(1)(a), (2)

5. Kroening also completed, and both Kroening and Marie signed, a statement describing the funeral and cemetery goods and services selected by Marie. The amount of goods and services totaled \$4296.00, and included a charge of \$350.00 for the purchase of a cemetery plot at Rock Creek Cemetery.

6. On or about March 27, 2004, Respondent received a \$4,296.00 Fernhill Care Center trust account check written to Respondent on behalf of Marie. On March 29, 2004 this amount was deposited into Respondent's business account at Clackamas County Bank. On April 7, 2004 Kroening wrote a Cornerstone check in the amount of \$350.00 to Rock Creek Cemetery for Marie's plot.

6. On October 5, 2005 Kroening informed the Board that she did not deposit the appropriate amount (90%) of Marie's money into a trust depository, but instead the funds were used to operate Respondent's funeral establishment.

7. The Board proposes to take disciplinary action in the form of imposing civil penalties against Respondent because Respondent failed to follow through with agreed upon arrangements with Marie L. when failing to deposit Marie's funds into a trust depository within five days. The foregoing is a violation of OAR 830-030-0090 and OAR 830-030-0090(1)(d) which is cause for discipline under ORS 692.180(1)(g).

8. In addition, Respondent used Marie's funds in the operation of the funeral establishment for approximately 21 months before Respondent deposited \$3946.00 into the AFCTS trust account in December, 2005. The account was ultimately made whole in March, 2006, when Respondent deposited \$633.00 toward interest that should have accrued on the trust account. The foregoing is considered fraudulent or dishonest conduct which is a violation of ORS 692.180(1)(b).

9. Definitions that may be relevant to this notice may be found in ORS 97.923, ORS 97.010 and OAR 830-011-0000.

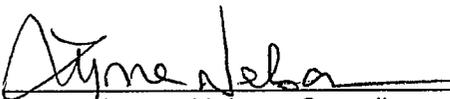
Rights and Procedures

You are entitled to a hearing as provided by the Administrative Procedures Act (ORS Chapter 183) and ORS 692.265(1). If you want a hearing, you must file a written request for hearing with the State Mortuary & Cemetery Board (the "Board") within 20 days from the date this notice was mailed. If a request for hearing is not received within this 20-day period, your right to a hearing shall be considered waived. Hearing requests may be mailed to State Office Building, 800 NE Oregon St., Suite 430, Portland, Oregon 97232-2195.

If you request a hearing, you will be notified of the time and place of the hearing. You must be represented by legal counsel at a hearing. A Notice of Contested Case Rights and Procedures is enclosed with this Notice of Proposed Disciplinary Action. If you do not request a hearing within 20 days, or if you withdraw a hearing request, notify the Board or hearing officer that you will not appear or fail to appear at a scheduled hearing, the Board may issue a final order by default imposing discipline as determined by the Board. If the Board issues a final order by default, it designates its file on this matter as the record for purposes of establishing a prima facie case.

DATED this 10th day of April, 2007.

MORTUARY AND CEMETERY BOARD
OF THE STATE OF OREGON

By: 
Designee: Lynne Nelson, Compliance Manager