

**IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
 TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY PART III
 AT NASHVILLE**

FILED

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STATE OF TENNESSEE, *ex rel.*,)
JULIE MIX MCPEAK, Solely in her)
official capacity as Commissioner of)
Commerce and Insurance,)
)
Petitioner,)
)
VS.)
)
VICKIE L. RINGLEY, individually)
and d/b/a/ Hawkins County Memorial Gardens,)
)
Defendant.)

Case No. 14-1642-III

SPECIAL DEPUTY RECEIVER'S RECOMMENDATION ON RECOVERY FOR PRE-NEED
 MERCHANDISE AND SERVICES TRUSTS

Pursuant to the Order entered March 23, 2017, Special Deputy Receiver, Receivership Management Inc., through its Chief Operations Officer, Robert E. Moore, Jr., hereby makes its recommendation on the recovery of proceeds to fund the Pre-Need Merchandise and Services Trusts.

BACKGROUND

1. Hawkins County Memorial Gardens was established in or about 1963. It consists of five platted gardens: Everlasting Life, Christus, Masonic, Angel, and Devotion. Each garden has a monument/statuary and modest landscaping. The cemetery also contains approximately 9 acres. As reported in Mr. Moore's affidavit, the cemetery is approximately 50% sold, with 3,810 vacant grave spaces, not including an additional 368 spaces in an area where a mobile home and

storage barn were located and an unfinished companion mausoleum containing space for 36. The cemetery is located near the Surgoinsville, Tennessee community, just off U.S. Hwy. 11-W in rural Hawkins County, Tennessee.

2. During the past two years, Mr. Moore and his staff have worked with the community and especially the funeral homes. To gain a complete picture of the cemetery from the perspective of the individuals that deal with it the most, Mr. Moore traveled to Rogersville and Church Hill in early May and met individually with funeral directors on May 6, 2017. The trip was instructive.

3. Hawkins County Memorial Gardens over its history has had at least four operators prior to Defendant Vickie Ringley. Based on discussions with longtime residents of the area, along with discussions with four of the five funeral homes in the community, Hawkins County Memorial Gardens has a controversial reputation. At least two of the operators prior to Defendant Ringley apparently ran into financial difficulties with the cemetery. These prior problems, along with the current problems, have kept a negative reputation on the cemetery. Whatever good will Defendant Ringley may have established no longer exists based upon the input of the businesses there.

4. As stated in Mr. Moore's affidavit, the Pre-need Merchandise and Services Trust is short \$599,841.51, not including an amount that had been assumed by Ms. Ringley from prior operators of \$41,348.79. The amount of the shortfall not addressed by the sale of the cemetery is anticipated to be addressed in Defendant Ringley's hearing on restitution in Hawkins Circuit/Criminal Court.

5. Many elements will go into a bidder's consideration of an offering price. Many of the elements are as unique as the potential bidders themselves. The ability to rebuild good

will, volume of sales of lots, the availability of additional resources to fund potential liabilities, and the willingness to assume liabilities are factors that will be affected by the financial circumstances of potential bidders.

RECOMMENDATIONS

6. The Special Deputy Receiver recommends the following with respect to the proposed solicitation of bids to purchase the cemetery:

a. that the cemetery be advertised for bids in the following newspapers and publications (The Rogersville Review, The Tennessean, and The Kingsport Times News), with the advertisement being in the form attached as Exhibit A;

b. that all bidders must execute confidentiality agreements prior to receiving a bid package;

c. that the Special Deputy Receiver be given discretionary authority to provide interested bidders with information regarding the cemetery's operations and finances, subject to the restrictions imposed by the executed confidentiality agreement, which may include information regarding the unfunded pre-need services contracts but shall exclude the recent value appraisal of the cemetery obtained by the Special Deputy Receiver;

d. that all bidders must disclose whether they are willing to assume, and the extent of such assumption, the liabilities for unfunded pre-need services contracts as a part of their respective bids; and

e. that all bidders must include with their respective bids such financial information so as to allow the Receiver and the Court to properly evaluate the bidders' respective abilities to meet the continuing financial and statutory obligations required of cemetery operators.

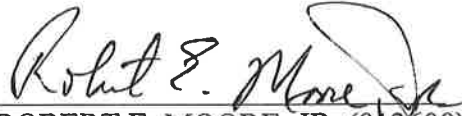
The Special Deputy Receiver further recommends that all bids be considered regardless of whether the bidder intends to assume the outstanding liabilities or not. The Special Deputy Receiver will encourage bidders to have flexibility in their proposals to address the shortfalls in the Pre-Need Merchandise and Services Trust. Upon the close of bidding, the Special Deputy Receiver will file with the Court bid materials, under seal, and a recommendation for approval of the sale of the Cemetery to the best qualified bidder, as determined by the Special Deputy Receiver taking into account a totality of the factors of the bid, including – but not limited to – each bidder’s plan for operation of the Cemetery, each bidder’s capacity to meet the financial and statutory obligations of the Cemetery, each bidder’s capacity to honor existing obligations of the Cemetery, and such other factors as may be considered based on the bids received.

7. The Special Deputy Receiver recommends that the advertisement commence immediately and be for a period of not less than fifteen (15) days. Bid packages would not only be sent to those responding to the advertisement but also to those who have advised the Special Deputy Receiver of their interest in purchasing the cemetery. The bid packages would also include a written disclaimer stating that: (1) the Receiver reserves the right to reject any and all bids, (2) each bidder, as a prospective registered operator of the cemetery, would have to be approved in advance by Tennessee Department of Commerce and Insurance, Burial Services Division, and (3) any bid’s acceptance is subject to the Court’s approval. The Special Deputy Receiver further recommends a bid response deadline of July 31, 2017.

WHEREFORE, the Special Deputy Receiver, Receivership Management Inc., requests that its recommendations set forth above be approved by the Court so that it may proceed immediately with the plan of action described above. Further, if the Court requires the bid package documentation to be approved by the Court before initiating the bidding process, the

Special Deputy Receiver is prepared to file the proposed bid package documentation with the Court on or before June 1, 2017 should the Court so require

Respectfully submitted,



ROBERT E. MOORE, JR. (013600)
Chief Operations Officer
Receivership Management Inc.
Special Deputy Receiver
Hawkins County Memorial Gardens
1101 Kermit Drive, Suite 735
Nashville, TN 37217
615-370-0051 Phone
615-373-4336 Fax

Certificate of Service

I certify that a true and correct copy of the foregoing was served by first-class U.S. Mail,

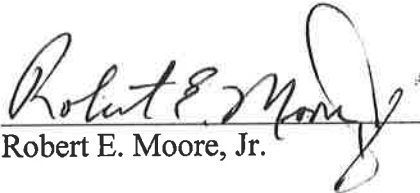
postage prepaid, upon:

Vickie Ringley
810 E. Main Street #8
Rogersville, TN 37857

Herbert H. Slatery III
Attorney General and Reporter
Timothy Simonds
Assistant Attorney General
Office of the Tennessee Attorney General
Financial Division
P.O. Box 20207
Nashville, TN 37202-0207

Michael D. Driver
Deputy General Counsel, Regulatory Boards Division
Tennessee Department of Commerce & Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

This 17th day of May, 2017.


Robert E. Moore, Jr.

NOTICE REQUESTING PROPOSALS REGARDING HAWKINS COUNTY MEMORIAL GARDENS

Pursuant to the order entered in Part III of the Chancery Court of Davidson County, Receivership Management, Inc., as Special Deputy Receiver, is requesting proposals for the purchase of the cemetery known as Hawkins County Memorial Gardens, located at 536 Carters Valley Loop, Rogersville, TN 37857, which is currently in receivership. All bidders must provide sufficient financial information to demonstrate that the bidder can meet the continuing financial and statutory obligations required of cemetery operators, as well as whether or not the bidder intends to assume the outstanding liabilities of the cemetery. The available financial information of the cemetery may be inspected by prospective bidders upon completion of a confidentiality agreement. The Special Deputy Receiver reserves the right to reject all bids, the successful bidder must be able to comply with the regulations regarding the operation of cemeteries in the state of Tennessee, and any bid's acceptance is subject to court approval. For full details regarding making a proposal, please contact Robert E. Moore, Jr., at 615-370-0051.

