



Case M1256J

Proposed Acquisition by
Jersey Monumental Company Ltd
of Maillard's Funerals Ltd and Maillard's Limousines Ltd

Decision

Document No: CICRA 16/44

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Jersey Competition Regulatory Authority
2nd Floor Salisbury House, 1-9 Union Street, St Helier, Jersey, JE2 3RF
Tel 01534 514990, Fax 01534 514991 Web: www.cicra.je

Summary

1. Jersey Monumental Company Limited (**JMCo**) intends to acquire Maillard's Funerals Limited and Maillard's Limousines Ltd. The transaction has been notified to the Jersey Competition Regulatory Authority (**JCRA**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **Law**).
2. The JCRA has determined that the proposed acquisition will not lead to a substantial lessening of competition in any relevant market and hereby approves the acquisition by JMCo.
3. During the course of the assessment, the JCRA became aware of the acquisition by H. W. Maillard Ltd of Curwood's Limousines in 2006. For the avoidance of doubt, by its approval of this transaction, the JCRA also retrospectively approves the acquisition of Curwood's Limousines by H W Maillard & Son Ltd in 2006 in order to allow this Transaction to proceed.

The Notified Transaction

4. On 23 September 2016, the JCRA received an application for approval from JMCo for its proposed acquisition of Maillard's Funerals Limited (**Maillard's Funerals**) and Maillard's Limousines Ltd (**Maillard's Limousines**) (together the **Targets**) from Maillard's Group of companies (**Seller**).
5. The transaction relates to the purchase of 100% of the shares of Maillard's Funerals as well as the purchase of stock, various fixtures and fittings and the pre-paid funeral book, and 100% of the shares of Maillard's Limousines, together with the vehicles.
6. A new company is being formed for the purchase of the two undertakings (**Newco**). This will be 100% owned by Mark Reynolds (**Purchaser**), who also owns 75% of JMCo. As a result of the proposed transaction, Mark Reynolds will control both Newco and JMCo.
7. The JCRA registered the application for the purchase of Maillard's Funerals on its website on 23 September and for Maillard's Limousines on 28 September, with a deadline for comments of 12 October 2016. No submissions were received.

The Parties

8. The Mark Reynolds owns 75% of JMCo, a Jersey registered and incorporated company, registered company 6750. JMCo operates in the market for natural stone, including monumental mason work and also work-surfaces, fireplaces, tiles and slabs.

9. Maillard's Funerals, registered company 105942, is part of the Maillard's Group of companies, ultimately under the control of the parent company, H.W. Maillard and Son Limited, a Jersey registered and incorporated, registered company 14554. Maillard's Limousines is also part of the Maillard's Group of companies, registered company 105944.

Requirement for JCRA approval

10. Under Article 2(1)(b) of the Law, a merger occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking.
11. On completion of the notified transaction, the Newco will acquire 100% of the shares in both Maillard's Funerals and Maillard's Limousines. Mark Reynolds owns 100% of the shares of Newco and also 75% of the shares, and therefore control, of JMCo. The transaction therefore constitutes a merger as defined by the Law.
12. According to Article 20(1) of the Law, a person must not execute certain mergers or acquisitions except with and in accordance with the approval of the JCRA. Article 3 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the **Order**) provides that if one or more of the parties to a proposed merger or acquisition has an existing share of 25% or more of the supply or purchase of goods or services of any description to or purchased from persons in Jersey, and another undertaking involved in the merger is active in the supply of goods or services that are upstream or downstream of those goods or services in which the 25% share is held, then that merger must be notified to the JCRA under Article 20(1) of the Law.
13. Article 4 of the Order provides that if one or more of the parties to a proposed merger or acquisition has an existing share of 40% or more of the supply or purchase of goods or services of any description supplied to or purchased from person in Jersey, then that merger must be notified to the JCRA under Article 20(1) of the Law.
14. On the basis of the information submitted by the parties to the transaction, the JCRA concluded that Maillard's Funerals has a share of the supply of funeral services in Jersey over 25%, and Maillard's Limousines has a share of the supply of limousine hire over 40%. In addition, JMCo has a share of the supply of monumental masonry in Jersey of over 40%. The notified transaction therefore requires the approval of the JCRA prior to its execution.

Market Definition

15. Under Article 22(4) of the Law, the JCRA must determine if the Acquisition would substantially lessen competition in Jersey or in any part of Jersey. To this end, the JCRA will identify the

markets which are likely to be affected by the Acquisition and then assess whether competition in these markets will be substantially lessened. The relevant market(s) are identified in this section; the impact on competition is assessed in the next.

Funeral Services

16. Maillard's Funerals provides funeral services, which include services provided directly by the funeral director, and may include the procurement of a coffin and the making of administrative, logistical and other arrangements for the placement, transportation and ceremonial and actual burial or cremation of the deceased. It also arranges third party services for the funeral itself, including flowers, newspaper announcements and limousine hire.

17. There is no reason to suggest that the market is anything other than Jersey, and therefore the obligation to apply for approval therefore arises by virtue of the share of supply of funeral services in Jersey.

Limousine Hire

18. Maillard's Limousines provides limousines and black Daimler hearses principally for Maillard's Funerals under the trading name Curwood's Limousines¹. It also carries out private hire work, including corporate work, transport for States of Jersey occasions, weddings and other sundry event hire.

19. Again, there is no reason to suggest that the market is anything other than Jersey, and the obligation to apply for approval therefore arises from the share of supply of limousine hire in Jersey.

Stonemasonry

20. JMCo offers a range of stonemasonry products and services, including stone surfaces, tiles, paving, stone carving, stone care and memorials. The memorial aspect of the business can be split further into the purchase of a new memorial, ensuring that it conforms to the various rules of the relevant cemetery or churchyard, placing foundations and fixing the memorial; and the renovation and reinstatement of existing memorials, including removal, cleaning, re-polishing, new inscriptions, and refitting at the cemetery or churchyard.

21. The application for approval of this transaction was made on the basis of JMCo's share of supply of monumental masonry in Jersey, however further enquiries by the JCRA suggest that the other stonemasons can provide the majority, if not all, the memorial work carried out other than possibly the carving of inscriptions, which could be carried

¹ Curwood's Limousines was acquired by H W Maillard Ltd in 2006. Further information on this transaction is provided later in this Decision.

out off-Island. Whereas there are only two companies specialising in monumental masonry in Jersey, there are approximately thirty offering professional stonemasonry.

22. For the purposes of this Decision, there is no need to precisely define the market for either stonemasonry or monumental masonry any further as it does not affect the outcome of this assessment.

Third Party Views

23. The two other providers of funeral services in Jersey were alerted to the notification of this transaction. One requested a copy of the Merger Application Form. No comments were received.

Effect on Competition

24. As a result of the proposed transaction, the Purchaser will acquire control of both limousine hire and funeral services, adding to its existing stonemasonry business. Both limousine hire and stonemasonry are provided to the funeral services businesses.

25. Vertical mergers are mergers where one party has a 'vertical' relationship with the other (for example, as a supplier to or customer of that party). The focus of control of these types of merger focuses on the ability and incentive to foreclose an actual or potential rival's access to supplies or markets as a result of the merger and whether such a strategy would have a significant detrimental effect on competition either up or downstream.

26. Currently, JMCo provides stonemasonry products to Maillard's Funerals, according to the arrangements made on behalf of the family of the deceased (as opposed to services provided by Maillard's Funerals directly).

27. In terms of stonemasonry and funeral services in Jersey, there would appear to be very little ability or incentive to foreclose access to alternative suppliers of either service. Given the low barriers to entry into the monumental masonry, especially from other established local stonemasons, the other funeral services providers could switch to alternative suppliers or support new entry in order to counteract any potential foreclosure by JMCo.

28. Likewise, stonemasonry is not an essential input into a funeral services, and those arranging a funeral are not required to employ the services of a stonemason, and are free to make their own arrangements and/or choose an alternative supplier.

29. For these reasons, the proposed merger will not lessen competition substantially in the market for the provision of stonemasonry, limousine hire or funeral services.

Acquisition of Curwood's Limousines

30. During the course of the assessment, the JCRA became aware of the acquisition of Curwood's Limousines by H. W. Maillard Ltd in 2006 which was not submitted for approval by the JCRA at the time. At the time of that transaction, the Competition (Mergers and Acquisitions) (Jersey) Order 2005 was in place which also required approval for vertical mergers where one or more undertakings had a share of supply of 25% or more.
31. On the basis of evidence from public records Curwood's Limousines was the only provider in Jersey of these services at the time of the transaction. It is therefore our conclusion that Curwood's Limousines held a share of supply which would have required notification.
32. Taking into account an assessment of the funeral services and limousine hire markets considered by way of this Decision, including the acquisition of the two businesses by JMCo, the subsequent entry shortly after 2006 of a competing limousine service (Signature) and the difficulties in obtaining reliable evidence on the market a decade ago, the JCRA is prepared to give its approval for the 2006 acquisition of Curwood's Limousines by way of this Decision.
33. The JCRA will consider whether to take any further action with respect to this matter as a separate issue.

Conclusion

34. Based on the preceding analysis, the JCRA hereby approves the proposed acquisition under Article 22(1) of the Law.

21 October 2016

By Order of the JCRA Board