

SCDCA v. Internal Revenue Service; Community Funeral Home, f/k/a Community Funeral Home, Inc., f/k/a James Community Funeral Home; and Leroy James and Rose James Individually

Case No. 3:17-1729-JFA

Community Funeral Home (“Community”) was a funeral home in Sumter, South Carolina, whose assets were seized by the Internal Revenue Service (“IRS”) in September 2016 after Community failed to pay federal taxes. According to the records of the South Carolina Department of Labor, Licensing, and Regulation (“LLR”), Leroy James was the sole owner and proprietor of Community Funeral Home at the time of the IRS’s seizure of Community’s assets in September 2016, and Rose James was an additional owner in 2008.

On February 24, 2017, the South Carolina Department of Consumer Affairs (“the Department”) was informed by LLR that Community was shut down by the IRS and its assets seized for failure to pay federal taxes. The Department also learned from files and receipt books received from LLR dated 1998 through 2004 that Community was selling preneed funeral contracts without a preneed funeral license. From those files, receipt books, and further contracts provided by South Carolina consumers, the Department has identified at least fifty-five (55) preneed funeral contract and the potential total amount of funds that should have been in trust is at least \$162,164.80.

The Department filed a Motion for a Temporary Restraining Order (“TRO”) and Motion for a Preliminary Injunction on June 30, 2017, to halt the IRS’s refunding of excess auction proceeds to Community after real estate and personal property of Community’s was seized and sold by the IRS at an auction on March 15, 2017. The Court granted the TRO on July 12, 2017, and granted the Preliminary Injunction on July 25, 2017. Thus, the IRS is prohibited from disbursing any excess funds it obtained from liquidizing the assets of defendant Community and is to remain in possession of such excess funds until the Department’s claims against Community have been adjudicated pursuant to the laws of South Carolina.