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21 UNITED STATES DISTRICT COURT

22 FOR THE CENTRAL DISTRICT OF CALIFORNIA

23 JUAN ORTEGA, individually and on) Case No.
24 behalf of all others similarly situated

25 Plaintiff,

26 v.

27 H&R BLOCK, INC., HRB TAX
28 GROUP, INC., H&R BLOCK TAX
SERVICES LLC, HRB
TECHNOLOGY LLC, and HRB
DIGITAL LLC,

Defendants.

CLASS ACTION

**CLASS ACTION COMPLAINT FOR
VIOLATION OF CONSUMER
PROTECTION STATUTES, BREACH OF
CONTRACT, PROFESSIONAL
NEGLIGENCE, AND UNJUST
ENRICHMENT**

JURY TRIAL DEMANDED

FILED
13 MAR 20 PM 3:52
CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

Introduction

Plaintiff Juan Ortega, individually and on behalf of all others similarly situated and on behalf of the general public, complains against Defendant H& R Block, Inc., HRB Tax Group, Inc., H&R Block Tax Services LLC, HRB Technology LLC, and HRB Digital LLC, and any affiliates, parents, subsidiaries, divisions, departments or agents (collectively, “H&R Block” or “Defendants”), as follows:

1. This action concerns Defendants’ failure to accurately fill out and submit tax return forms on behalf of thousands of taxpayers who paid for and used Defendants’ in-person and electronic tax preparation services. Defendants’ failure has resulted in substantial delays in processing the tax returns and disbursement of tax refunds for thousands of tax return filers across the country. Many of these delays resulted from H&R Block’s acknowledged failure to comply with IRS regulations.

2. H&R Block, Inc. is one of the world's largest tax services providers. According to its website, it employs more than 100,000 highly trained tax professionals and has prepared more than 550 million tax returns worldwide since 1955. H&R Block prepares 1 in every 7 tax returns. H&R Block has numerous retail offices across the United States; most Americans live or work within 5 miles of one.

3. In addition to providing in-person tax return preparation services, Defendants also offer tax return preparation through its H&R Block At Home™ online and desktop tax preparation software products.

4. With its slogan “Get It Right,” H&R Block advertises, markets, and represents itself to the public as a paragon of fast, accurate, and expert tax return preparation. H&R Block’s website and advertisements extol how the company “works with the IRS to stay up to date on changes in the tax laws, and translates all IRS rules and laws into language you can understand.” The advertisements further advise potential clients to “make sure nothing is missed on your tax returns” by hiring H&R Block.

5. Numerous taxpayers avail themselves of an educational tax credit through the American Opportunity Tax Credit and the Lifelong Learning Tax Credit, which reduces

1 their overall tax burden. Taxpayers who use this credit receive up to 100% of the first
2 \$2,000 of qualifying expenses and 25% of expenses beyond the first \$20,000. These
3 taxpayers must fill out IRS Form 8863 to receive the credit. Thousands of tax filers filled
4 out IRS Form 8863 in compliance with the new requirements in-person at H&R Block
5 offices and through H&R Block's online tax preparation system. Nonetheless, despite
6 representing itself an expert provider of tax preparation services and guaranteeing
7 accuracy, and despite the fact that these taxpayers correctly provided the required
8 information to H&R Block, Defendants failed to fill out the Form 8863 as required on
9 behalf of the taxpayers and submitted IRS Form 8863 to the IRS with no answers in
10 certain required fields. As a result, the IRS was unable to process the forms, and tax filers
11 who submitted returns with Form 8863 through H&R Block continue to face delays in
12 processing and disbursement of refunds.

13 6. Thousands of tax filers who used H&R Block's in-person and electronic tax
14 preparation services have expressed their complaints against H&R Block on internet
15 forums, H&R Block's Facebook page, and "Club 8863," a Facebook page dedicated to
16 those who filed Form 8863 and are experiencing delays. These complaints detail the
17 disruption and damages experienced by those who paid and relied upon H&R Block to
18 prepare and submit their tax returns quickly, completely, and correctly.

19 7. On March 11, 2013, H&R Block released a statement admitting that its tax
20 preparation services fell well short of the mark, and "affected some tax returns filed
21 between Feb. 14 and 22, 2013. These affected returns included certain education tax
22 credits claimed on Form 8863." H&R Block also admitted that the resulting delays may
23 cause problems for its clients, that it was doing everything in its power to address the
24 processing of these returns, and was working with the IRS to expedite the process on its
25 clients' behalf.

26 8. On March 12, 2013, the IRS released a statement that it was aware of a
27 problem with software company products that affected tax returns claiming the education
28 credit through Form 8863 between Feb 14 and 22, 2013. The IRS also stated the review

process for error-ridden tax returns would take up to 8 weeks, or an additional 4-6 weeks from the date of that statement. IRS spokeswoman Michelle Eldridge stated that 10% of the 6.6 million, or approximately 660,000 returns containing Form 8863 were submitted with error.

Parties

9. Plaintiff Juan Ortega is a citizen of California and resides in the city of Los Angeles, California. Mr. Ortega contracted with H&R Block for tax return preparation services and filed Form 8863 through H&R Block along with his tax returns. As a result, he paid for tax preparation services that were incomplete and flawed, experienced tax return processing delays, tax refund disbursement delays, and consequential damages arising from these delays.

10. Defendant H&R Block Inc. is a Missouri corporation with its headquarters located in Kansas City, Missouri. Its registered agent and office in Missouri is CT Corporation System, 120 South Central Avenue, Clayton, Missouri 63105. H&R Block, Inc. owns subsidiaries that provide tax preparation and banking services.

11. Defendant HRB Tax Group, Inc. is a subsidiary of H&R Block, Inc. and a Missouri corporation with its headquarters located in Kansas City, Missouri. Its registered agent and office in California is CT Corporation 818 West Seventh Street, Los Angeles, California 90017. HRB Tax Group, Inc. owns and operates more than 7,000 tax preparation offices nationwide. It is also the parent company of H&R Block Tax Services LLC (“H&R Block Tax Services”), franchisor of approximately 4,000 tax preparation franchises nationwide.

12. Defendant H&R Block Tax Services LLC is subsidiary of H&R Block, Inc., and a Missouri limited liability company with its headquarters located in Kansas City, Missouri. Its registered agent and office in Missouri is CT Corporation System, 120 South Central Avenue, Clayton, Missouri 63105.

13. Defendant HRB Technology LLC is a subsidiary of H&R Block, Inc., and a limited liability company organized under the laws of Missouri with its principal place of

1 business in Kansas City, Missouri. Its registered agent and office in Missouri is CT
2 Corporation System, 120 South Central Avenue, Clayton, Missouri 63105.

3 14. Defendant HRB Digital LLC is a subsidiary of H&R Block, Inc., and a
4 limited liability company organized under the laws of Delaware with its principal place of
5 business in Kansas City, Missouri. Its registered agent and office in Missouri is CT
6 Corporation System, 120 South Central Avenue, Clayton, Missouri, 63105. Its registered
7 agent and office in Delaware is The Corporation Trust Company, Corporation Trust
8 Center, 1209 Orange Street, Wilmington, Delaware 19801.

9 **Jurisdiction and Venue**

10 15. This court has subject matter jurisdiction over this action pursuant to the
11 Class Action Fairness Act of 2005, 28 U.S.C. § 1332(d) because at least one Class member
12 is of diverse citizenship from the Defendants; there are more than 100 Class members; and
13 the aggregate amount in controversy exceeds \$5,000,000.

14 16. This Court has personal jurisdiction over the parties because Defendants each
15 conduct substantial business in this State, have systematic and continuous ties with this
16 state, and have agents and representatives that can be found in this state. Thus, the
17 Defendants have sufficient minimum contacts with or otherwise purposefully avail
18 themselves of the markets in the State of California, or otherwise have sufficient contacts
19 with this District to justify it being fairly brought into court in this District.

20 17. Venue is proper in this District under 28 U.S.C. § 1391(a) because as
21 corporations or companies subject to personal jurisdiction in this District, the Defendants
22 conduct business in this District, a substantial part of the events giving rise to the claims
23 occurred and emanated out of this District, and Defendants have injured class members
24 residing in this District. This Court accordingly has jurisdiction over this action and venue
25 is proper in this Judicial District.

Factual Allegations

A. H&R Block's tax return preparation services did not comply with IRS regulations and procedures, and resulted in mistakes and delays for thousands of tax filers.

18. In mid-February 2013, thousands of tax payers who used Defendants' tax preparation services and filed their tax returns promptly on January 30, 2013, began noticing that their tax refunds were being delayed. Upon further inquiry many were informed by the IRS that that their tax returns required additional processing due to errors in submitting Form 8863.

19. Initially, Defendants developed standard, evasive responses to complaining clients. They denied any responsibility and maintained that the tax returns had been prepared and submitted accurately and completely.

20. Defendants eventually admitted in a press release dated March 11, 2013, that they incorrectly submitted returns stated that "affected some tax returns filed between Feb. 14 and 22, 2013. These affected returns included certain education tax credits claimed on Form 8863."

21. Specifically, in early 2013 the IRS revised form 8863 to require taxpayers to enter a "Y" or "N" on lines 23-26 in order to confirm qualifications for eligibility. Prior to 2013, it was acceptable to simply leave fields blank rather than entering "N." Plaintiff and the putative Class members had correctly filled out Form 8863 in compliance with IRS regulations in-person at H&R Block offices, and on Defendants' online tax preparation system. However, Defendants submitted the Form 8863 with required fields blank. As a result, the IRS was unable to process the forms correctly, resulting in processing and refund disbursement delays.

22. The President and CEO of H&R Block, Bill Cobb, released a statement on March 15, 2013 on "Block Talk," H&R Block's blog, admitting that "when the IRS began accepting the form, we immediately sent your returns, with the intention of getting you your refund as quickly as possible. In our zeal to move so quickly, we missed a step.

Specifically there was a disconnect in the transmission of form 8863 from our delivery system to the IRS E-file system, and this caused the delay many of you are experiencing.” He went on further to note that “this was our mistake - and I sincerely apologize. I want you to know that we hear the frustration of those impacted by this issue loud and clear, and we’re working every avenue we can to get your refund to you as fast as possible.”

23. Defendants have been deluged with consumer complaints regarding their error ridden tax return submissions. In addition to telephoned, emailed, and written complaints, numerous consumers have posted complaints to Defendants’ Facebook page, as well as another Facebook page, Club 8863, started by tax filers who were experiencing delays.

24. The delays have caused significant disruptions and damage in households across the country. Tax filers from all economic strata routinely prepare budgets with tax refunds in mind, and diligently file early with purported expert tax preparers in expectation of receiving refund disbursements to pay for time-sensitive housing, utility, and repair bills.

25. Students and their parents also file tax returns early in expectation of receiving the necessary IRS documentation to meet the deadlines for student loans applications. Jeff Baker, Director, Policy Liaison and Implementation, Federal Student Aid, Department of Education stated in a public release that as a result of the delays, “important financial information may not be available in time for families to make college-going decisions,” and while he hoped schools would collect and accept paper copies of unofficial tax returns, he confirmed that for some students, “until official verification using information from the IRS... is complete, no subsidized federal student aid Title IV can be disbursed.”

26. Defendants’ actions have been particularly harmful to the most economically vulnerable populations, including students, single parents, working families, and members of the military who relied on Defendants purported expertise. The following is a small

1 sample of internet postings on the H&R Block Facebook page, as well as the 8863 Club
2 Facebook page:

3 27. "Getting so frustrated. If I don't get it by end of next week, I can't start classes
4 and this will delay my Graduation from June until September. And...if they were doing
5 them first filed and first served, then mine should have come through because I filed in
6 January!! This just really stinks. I am so frustrated and just in tears over this."

7 28. "I just spoke to an agent at the IRS accounts information department, who
8 very politely told me that even though I filed my taxes on the 24th of January, later told it
9 wasn't accepted until the 14th of February, it will be 7 weeks from TODAY!! That's April
10 ...all of this due and error on H & R Block and the processing center!! My husband is
11 attending school and has been for the last year and a half, trying to better ourselves we
12 planned to make it with our savings until tax season, I am the only one working and he
13 won't graduate until may...we are in a very tight spot and all these people can do is offer us
14 an apology!! I live in central Fl...please if anyone had any information on what we can do
15 to express what we think of there simple mistake please let me know. I am short from
16 having to start selling pawning items due to their little mistake. H & R Block you are not
17 handleling [sic] this appropriately, you might not be affected but I will never do my taxes
18 with you again and I will make sure I guard anyone that will listen to never use your
19 services. We might not be a huge corporation but we can make our voice be heard!!
20 Boycott H & R Block!! Don't stop talking and calling and ask your tax preparer that you
21 want to speak with the district manager to complain and receive a refund. Call don't stop,
22 call until someone listens this cannot go unnoticed. If anyone had any ideas please share or
23 let me know internally. If anyone has a similar situation please let me know if you have a
24 different answer or response."

25 29. "I had to wait until the 21st of February and still is being processed. I am a
26 student and a mother that was waiting for that to pay 4 months worth of rent. Now, I may
27 not get it back until mid to late April??? This is ridiculous. I have always used H&R Block
28

1 for my taxes, now, I would rather pay triple of the fees than give back my business after I
2 paid to have them done correctly!!!”

3 30. “Dear Mr. Cobb, I would like to know what you are going to say to the young
4 man in my photo, I was suppose to go on vacation with this young man for the first time in
5 my life and spend time with him and take him to his next duty station. I now am not going
6 to be able to take him this next week and have taken leave from work and am sitting at
7 home with no money to go on vacation. He just came back from Korea, I have not seen my
8 son in almost 2 years. Yes he is at my house but I really wanted to make some memories
9 with him because he may be going to Afgahanastan, and I may never see him again, and
10 this is heavy on my heart. I want to know what you want to say to him and his sister and
11 explain to them about the reason why their mother who is a single mother who scrapes by
12 from month to month on a paycheck and was expecting this check to spend time with
13 them. Now he is going to have to get on a bus and go to his next duty station alone. Thank
14 you. Thank you for your disservice to us little people. Thank you for your heartless
15 apology. Thank you for the employees lack of customer service during this very stressful
16 time in my life. Thank you for nothing. I now will not be able to spend time with my son
17 like I wanted to and give him some small memories of a lifetime with his mother. Thanks
18 for nothing Mr. Cobb CEO of H&R Block. I pray that God gives you peace and helps you
19 to sleep comfortably at night while my son is serving his country.”

20 31. “How it is not H&R Block. They promise professional and accurate
21 preparation and filing for their customers. Haven't seen any of that yet. When you buy
22 something at a store and it is broken, do you bring it back to the store or take it to the
23 company that made it. You are paying for the service as well as the product. If you don't
24 support the product or service you charge your customers for, you are just as much at
25 fault.”

26 32. “I am down to nearly nothing to get through the rest of the month and we
27 have this money just waiting. I am beyond frustrated.”
28

1 33. “The fact that your company notified me almost 1 MONTH after this
2 happened is horrid! I just received my first communication from your company this past
3 weekend! I paid about \$200 for prep fees and when I called my local office they blamed it
4 on the IRS. Yet, you admit that it was you software's fault, which means that your
5 company charged me \$200 to prep my taxes on a program that was not up to date. That to
6 me is like selling expired food to someone and then putting the blame on the manufacturer,
7 and not on the people selling it. I for one would like my fees refunded! You sold me on
8 products that were incorrect and not described correctly!!!!!!”

9 34. “Mr. Cobb, I am sure many H&R Block customers sincerely appreciate your
10 apology concerning the delayed tax returns; however, you did not address the issue of
11 students selected for the verification process being unable to receive student
12 loans/financial-aid, due to H&R Block’s negligence. The issue is not so much “we want
13 our money now,” which you so intently focused on in your address to your customers.
14 What of the indirect, adverse consequences many students are facing, because of our
15 inability to obtain tax transcripts for the 2012 year, which are a requirement for students
16 randomly selected for the verification process? As mentioned, your apology was sincerely
17 appreciated, yet it lacked any real value, as it only addressed the surface problem and not
18 the numerous other problems that your customers are facing, as a result of your company’s
19 negligence.”

20 35. “It’s a combo of H&R block and the IRS, because they waited to the 13th
21 hour to address the tax issues that had to be addressed before the end of 2012, the IRS had
22 to scramble to get the new programming done, that is what started this whole mess....why
23 did our government wait soooo long to address these tax issues? I was expecting that
24 money weeks ago to pay bills, now I can’t pay and I am assessing interest and fees...”

25 36. As this small sampling of complaints makes clear, Defendants have been fully
26 advised of the inadequacy of their services and the damage their actions have caused.

27 37. By their statements and actions, Defendants have not offered to provide a
28 refund to affected consumer tax filers or otherwise provide restitution for the damages

1 their actions have caused. Instead, they simply stated that they were “doing everything in
2 [their] power to address the processing of these returns, and was working with the IRS to
3 expedite the filing of process on their client’s behalf.”

4 **B. H&R Block’s misrepresentations of fast, accurate, and expert tax**
5 **preparation induced sales and caused the damages and injury alleged**
6 **herein.**

7 38. Defendants’ 2013 television advertisements represent “our 100,000 tax
8 professionals receive extensive training and work with state-of-the-art technology to
9 ensure your taxes are done right,” and are punctuated with the attention grabbing slogans
10 “Get It Right,” “100 Accuracy – Guaranteed.”

11 39. In an advertisement titled “No Worries,” H&R Block stated that “last year
12 there were over 1700 state and federal tax changes alone. It’s enough to worry anyone, but
13 H&R Block knows them inside and out.” They claimed to provide over 10 million hours of
14 training to its tax professionals each year, so “we can guarantee, we’ll get it right.”

15 40. Robert Turtledove, chief marketing officer for H&R Block stated the basis for
16 one of their slogans “Never Settle for Less” in a 2011 press release from H&R Block:
17 “With tax law complexity, last-minute changes, and tax filing delays, it's easier than ever
18 for taxpayers to miss valuable tax breaks or make critical mistakes if they choose anything
19 less than the best service, best tax professional and the best tax advice.... Nobody knows
20 taxes like H&R Block and we're committed to ensuring each client gets the largest tax
21 refund they're due.”

22 **C. Plaintiff Ortega’s injury in having his tax returns delayed by Defendants’**
23 **actions.**

24 41. Plaintiff Ortega carefully chose Defendants to prepare his taxes over
25 competitors because he was convinced by advertisements, testimonials, and other
26 marketing materials touting Defendants’ expertise, competency, and guarantees.

27 42. On January 28, 2013, in reliance on these representations, Plaintiff met in
28 person with H&R Block at a local office in Los Angeles, CA and executed a contract for

1 tax preparation services. On that date, Defendants also completed the process for preparing
2 and submitting Plaintiff's 2012 income tax returns, including Form 8863. His anticipated
3 federal tax refund was \$1,288.

4 43. Having filed his tax return in January (several months prior to the April
5 deadline to file taxes), and having filed a Form 8863, Mr. Ortega expected his return to be
6 issued promptly, and was informed by Defendants' staff that he would receive his refund
7 on or about February 16, 2013, 21 days after his initial filing date.

8 44. On or about March 1, 2013, Plaintiff still had not received his refund, and
9 visited the Defendants' office again. Plaintiff was informed by Defendants' staff that his
10 return had not been processed, and that they did not know when he would receive his
11 refund. He received no other information from Defendants' and began to research the issue
12 on his own.

13 45. On March 13, 2013 Plaintiff contacted the IRS and was informed that his tax
14 return had been received but was still being processed.

15 46. As a result of Defendants' actions, Plaintiff's returns were submitted to the
16 IRS with errors that did not comply with IRS regulations, which resulted in processing and
17 refund disbursement delays.

18 47. Plaintiff is currently employed as a cook and lives on a tight budget. He
19 depends on receiving his tax refund without delay for living expenses, to repay loans he
20 took out to pay bills, and also needs his official return information to apply for financial
21 aid for school. He filed his return as early as possible for precisely these reasons.

22 48. Plaintiff relied on Defendants' competency in order to avoid the errors and
23 delays he is now experiencing.

24 49. Plaintiff paid \$194, plus Emerald Card fees, for tax preparation services that
25 did not comport with IRS requirements, Defendants' representations, or contractual
26 obligations.
27
28

Class Action Allegations

50. Plaintiff brings this action on behalf of herself and as a class action, pursuant to the provisions of Rules 23(a), (b)(2), and (b)(3) of the Federal Rules of Civil Procedure, on behalf of the following nationwide Class, defined as:

All persons on whose behalf H&R Block prepared and submitted a 2012 income tax return that included Form 8863 to the IRS before February 23, 2013 (“the Class”).

51. Specifically excluded from this Class are (1) the Defendants and their officers, directors, employees, subsidiaries, or affiliates; (2) all employees of the Court; and (3) all counsel of record. Certification of Plaintiff’s claims for class-wide treatment is appropriate because Plaintiffs can prove the elements of their claims on a class-wide basis using the same evidence as would be used to prove those elements in individual actions alleging the same claims.

52. **Numerosity – Federal Rule of Civil Procedure 23(a)(1).** The members of the class are so numerous that joinder of all members is impracticable. While the number of class members is unknown to Plaintiff at this time, Plaintiff is informed and believes that the Class numbers in the thousands or hundreds of thousands.

53. **Commonality and Predominance – Federal Rule of Civil Procedure 23(b)(3).** There is a well established community of interest in the questions of law and fact affecting the parties to be represented in this action. All members of the Class were affected by Defendants’ breach of contract, professional negligence, and deceptive advertising and marketing.

54. Questions of law and fact common to the Class predominate over questions that may affect only individual members of the Class. These common questions of law and fact include, but are not limited to:

A. Whether Defendants offered tax preparation services and software to the public;

- 1 B. Whether Defendants tax preparation services and software failed to
2 process and transmit Class members' IRS Form 8863 truly and accurately,
3 triggering delays in Class members' tax refunds;
4 C. Whether Defendants knew or should have known of any defects inherent
5 in their tax preparation services and software;
6 D. Whether Defendants improperly represented their services as fast,
7 comprehensive, and accurate;
8 E. Whether Plaintiff and members of the Class have suffered damage;
9 F. Whether Defendants have refused to remedy the damage and loss caused
10 by the use of their products and services;
11 G. Whether Defendants' misconduct described herein constitutes applicable
12 state deceptive trade practice and consumer protection statutes;
13 H. Whether Defendants are liable for professional negligence;
14 I. Whether Defendants should provide restitution to Plaintiff and the Class
15 and;
16 J. The amount and type of damages and other relief to be awarded to Plaintiff
17 and Class.

18 55. Resolving these issues for Plaintiff or any other Class members will also
19 resolve the claims of the entire Class.

20 56. **Certification of the class pursuant to Fed. R. Civ. P. 23(b)(3).** As alleged
21 above, several common questions of fact and law predominate this action. The overarching
22 issue boils down to this: Did Defendants' tax preparation services and software cause
23 injury to tax filers? Individualized issues related to damages carry no great weight in light
24 of Defendants' obligation to sell products that could be used for their most basic purpose
25 without threat of property damages and economic loss. The common issues predominate
26 over any individualized issues.

27 57. **Typicality – Federal Rule of Civil Procedure 23(a)(3).** Plaintiff's claims are
28 typical of the claims of the members of the Class. Plaintiff has the same interests as all

members of the Class in that the nature and character of the challenged conduct is the same. Plaintiff and all members of the Class challenge Defendants conduct under the same legal theories. The primary and predominant issue in dispute is whether or not Defendants' products that could not be used for their represented purposes without the threat of incurring, or in fact occurring, economic loss, and whether or not the services offered by the Defendants' did not accord with quality and their representations

58. **Adequacy of Representation – Federal Rule of Civil Procedure 23(a)(4).** Plaintiff will fairly and adequately represent and protect the interests of the members of the Class. Plaintiff has retained competent counsel experienced in consumer class litigation. Plaintiff is a member of the Class and does not have interests antagonistic to or in conflict with members of the Class. Neither Plaintiff nor Plaintiff's counsel have any interests that might cause them not to vigorously pursue this claim for the Class. Plaintiff's claims are the same as those of the claims of the Class, which all arise from the same operative facts and are based on the same legal theories.

59. **Declaratory and Injunctive Relief – Federal Rule of Civil Procedure 23(b)(2).** Defendants have acted or refused to act on grounds generally applicable to Plaintiffs and the other members of the Class, thereby making appropriate final injunctive relief and declaratory relief, as described below, with respect to the members of the Class.

60. **Superiority – Federal Rule of Civil Procedure 23(b)(3).** A class action is superior to other available methods for the fair and efficient adjudication of this controversy because the membership of the Class is so numerous and sufficiently geographically widespread that joinder of all members is impracticable. In addition, the prosecution of separate actions by individual members of the Class would create a risk of incompatible standards of conduct for Defendants and inconsistent or varying adjudications for all parties. Class treatment will permit a large number of similarly situated person to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of evidence, effort, or expense that numerous individual actions would engender. The benefits of proceeding through the class

mechanism, including providing injured person or entities a method for obtaining redress on claims that could not be practicably be pursued individually, substantially outweighs any potential difficulties in management of this class action.

61. There will be no difficulty in the management of this case as a class action.

62. A class action is an appropriate method for the fair and efficient adjudication of this controversy. The interest of class members in individually controlling the prosecution of separate claims against Defendants is non-existent because it is not feasible for them to bring individual claims. The nature of the practices complained of, submitting tax filers' returns incorrectly makes a class action superior.

63. The number of tax submission errors that took place can be determined through use of Defendants' records files, ledgers, electronic databases, among other places.

64. Plaintiff is entitled to an award of attorneys' fees and costs in prosecuting this Complaint against Defendants under Cal. Civ. Code § 1021.5, because:

- a. A successful outcome in this action will result in the enforcement of important rights affecting the public interest;
- b. This action will result in the cessation of business practices which are unfair, and will result in restitution, disgorgement, or both, of monies which Defendants should not equitably retain, thereby providing significant benefit to the Class and the general public;
- c. Private enforcement of this action eliminates the necessity of costly public enforcement during an economic climate in which public resources are strained; and
- d. If at all possible, such fees should not, in the interest of justice, be paid out of any recovery.

Injury

65. By reason of the above-described conduct and bad faith, Defendants caused actual harm, injury-in-fact, and loss of money to Plaintiff and each member of the Class. Plaintiff was injured in the following ways:

- 1 a. Plaintiff paid approximately \$194 for the purpose of receiving fast,
2 accurate, and expert tax preparation services, which Defendants
3 represented they provided.
- 4 b. Plaintiff suffered significant delay in the processing of their tax return and
5 receipt of their tax refund.
- 6 c. If Defendants' services were as advertised and fast, accurate, and expertly
7 performed, Plaintiff would not have suffered the damage and economic
8 loss described herein.
- 9 d. Plaintiff would not have purchased H&R Block tax preparation services
10 had he known his tax return would be submitted with errors and his refund
11 consequently delayed.
- 12 e. Defendants have not paid for the costs incurred by those whose tax returns
13 were submitted with errors and whose tax refunds were delayed.
- 14 f. Plaintiff and members of the Class have each been deprived of the amount
15 they paid for Defendants' services, requiring restitution.
- 16 g. Plaintiff and members of the Class have been deprived on the benefit of
17 their bargains and suffered other damages by purchasing tax preparation
18 services that resulted in error ridden tax return submissions.
- 19 h. Plaintiff and members of the Class have incurred economic losses due to
20 the severe delays in the processing of their tax returns.

21 **Count I**

22 **(BREACH OF CONTRACT)**

23 66. Plaintiff incorporates all preceding and succeeding allegations by reference as
24 if fully set forth herein.

25 67. Defendants' executed "Tax Program License and Services Agreements" with
26 members of the Class who used Defendants' online services, and "Client Services
27 Agreements" with Plaintiff and class members who received in-person tax preparation
28 services. Pursuant to the "Client Services Agreement," Defendants covenanted to "prepare

1 your tax returns” and “provide you technology services” to “facilitate e-filing and other tax
2 preparation-related technology services.” In the “Tax Program License and Services
3 Agreements,” Defendants covenanted to “grant... a limited, non-exclusive, persona, non-
4 transferable right to use and access the Tax Program to prepare and electronically file (“e-
5 file” or “e-filing”) your 2012 United States federal tax return, to prepare and provide
6 information for your 2012 state tax returns, and to e-file your state tax returns.”

7 68. Defendants breached the contract by failing to prepare and submit tax returns
8 for clients accurately, completely, and in conformance with IRS regulations and standards.

9 69. Defendants’ breach of contract resulted in damages to the Plaintiff and Class.
10 As a direct, proximate and foreseeable cause of Defendants’ breach of contract, Plaintiff
11 and members of the proposed Class have sustained damages, in the aggregate in excess of
12 \$5,000,000.

13 **Count II**
14 **(NEGLIGENCE)**

15 70. Plaintiff incorporates all preceding and succeeding allegations by reference as
16 if fully set forth herein.

17 71. Defendants owed a duty to clients who contracted for tax return preparation
18 services to use the skill and care that a reasonably careful tax preparation service provider
19 operating in the field would have used in similar circumstances.

20 72. Defendants breached this duty by failing to submit tax returns free of error
21 and in compliance with IRS requirements. A reasonably careful tax preparer would stay
22 apprised of changes in IRS regulations and forms. Defendants also breached this duty by
23 failing to exercise reasonable care in the design, testing, advertising, and marketing of its
24 tax preparation software.

25 73. In the alternative, the damages suffered by Plaintiff and members of the Class
26 were caused by the acts and omissions of Defendants. These acts or omissions may be
27 beyond proof by Plaintiffs herein, were within the knowledge and control of Defendants,
28 there being no other possible conclusion that the error ridden tax returns submitted by

Defendants on behalf of its clients resulted from the negligence of Defendants. The design and development of tax preparation software was under the control of Defendants, and thus Defendants are liable under the doctrine of *res ipsa loquitur*.

74. As a direct and proximate cause of Defendants' negligence, tax returns were submitted with errors which resulted in delays in tax return processing and disbursement of tax refunds. These delays caused damages to Plaintiff and class members because they were deprived of the use of money that is rightfully theirs.

Count III

(VIOLATION OF CALIFORNIA'S UNFAIR COMPETITION LAW, BUS. & PROF. CODE § 17200 *ET SEQ.*)

75. Plaintiff incorporates all preceding and succeeding allegations by reference as if fully set forth herein.

76. Plaintiff brings this action individually, on behalf of the Class, and on behalf of the general public pursuant to § 17200 *et seq.* of the Bus. & Prof. Code, the Unfair Competition Act.

77. Plaintiff and members of the Class purchased tax preparation services and software because they wished to have their tax returns prepared accurately, expertly, and rapidly.

78. Defendants engaged in unfair, deceptive, untrue or misleading advertising by representing that it provided expert and accurate tax preparation services with guaranteed results, when instead the services did not comport with IRS requirements or Defendants' representations.

79. If Plaintiff and members of the Class knew that H&R Block's tax preparation services posed a substantial threat of errors and consequent delays in processing, they reasonably would not have purchased those services. Plaintiffs would have purchased other services or none at all rather than pay for services that were incomplete, incorrect, and resulted in severe delays in tax return processing and receipt of tax refunds.

Defendants therefore obtained an unfair economic advantage and obtained Plaintiff's business unfairly.

80. In addition, by failing to offer a refund or compensate tax filers for their actions, Defendant has been able to obtain and retain consumers' money.

81. The substantial harm caused by Defendants' business practices outweighs any benefit, justification, or motivation of the Defendants. Plaintiff and other participating consumers could not have reasonably avoided or anticipated Defendants' failure to provide services and software products that were properly designed and contracted for. Their free market decisions were unjustifiably hampered by the conduct of the Defendants.

82. In addition to being unfair, Defendants' business practices were unlawful because they violated the Consumers Legal Remedies Act ("CLRA"), California Civil Code, §§ 1750 *et seq.*

83. The acts complained of herein, and each of them, constitute unfair and unlawful business practices in violation of Business and Professions Code §17200, *et. seq.* Such acts and violations have not abated and will continue to occur unless enjoined.

84. The unfair and unlawful business practices set forth have and continue to injure Plaintiffs, the Class, and the general public and cause the loss of money. These violations have unjustly enriched Defendants at the expense of Plaintiff and the Class. As a result, Plaintiff, the Class and the general public are entitled to injunctive relief, restitution, and other equitable relief.

Count IV

(VIOLATION OF CALIFORNIA CONSUMERS LEGAL REMEDIES ACT,
CALIFORNIA CIVIL CODE §§ 1750, *ET SEQ.*)

85. Plaintiff incorporates all preceding and succeeding allegations by reference as if fully set forth herein.

86. The CLRA's protections, like the UCL's, are cumulative and, therefore, are "in addition to any other procedures or remedies for any violation or conduct provided for in another law." Cal. Civ. Code § 1752.

1 87. All Defendants are “persons” as that term is defined in Cal. Civ. Code § 1761
2 because each is an “individual, partnership, corporation, limited liability company,
3 association, or other group, however organized.”

4 88. The transactions described herein were “transactions” as that term is defined
5 in Cal. Civ. Code § 1761 because they constitute an “agreement between a consumer and
6 any other person, whether or not the agreement is a contract enforceable by action, and
7 includes the making of, and the performance pursuant to, that agreement.”

8 89. Some transactions at issue involve “goods” as that term is defined in Cal. Civ.
9 Code §1761 because they involve purchase and sale of tax preparation software, which are
10 tangible chattel bought to be used primarily for personal, family, or household purposes.

11 90. By entering into the subject transactions to purchase tax preparation services
12 and software, Plaintiff and the members of the Class are “consumers” as that term is
13 defined in Cal. Civ. Code § 1761 because they sought, by purchase, goods and services for
14 personal, family, or household use.

15 91. Venue is proper pursuant to Cal. Civ. Code §1780(d) because Defendants’ do
16 business in Los Angeles County, and it is where the transaction or a substantial portion
17 thereof occurred. A Declaration of the Plaintiff establishing this Court as the proper venue
18 for this action is attached hereto as Exhibit A.

19 92. Cal. Civ. Code § 1761 broadly defines the term “services,” as follows
20 “Services” means, work, labor, and services for other than a commercial or business use,
21 including services furnished in connection with the sale or repair of goods.

22 93. Defendants have each violated Cal. Civ. Code §§ 1770(a)(5) and (7). These
23 provisions state:

24
25 (a) the following unfair methods of competition and unfair or deceptive acts or
26 practices undertaken by any person in a transaction intended to result or
27 which results in the sale or lease of goods or services to any consumer are
28 unlawful:

1
2 (5) Representing that goods or services have sponsorship, approval,
3 characteristics, ingredients, uses, benefits, or quantities which they do not
4 have or that a person has a sponsorship, approval, status, affiliation, or
5 connection which he or she does not have.
6

7 (7) Representing that goods or services are of a particular standard, quality, or
8 grade, or that goods are of a particular style or model, if they are of another.
9

10 94. In violation of Cal. Civ. Code, § 1770(a)(5), Defendants represented that their
11 tax preparation services and software were compliant and up-to-date with IRS regulations
12 and procedures, and that such services and software would enable tax filers to submit
13 accurate, complete tax returns. As alleged herein, Defendants' services and software were
14 not compliant with IRS regulations and procedures, submitted thousands of tax filers'
15 returns with errors, and resulting in tax return processing and tax refund delays.
16 Defendants violated § 1770(a)(5) by representing that its tax preparation services and
17 software would submit tax returns completely and accurately when they did not.

18 95. In violation of Cal. Civ. Code, § 1770(a)(7), Defendants represented that their
19 tax preparation products and services were of a certain quality. Instead, as described
20 herein, they submitted returns incompletely and with errors.

21 96. Defendants violation of Cal. Civ. Code, § 1770 caused damage to Plaintiff
22 and members of the class and threatened additional injury of the violations continue. This
23 damage includes the loss of the advertised utility of the products purchased by Plaintiff
24 and members of the Class and monies paid by Class members for repairs that should have
25 been paid by Defendants.

26 97. At this time, Plaintiff and members of the Class seek injunctive relief under
27 this claim. By letter dated March 20, 2013, mailed via certified mail as directed in Cal.
28 Civ. Code § 1782, Plaintiff notified Defendants of their violations of the CLRA and

1 demanded that Defendants provide a remedy that rectifies its conduct. If Defendants fail to
2 respond adequately to Plaintiff's written demand within 30 days, Plaintiff will amend this
3 Class Action Complaint to request damages and other relief as permitted by Cal. Civ. Code
4 § 1780.

5 98. By reason of the foregoing, Plaintiff and the Class are entitled to recover
6 injunctive relief.

7 **Count V**

8 (MISSOURI MERCHANDISE PRACTICES ACT)

9 99. Plaintiff incorporates all preceding allegations by reference as if fully set forth
10 herein.

11 100. Plaintiff brings this action individually, on behalf of the Class, and on behalf
12 of the general public pursuant to R.S.Mo. § 407.020, The Missouri Merchandise Practices
13 Act, which provides that "the act, use or employment by any person of any deception,
14 fraud, false pretense, false promise, misrepresentation, unfair practice or the concealment,
15 suppression, or omission of any material fact in connection with the sale or advertisement
16 of any merchandise in trade or commerce or the solicitation of any funds for any charitable
17 purpose, as defined in section 407.453, in or from the state of Missouri, is declared to be
18 an unlawful practice."

19 101. It further provides that "Any act, use or employment declared unlawful by
20 this subsection violates this subsection whether committed before, during or after the sale,
21 advertisement or solicitation." R.S.Mo. § 407.020.

22 102. Plaintiff and members of the Class purchased tax preparation services and
23 software because they wished to have their tax returns prepared accurately, expertly, and
24 rapidly.

25 103. Instead their tax returns were submitted with errors that ran afoul of IRS
26 regulations and caused processing and refund disbursement delays.

27 104. Defendants engaged in unfair, deceptive, untrue or misleading advertising by
28 representing that it provided expert and accurate tax preparation services with guaranteed

1 results, when instead the services did not comport with IRS requirements or Defendants'
2 representations.

3 105. If Plaintiff and members of the Class knew that Defendants' tax preparation
4 services posed a substantial threat of errors and consequent delays in processing, they
5 reasonably would not have purchased those services. Plaintiffs would have purchased
6 other services or none at all rather than pay for services that were incomplete, incorrect,
7 and resulted in severe delays in tax return processing and receipt of tax refunds.
8 Defendants therefore obtained an unfair economic advantage and obtained Plaintiff's
9 business unfairly.

10 106. In addition, by failing to offer a refund or compensate tax filers for their
11 actions, Defendant has been able to obtain and retain consumers' money.

12 107. The substantial harm caused by Defendants' business practices outweighs any
13 benefit, justification, or motivation of the Defendants. Plaintiff and other participating
14 consumers could not have reasonably avoided or anticipated Defendants' failure to provide
15 services and software products that were properly designed and contracted for. Their free
16 market decisions were unjustifiably hampered by the conduct of the Defendants.

17 **Count VI**

18 **(VIOLATION OF STATE CONSUMER PROTECTION LAWS)**

19 108. Plaintiff incorporates all preceding and succeeding allegations by reference as
20 if fully set forth herein.

21 109. The Plaintiff, in addition to the claims alleged above, bring this claim
22 individually and on behalf of the members of the Class. Each of the members of the Class
23 brings this claim on their own behalf under the law of the state in which they reside, and
24 contracted for tax preparation services and on behalf of each of the members of the Class
25 residing in and having received tax preparation services in the same state as they do.

26 110. The Plaintiff and each of the other members of the class is a consumer,
27 purchaser, or other person entitled to the protection for the consumer protection laws of the
28 state in which they reside and received tax preparation services.

1 111. The consumer protection laws of the state in which each Consumer Protection
2 Plaintiffs and each of the other members of the Class resides and received tax preparation
3 services declares that unfair or deceptive acts or practices in the conduct of trade or
4 commerce is unlawful, as articulated in Counts III and IV above. Defendants have
5 violated the consumer protection laws of all states in the same manner as described in
6 Counts III and IV.

7 112. All of the consumer protection states have enacted statutes designed to protect
8 consumers against unfair, deceptive, fraudulent, and unconscionable trade and business
9 practices and false advertising that further allow consumers to bring private or class
10 actions. These statutes are found at, and Plaintiff and Class members hereby assert
11 violations of:

12 Alabama:

13 Ala. Code § 8-19-5(5); (7); (27)

14 Alaska:

15 Alask. Stat. § 45.50.471(b)(4); (6); (11); (12)

16 Arizona:

17 Ariz. Rev. Stat. Ann. § 44-1522

18 Arkansas:

19 Ark. Code Ann. § 4-88-107(a)(1); (10); § 4-88-108

20 Colorado:

21 Colo. Rev. Stat. Ann. § 6-1-105(e); (g)

22 Connecticut:

23 Conn. Gen. State. Ann. § 42-110b

24 Delaware:

25 6 Del. Code § 2513(a)

26 District of Columbia:

27 D.C. Code § 28-3904(e), (f)
28

1 Florida:
2 Fla. Stat. § 501.204(1)

3 Georgia:
4 Ga. Code Ann. § 10-1-370; § 10-1-393(a)

5 Hawaii:
6 Haw. Rev. Stat. §§ 480-2(a); 481A-3

7 Idaho:
8 Idaho Code § 48-603(5), (7), (17) & (18).

9 Illinois:
10 815 ILCS 505/2; 815 ILCS 510/2(a)(5), (a)(7) & (a)(12)

11 Indiana:
12 Ind. Code § 24-5-0.5-3(a)(1) & (a)(2).

13 Iowa:
14 Iowa Code § 714.16

15 Kansas:
16 Kan. Stat. Ann. § 50-626(a), 626(b)(1)(A), 626(b)(1)(D), 626(b)(1)(F),
17 626(b)(1)(G), 626(b)(2), 626(b)(3).

18 Kentucky:
19 KRS § 367.170

20 Louisiana:
21 La. R. S. § 51:1405.A

22 Maine:
23 Me. Rev. Stat. Ann. tit.5, § 207

24 Maryland:
25 Md. Code Ann. Com. Law § 13-301(1), 2(i), (2)(iv), (3), (9)(i)

26 Massachusetts:
27 Mass. Gen. Laws Ann., Ch. 93A, §§ 2, 9
28

1 Michigan:

2 Mich. Comp. Laws Ann. §§ 445.903 (3)(1)(c), (e), (s), (z), (bb), (cc)

3 Mississippi:

4 Miss. Code Ann. § 75-24-5(2)(e), (g)

5 Montana:

6 Mont. Code. Ann. § 30-14-103

7 Nebraska:

8 Neb. Rev. Stat. Ann § 59-1609; Id. at § 87-303(a).

9 Nevada:

10 Nev. Rev. Stat. §§ 598.0903 through 598.0999; Nev. Rev. Stat. § 41.600

11 New Hampshire:

12 N.H. Rev. Stat. Ann. §§ 358-A:2, 358-A:2(V); 358-A:2(VII)

13 New Jersey:

14 N.J. Stat. Ann. § 56:8-2

15 New Mexico:

16 N.M. Stat. Ann. § 57-12-3 and § 57-12-2 (5), (14)

17 New York:

18 N.Y. G.B.L. § 349(a)

19 North Carolina:

20 NC General Statutes §§ 75-1. et seq.

21 North Dakota:

22 N.D.C.C. §§ 51-12-01, 51-15-02

23 Ohio:

24 Ohio Rev. Code § 1345.02 (A), (B)(1)- (B)(2)

25 Oklahoma:

26 Okla. Stat. Ann. tit. 15, §753 (2), (3), (5), (20), tit. 78, § 53.

Oregon

Or. Rev. Stat. §646.608(1)(e), (g), (t), (u); §646.608(2).

Pennsylvania:

73 Pa. Stat. Ann. §201-3; §201-2(4)(ii); (v); (vii); (xxi)

Rhode Island:

R.I. Gen. Laws § 6-13.1-2. 6-13.1-1(5)(E), (L), (M), (N)

South Carolina:

S.C. Code § 39-5-20(a)

South Dakota:

South Dakota Codified Laws § 37-24-6(1)

Tennessee:

Tenn. Code §§ 47-18-104(a), (b)(5), (b)(7), (b)(21), (b)(27).

Texas:

Tex. Bus. & Com. Code

§17.46(b)(2), (b)(3), (b)(5), (b)(7), (b)(24).

Utah:

§13-11-4(1), (4)(2)(a), (4)(2)(b), (4)(2)(e), (4)(2)(i)

Vermont:

9 Vt. Stat. §2453(a)

Virginia:

Va. Code §59.1-200(A)(2), (3), (5), (14); Va. Code §59.1-683 with § 18.2-216.

Washington:

Wash. Rev. Code § 19.86.020

West Virginia:

W.Va. Code § 46A-6-102(7)(B), (C), (E), (G), (L), (M); § 46A-6-104

1 Wisconsin:
2 Wisc. Stat. § 100.18(1)

3 Wyoming:
4 Wyo. Stat. § 40-12-105(a)(i), (ii), (iii), (xv).

5
6 **Count VII**
7 (UNJUST ENRICHMENT)

8 113. Plaintiff incorporates all preceding allegations by reference as if fully set forth
9 herein.

10 114. As a result of Defendants' deceptive and misleading advertising and
11 marketing, Defendants' were enriched, at the expense of the Plaintiff and members of the
12 Class, through the payment of the purchase price for Defendants' tax preparation services
13 and software.

14 115. Under the circumstances, it would be against equity and good conscience to
15 permit Defendants to retain the ill-gotten benefits that it received from the Plaintiff and
16 members of the Class in light of the fact that the services provided were not accurate, fast,
17 or complete, as Defendants purport such services to be. It thus would be unjust or
18 inequitable for Defendants to retain the benefit without restitution or disgorgement of
19 monies paid to Defendants for tax preparation services and software, or such other
20 appropriate equitable remedy as appropriate, to the Plaintiff and members of the Class.

21 **Prayer for Relief**

22 WHEREFORE, Plaintiff requests that the Court grant the following relief:

- 23 A. An Order certifying this case as a class action pursuant to Fed. R. Civ. P. 23,
24 appointing Plaintiff Juan Ortega as Class Representative, and Zimmerman Reed,
25 PLLP and Rosman & Germain LLP as Class Counsel;
26 B. An aware of restitution to Plaintiff and the Class;
27 C. An aware of damages to Plaintiff and the Class;
28 D. An order of all equitable relief allowed by law;

1 E. An order requiring Defendants to pay reasonable attorneys' fees, costs and
2 disbursements;

3 F. All other relief allowed at equity or law; and

4 G. All other relief the Court deems just and proper in the circumstances.
5

6 ROSMAN & GERMAIN LLP

7 

8 Dated: March 20, 2013


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Attorneys for Plaintiff and the Proposed Class

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Dated: March 20, 2013


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Attorneys for Plaintiff and the proposed Class

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DECLARATION OF JUAN ORTEGA

I, Juan Ortega, declare as follows:

1. I am the Plaintiff in the action entitled *Ortega v. H & R Block, Inc., et al.*, which will be filed in the United States District Court, Central District of California. I submit this declaration in support of the Class Action Complaint which seeks damages and other relief pursuant to the Consumers Legal Remedies Act (California Civil Code §1750, *et seq.*).

2. Pursuant to Civil Code §1780(d), I hereby affirm that Los Angeles County, California—the county in which this Court is located—is a proper place for the trial of this action because the defendant sued herein is or was at all relevant times doing business in the County of Los Angeles and the transaction or a substantial portion thereof occurred in the County of Los Angeles.

3. I am a resident of the City of Los Angeles, in the County of Los Angeles.

4. On or about January 28, 2013, I met with an H & R Block representative at a local office in Los Angeles, and agreed to a contract for tax preparation services. I relied upon H & R Block to prepare my tax returns accurately, completely, and in a timely fashion, as promised and represented to me, because I need my tax refund to pay for daily expenses. H & R Block represented to me that if the tax returns were correctly prepared, I would expect to receive my tax refund money by February 16, 2013.

5. Defendants completed the process for preparing and submitting Plaintiff's 2012 income tax returns, including Form 8863.

6. I have since learned that H & R Block failed to update its computer software, resulting in the IRS not accepting these filings.

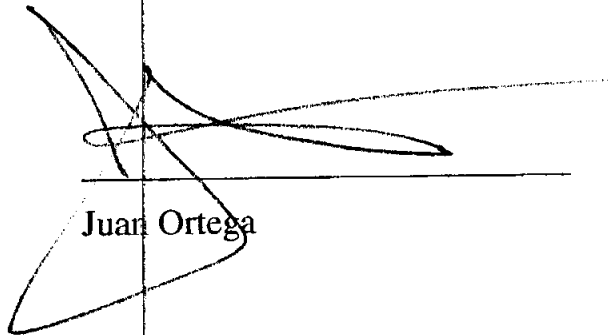
7. As of this date, I have not received my anticipated federal refund of \$1,288 (before H & R Block fees are deducted).

8. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I executed this declaration on March 20, 2013 in Los Angeles, California.

- 1 -

DECLARATION OF JUAN ORTEGA

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Juan Ortega

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Margaret M. Morrow and the assigned discovery Magistrate Judge is Ralph Zarefsky.

The case number on all documents filed with the Court should read as follows:

CV13- 2023 MMM (RZx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

☒ **Western Division**
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

☐ **Southern Division**
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

☐ **Eastern Division**
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

Daniel L. Germain (State Bar No. 143334)
Rosman & Germain LLP
16311 Ventura Blvd., Suite 1200
Encino, CA 91436-2152
Telephone: (818) 788-0877
Attorney for Plaintiff and the proposed class

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

JUAN ORTEGA, individually and on
behalf of all others similarly situated,

PLAINTIFF(S)

v.

H&R BLOCK, INC., HRB TAX GROUP, INC., H&R
BLOCK TAX SERVICES LLC, HRB TECNOLOGY
LLC, and HRB DIGITAL LLC

DEFENDANT(S).

CASE NUMBER

CV13-02023

MMM1P2x1

SUMMONS

TO: DEFENDANT(S):

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached ☒ complaint ☐ _____ amended complaint ☐ counterclaim ☐ cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Daniel L. Germain, whose address is 16311 Ventura Blvd., Suite 1200, Encino, CA 91436-2152. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

MAR 20 2013
Dated: _____

By: JULIE PRADO
Deputy Clerk
(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

I. (a) PLAINTIFFS (Check box if you are representing yourself ☐)

Juan Ortega

DEFENDANTS (Check box if you are representing yourself ☐)

H&R Block, Inc.; HRB Tax Group, Inc.; H&R Block Tax Services LLC; HRB Technology LLC; and HRB Digital LLC

(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)

Rosman & Germain, LLP, Daniel L. Germain (State Bar No. 143334)
16311 Ventura Blvd., Suite 1200, Encino, CA 91436
(818) 788-0877

(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)

II. BASIS OF JURISDICTION (Place an X in one box only.)

- ☐ 1. U.S. Government Plaintiff
☐ 2. U.S. Government Defendant
☐ 3. Federal Question (U.S. Government Not a Party)
☒ 4. Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES-For Diversity Cases Only
(Place an X in one box for plaintiff and one for defendant)

- | | | | | | |
|---|---|--------------------------------|---|--------------------------------|---------------------------------------|
| Citizen of This State | PTF <input checked="" type="checkbox"/> 1 | DEF <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in this State | PTF <input type="checkbox"/> 4 | DEF <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input checked="" type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. ORIGIN (Place an X in one box only.)

- ☒ 1. Original Proceeding
☐ 2. Removed from State Court
☐ 3. Remanded from Appellate Court
☐ 4. Reinstated or Reopened
☐ 5. Transferred from Another District (Specify)
☐ 6. Multi-District Litigation

V. REQUESTED IN COMPLAINT: JURY DEMAND: ☒ Yes ☐ No (Check "Yes" only if demanded in complaint.)

CLASS ACTION under F.R.Cv.P. 23: ☒ Yes ☐ No **MONEY DEMANDED IN COMPLAINT:** \$ excess of \$5,000,000

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

28 U.S.C. section 1332(d)

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER STATUTES	CONTRACT	REAL PROPERTY CONT.	IMMIGRATION	PRISONER PETITIONS	PROPERTY RIGHTS
<input type="checkbox"/> 375 False Claims Act	<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 240 Torts to Land	<input type="checkbox"/> 462 Naturalization Application	<input type="checkbox"/> Habeas Corpus:	<input type="checkbox"/> 820 Copyrights
<input type="checkbox"/> 400 State Reapportionment	<input type="checkbox"/> 120 Marine	<input checked="" type="checkbox"/> 245 Tort Product Liability	<input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 463 Alien Detainee	<input type="checkbox"/> 830 Patent
<input type="checkbox"/> 410 Antitrust	<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 290 All Other Real Property		<input type="checkbox"/> 510 Motions to Vacate Sentence	<input type="checkbox"/> 840 Trademark
<input type="checkbox"/> 430 Banks and Banking	<input type="checkbox"/> 140 Negotiable Instrument		TORTS	<input type="checkbox"/> 530 General	SOCIAL SECURITY
<input type="checkbox"/> 450 Commerce/ICC Rates/Etc.	<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	PERSONAL INJURY	PERSONAL PROPERTY	<input type="checkbox"/> 535 Death Penalty	<input type="checkbox"/> 861 HIA (1395ff)
<input type="checkbox"/> 460 Deportation	<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 370 Other Fraud	Other:	<input type="checkbox"/> 862 Black Lung (923)
<input type="checkbox"/> 470 Racketeer Influenced & Corrupt Org.	<input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Vet.)	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 540 Mandamus/Other	<input type="checkbox"/> 863 DIWC/DIWW (405 (g))
<input type="checkbox"/> 480 Consumer Credit	<input type="checkbox"/> 153 Recovery of Overpayment of Vet. Benefits	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 550 Civil Rights	<input type="checkbox"/> 864 SSID Title XVI
<input type="checkbox"/> 490 Cable/Sat TV	<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 330 Fed. Employers' Liability	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 865 RSI (405 (g))
<input type="checkbox"/> 850 Securities/Commodities/Exchange	<input type="checkbox"/> 190 Other Contract	<input type="checkbox"/> 340 Marine	BANKRUPTCY	<input type="checkbox"/> 560 Civil Detainee Conditions of Confinement	FEDERAL TAX SUITS
<input type="checkbox"/> 890 Other Statutory Actions	<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158	FORFEITURE/PENALTY	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)
<input type="checkbox"/> 891 Agricultural Acts	<input type="checkbox"/> 196 Franchise	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	<input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
<input type="checkbox"/> 893 Environmental Matters	REAL PROPERTY	<input type="checkbox"/> 355 Motor Vehicle Product Liability	CIVIL RIGHTS	<input type="checkbox"/> 690 Other	
<input type="checkbox"/> 895 Freedom of Info. Act	<input type="checkbox"/> 210 Land	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 440 Other Civil Rights	LABOR	
<input type="checkbox"/> 896 Arbitration	<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 362 Personal Injury-Med Malpractice	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 710 Fair Labor Standards Act	
<input type="checkbox"/> 899 Admin. Procedures Act/Review of Appeal of Agency Decision	<input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 365 Personal Injury-Product Liability	<input type="checkbox"/> 442 Employment	<input type="checkbox"/> 720 Labor/Mgmt. Relations	
<input type="checkbox"/> 950 Constitutionality of State Statutes		<input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability	<input type="checkbox"/> 443 Housing/Accommodations	<input type="checkbox"/> 740 Railway Labor Act	
		<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 445 American with Disabilities-Employment	<input type="checkbox"/> 751 Family and Medical Leave Act	
			<input type="checkbox"/> 446 American with Disabilities-Other	<input type="checkbox"/> 790 Other Labor Litigation	
			<input type="checkbox"/> 448 Education	<input type="checkbox"/> 791 Employee Ret. Inc. Security Act	

FOR OFFICE USE ONLY: Case Number:

CV13-02023

AFTER COMPLETING PAGE 1 OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED ON PAGE 2.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? ☒ NO ☐ YES

If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? ☒ NO ☐ YES

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) ☐ A. Arise from the same or closely related transactions, happenings, or events; or
☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or
☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.

☐ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.

☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

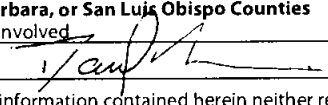
County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	Missouri

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
NOTE: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

*Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR SELF-REPRESENTED LITIGANT):  **DATE:** March 20, 2013

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet).

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code Abbreviation

Substantive Statement of Cause of Action

861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405 (g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g))