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UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

PAUL ALLEN PEREZ, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

JACKSON HEWITT, INC., and REPUBLIC
BANK & TRUST COMPANY,

Defendants.

NO.

CLASS ACTION COMPLAINT

JURY TRIAL DEMAND

Plaintiff Paul Allen Perez, a member of the United States Navy (“Plaintiff”), and a Washington resident, on his behalf and on behalf of all others similarly situated, alleges the following based upon personal knowledge and upon information and belief from the investigation of his counsel as to all other matters, and brings this Class Action Complaint against Jackson Hewitt, Inc., and Republic Bank & Trust Company (collectively “Defendants”), alleging as follows:

NATURE OF THE ACTION

1. This Complaint seeks to protect active-duty military service members and their families from Jackson Hewitt’s unlawful lending practices which violate the Military Lending Act, 10 U.S.C. § 987, *et seq.* (“MLA”).

1 2. The MLA was enacted to protect United States active-duty service members and
2 their dependents (collectively, “Covered Members”) from predatory or unlawful lending
3 practices. Such practices endanger our nation’s military readiness and are detrimental to service
4 member retention, morale, household stability, security clearances, and career advancement.

5 3. Defendant Jackson Hewitt Inc. is one of the nation’s largest providers of in-person
6 and online tax return preparation and electronic filing services. Through its tax preparation
7 platform, Jackson Hewitt markets and facilitates short-term, refund-based consumer loans known
8 as Refund Anticipation Loans (“RALs”), including Early Tax Refund Advance (“ETRA”) loans
9 and No Fee Tax Refund Advance (“NFTRA”) loans. These products allow taxpayers to receive
10 a portion of their anticipated federal tax refund shortly after filing—often within one day—by
11 extending credit that is repaid directly from the borrower’s tax refund.

12 4. These loans are repaid by a covered borrower’s anticipated federal income tax
13 refund, which is intercepted and applied to the loan balance when the refund is issued by the
14 Internal Revenue Service.

15 5. Jackson Hewitt’s Refund Anticipation Loans (“RALs”), including Early Tax
16 Refund Advance (“ETRA”) and No Fee Tax Refund Advance (“NFTRA”) loans, are issued by
17 partner financial institutions such as Republic Bank & Trust Company (“Republic Bank”), but
18 are marketed, facilitated, and integrated into the tax preparation and filing process controlled by
19 Defendants.

20 6. Defendants’ RAL products are inseparable from a web of required tax
21 preparation, refund processing, and banking relationships that generate revenue, even where
22 Defendants market certain loan products as “no-fee” or “0% APR.”

23 7. Consumers who apply for and receive RALs must agree to have their tax refunds
24 processed through accounts or mechanisms designated and controlled by Defendants and their
25 banking partners as a condition of receiving loan proceeds.

1 8. The loan disclosures and agreements expressly provide that repayment of the RAL
2 will occur automatically through deduction from the borrower’s federal tax refund, requiring the
3 borrower to authorize Defendants and their partners to access and control those funds.

4 9. Although Defendants may represent that certain RAL products carry no interest
5 or stated loan fees, repayment is structured through refund processing systems and intermediary
6 accounts over which Defendants and their partners exercise control, enabling the extraction of
7 value from the transaction.

8 10. For ETRA loans, Defendants impose finance charges and disclose an annual
9 percentage rate of approximately 35.96% based on a short loan duration, while for NFTRA loans,
10 Defendants characterize the loans as “0% APR” despite the presence of associated fees and
11 conditions tied to the tax preparation and refund process.

12 11. These required structures enable Defendants to extract value through fees,
13 charges, and financial arrangements tied to tax preparation and refund processing, which reduce
14 the consumer’s tax refund and function as charges incident to the extension of credit. These costs
15 are integral to the RAL program and disproportionately impact service members and their
16 families.

17 12. Thus, even where Defendants advertise certain RAL products as “0% APR,” the
18 true cost of credit—when accounting for all required fees, charges, and conditions—causes the
19 Military Annual Percentage Rate (“MAPR”) to exceed the Military Lending Act’s 36% cap for
20 Covered Borrowers.

21 13. The Military Lending Act (“MLA”) prohibits creditors from extending consumer
22 credit to covered borrowers at a MAPR greater than 36%, calculated to include not only interest,
23 but also fees and charges imposed directly or indirectly as a condition of the extension of credit.
24 See 10 U.S.C. § 987, et seq.

1 14. Critically, the MAPR includes application fees, participation fees, fees for
2 ancillary products required to obtain credit, and fees imposed in connection with a transaction
3 for consumer credit.

4 15. Accordingly, Defendants' reliance on a nominal "0% APR" for certain loan
5 products is legally irrelevant where the true economic cost of the credit exceeds the MLA's
6 statutory ceiling.

7 16. Upon information and belief, Defendants require consumers to agree to
8 standardized contractual provisions in connection with obtaining RALs, including arbitration
9 provisions and waivers of legal rights.

10 17. The MLA expressly prohibits creditors from requiring Covered Borrowers to
11 submit to arbitration or waive their rights to seek relief in court as a condition of consumer credit.
12 10 U.S.C. § 987(e).

13 18. Plaintiff, a member of the United States Navy, used Defendants' tax preparation
14 services and, at relevant times, obtained a Refund Anticipation Loan through Jackson Hewitt.

15 19. Through the inclusion of unlawful contractual provisions and the imposition of
16 fees and charges incident to the extension of credit, Defendants extended consumer credit to
17 Plaintiff in violation of the MLA.

18 20. As tax refund-based lending products have grown in popularity, they increasingly
19 resemble payday lending, characterized by short repayment periods, automatic repayment
20 mechanisms, and high effective borrowing costs.

21 21. In violation of the MLA, Defendants' RAL products impose a MAPR that exceeds
22 the statute's legal limit when properly calculated.

23 22. Defendants' loan products violate the MLA in multiple respects, including but not
24 limited to: (1) imposing a MAPR in excess of 36%; (2) failing to provide required disclosures;
25 (3) including class action waivers and jury trial waivers; (4) including mandatory arbitration
26 provisions; (5) imposing unreasonable notice requirements; and (6) requiring access to a deposit

1 account or tax refund stream as security for repayment. See 10 U.S.C. §§ 987(b), (c), and (e)(1),
2 (2), (4), (5), (6). Among the abusive lending practices that the MLA was designed to curb was
3 predatory loans made to service members.¹

4 23. In a Department of Defense (“DoD”) report on lending practices affecting military
5 members (the “Report”), the egregious lending practices prevalent in the lending industry were
6 highlighted.²

7 24. The Report noted that lenders were “heavily concentrated around military bases,”
8 with statistics showing that communities with military installations “rank among the most heavily
9 targeted communities in their respective states.”³

10 25. Military populations were targeted for an obvious reason: “active-duty military
11 personnel are three times more likely than civilians to have taken out a payday loan,” with such
12 loans “costing service members over \$80 million in abusive fees annually as of 2005.”⁴

13 26. Defendants’ business practices violate the MLA and are part of a systematic
14 nationwide policy and practice.

15 27. Plaintiff seeks to hold Defendants accountable for their actions and prevent their
16 predatory lending practices from continuing.

17 THE PARTIES

18 28. Plaintiff, a member of the United States Navy, is an individual over 18 years of
19 age. At all relevant times, Plaintiff was a natural person resident of Everett, Washington. During
20 the class period, Plaintiff was a Covered Member as that term is defined by the MLA.

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23 ¹ Report on Predatory Lending Practices Directed at Members of the Armed Forces and Their
24 Dependents, U.S. DEP’T OF DEFENSE (Aug. 9, 2006), available at
<https://apps.dtic.mil/sti/pdfs/ADA521462.pdf>.

25 ² *Id.* at 10–16.

26 ³ *Id.* at 10–11.

⁴ *Id.* at 11.

1 29. Defendant Jackson Hewitt, Inc. is a Virginia corporation with its headquarters at
2 501 N Cattlemen Rd Ste 300, Sarasota, Florida 34232. This Defendant is registered to do business
3 in this state, and may be served at 300 Deschutes Way, Suite 208 MC-CSC1, Tumwater,
4 Washington 98501.

5 30. Defendant Republic Bank & Trust Company is the originating lender that
6 underwrites and disburses Refund Advance Loans. Defendant Republic Bank & Trust Company
7 is a Kentucky corporation with a principal place of business at 601 W Market Street, Louisville,
8 Kentucky 40202.

9 31. Defendant Jackson Hewitt, Inc. has offered loan agreements to consumers,
10 including Covered Members, during the relevant time period.

11 32. Defendants have acted in concert and are jointly and severally liable for their
12 concerted and collective violations of the MLA.

13 33. Jackson Hewitt, Inc. occupies the role of a “creditor” within the meaning of the
14 MLA, 32 C.F.R. § 232.3(i), because it: (i) controls the application intake for all RALs, which are
15 available exclusively through its platform; (ii) conditions loan eligibility on the use of its tax
16 preparation services, as stated in the Bank Product Application and Agreement: “[o]btaining the
17 [NFTRA] requires having your income tax returns prepared and filed by a Jackson Hewitt Tax
18 Service Tax Preparer”; (iii) receives compensation from Republic Bank “in consideration of
19 rights granted by JHI to BANK and the performance of services by JHI and its affiliates — on
20 behalf of BANK”; (iv) is granted ongoing access to loan status information throughout the
21 transaction; and (v) is identified in Republic Bank’s own communications to Covered Borrowers
22 as the necessary intermediary for completing the loan application process. Jackson Hewitt thus
23 arranges, negotiates, and facilitates consumer credit extended to Covered Borrowers within the
24 meaning of 32 C.F.R. § 232.3(i)(2).

1 **JURISDICTION AND VENUE**

2 34. This Court has federal question jurisdiction pursuant to 28 U.S.C. § 1331, as
3 Plaintiff’s claims arise under the Military Lending Act, 10 U.S.C. § 987, a federal statute. This
4 Court additionally has jurisdiction over Defendants because they, at all times relevant herein,
5 regularly conducted business in the State of Washington, including providing tax preparation
6 services in Washington and making loans or servicing loans to service members in Washington.
7 Republic Bank & Trust Company specifically extended consumer credit to Plaintiff at his address
8 in Everett, Washington, knowing Plaintiff was a Washington resident, and directed loan-related
9 communications to Plaintiff in Washington; these contacts with Washington give rise to
10 Plaintiff’s claims herein and establish specific personal jurisdiction over Republic Bank.

11 35. Venue is proper in this District because Defendants coordinated business
12 operations in Washington, did business in Washington and in this District, and committed the
13 wrongful lending practices and statutory violations alleged herein in this District.

14 **LEGAL BACKGROUND**

15 **The MLA was Designed to Protect Covered Members Just Like Plaintiff and the Class**

16 36. The Department of Defense’s Report on lending practices discussed the payday
17 lending industry at length.⁵ The Report noted that payday lenders were “heavily concentrated
18 around military bases,” with statistics showing that communities with military installations “rank
19 among the most heavily targeted communities in their respective states.”⁶

20 37. Military populations were targeted for an obvious reason: “active-duty military
21 personnel are three times more likely than civilians to have taken out a payday loan,” with such
22 loans costing service members millions in abusive fees.⁷ Moreover, the military payment
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25 ⁵ Report, *supra* n.1.

26 ⁶ *Id.* at 10–11.

⁷ *Id.* at 11.

1 architecture, and the Uniform Code of Military Justice to which service members are bound,
2 make them particularly vulnerable to predatory payday loans:

3 Check-holding, a central feature of payday loans, is particularly risky for
4 military borrowers. Every payday loan involves a prospective “bad” check.
5 Military borrowers are required to maintain bank accounts in order to
6 receive direct deposit of military pay and are subject to the Uniform Code of
7 Military Justice that penalizes deliberately writing a check not covered by
8 funds on deposit. Borrowers become trapped in repeat borrowing or
9 renewals of loans in order to keep the check used to obtain the loan from
10 bouncing, a key reason that payday loans are debt traps.⁸

11 38. While the precise tax refund advance product offering was developed somewhat
12 recently, its genre of high interest loan is not new. In 2006, the DoD noted military “borrowers
13 encounter[ed] a booming virtual market of small loan offers, payday loans, and ‘military loans’
14 via the Internet.”⁹ Those loans, like Defendants’ loans, “are delivered and collected online
15 through electronic fund transfer.”¹⁰

16 39. The Report noted key similarities between the various predatory lending products
17 that accurately encapsulate Defendants’ business model:

18 (1) Predatory lenders seek out young and financially inexperienced borrowers
19 who have bank accounts and steady jobs, but also have little in savings, flawed
20 credit or have hit their credit limit. These borrowers are less likely to weigh
21 the predatory loan against other opportunities and are less likely to be
22 concerned about the consequences of taking the loan.

23 (2) Predatory lenders make loans based on access to assets (through checks, bank
24 accounts, car titles, tax refunds, etc.) and guaranteed continued income, but

25 ⁸ *Id.* at 14. To be sure, Refund Advance Loan providers like Defendants do not collect physical
26 checks from their customers at loan initiation but instead take a virtual check by requiring
Covered Members to authorize automatic debits from their tax refunds to repay their loans.

⁹ *Id.* at 15.

¹⁰ *Id.* at 16.

1 not on the ability of the borrower to repay the loan without experiencing
2 further financial problems.¹¹

3 (3) ... Increasingly the Internet is used to promote loans to service members.

4 (4) Predatory products feature high fees/interest rates, with some requiring
5 balloon payments, while others pack excessive charges into the product. The
6 result of their efforts is to obfuscate the comparative cost of their product with
7 other options available to the borrower.

8 ...
9 (6) Predatory lenders attempt to work outside of established usury limits, either
10 by attempting to obtain exemptions from federal and state statutes or by
11 developing schemes designed to circumvent existing laws.¹²

12 40. The Report further found “high interest loans, whether provided as a payday loan,
13 military installment loan, or as a result of unscrupulous automobile financing can leave a service
14 member with enormous debt, family problems, difficulty maintaining personal readiness and a
15 tarnished career.”¹³ As if being trapped in a debt cycle is not bad enough, some service member
16 victims of payday and other lenders experienced disciplinary action (ranging from reprimands to
17 “loss of promotions and separation from the military”) as a result of their financial hardship.¹⁴

18 41. Drawing from the bountiful evidence of service member abuse at the hands of
19 predatory lenders, the DoD concluded it could not “prevent predatory lending without assistance
20 from Congress, the state legislatures, and federal and state enforcement agencies.”¹⁵

21 _____
22 ¹¹ To that end, lenders’ “use of checks, access to bank accounts, [and similar other methods of
23 extracting repayment] pressure the borrower to consider loan payments as being their top
24 priority.” *Id.* at 44.

25 ¹² *Id.* at 21–22

26 ¹³ *Id.* at 39.

¹⁴ *Id.* at 41–42.

¹⁵ *Id.* at 46.

1 42. To curb usurious interest rates, excessive annual percentage rates (“APRs”), and
2 bogus fees, the DoD requested legislation that would prevent lenders from preying on service
3 members and endangering the nation’s military readiness.¹⁶

4 43. The American Bar Association and others expressed support for the DoD’s
5 request, noting the urgent need for remedial Congressional action to curb predatory loan practices
6 harming service members. The legislation requested was supported by the DoD, military and
7 veterans’ organizations, legal aid organizations, consumer advocacy groups, faith-based
8 organizations, and of course lawmakers.

9 44. Congress answered the call and passed the MLA to protect Covered Members
10 from unfair, deceptive, and excessively priced loans.

11 **The Military Lending Act**

12 45. In the wake of the DoD’s investigations, in 2006, the Military Lending Act, 10
13 U.S.C. § 987 *et seq.* was enacted.

14 46. The MLA makes it unlawful for a creditor to “impose an annual percentage rate
15 of interest greater than 36 percent with respect to the consumer credit extended to a Covered
16 Member or a dependent of a Covered Member.” 10 U.S.C. § 987(b).

17 47. The MLA also requires mandatory disclosures in “consumer credit”¹⁷ transactions
18 with Covered Members, which include:

19
20 _____
21 ¹⁶ Specifically, the DoD requested legislation protecting service members “from unfair,
22 deceptive lending practices and usurious interest rates and to require uniform disclosure of
23 credit and terms. Specifically, lenders should not be permitted to base loans on prospective bad
24 checks, electronic access to bank accounts, mandatory military allotments, or titles to vehicles.
All costs involved in borrowing should be included in interest rate calculations and disclosures.
Laws and regulations must be changed to close regulatory loopholes that leave non-resident
military borrowers unprotected in many states.” *Id.*

25 ¹⁷ Under the MLA, consumer credit is defined as “credit offered or extended to a Covered
26 Member primarily for personal, family, or household purposes,” subject to a finance charge or
payable by written agreement in more than four installments and outside the ambit of any of the
identified exceptions.

- 1 • A statement of the annual percentage rate of interest applicable to the
- 2 extension of credit, 10 U.S.C. § 987(c)(1)(A);
- 3 • Any disclosures required under the Truth in Lending Act, 10 U.S.C. §
- 4 987(c)(1)(B); and
- 5 • A clear description of the payment obligations of the member or dependent,
- 6 as applicable, 10 U.S.C. § 987(c)(1)(C).

7 48. Additionally, the MLA prohibits creditors from including provisions in a
8 consumer-credit transaction that require the Covered Borrower to submit to arbitration or to
9 waive the borrower’s right to legal recourse. 10 U.S.C. § 987(e).

10 49. The MLA also makes it unlawful to use a check or other method of access to a
11 deposit, savings, or other financial account maintained by the borrower as security for the
12 obligation. 10 U.S.C. § 987(e).

13 **FACTUAL BACKGROUND**

14 **Tax Refund Advance Loans**

15 50. Defendants market and facilitate short-term, refund-based consumer loans known
16 as Jackson Hewitt Refund Anticipation Loans (“RALs”), including Early Tax Refund Advance
17 (“ETRA”) and No Fee Tax Refund Advance (“NFTRA”) products, which allow taxpayers to
18 receive a portion of their anticipated federal tax refund shortly after filing.

19 51. These RALs are originated by partner financial institutions such as Republic Bank
20 & Trust Company but are marketed, offered, and integrated into the tax preparation and filing
21 services provided by Defendant.

22 52. As a condition of receiving a RAL, borrowers must agree to Defendants’ required
23 tax preparation, refund processing, and loan repayment structure, including authorization for
24 Defendants and their banking partners to receive and control the borrower’s federal tax refund.

25 53. If approved, loan proceeds are disbursed to the borrower shortly after filing, often
26 within one day, based on the borrower’s anticipated federal tax refund.

1 54. Many consumers who obtain RALs, including Plaintiff and similarly situated
2 class members, are Covered Borrowers within the meaning of the Military Lending Act, 10
3 U.S.C. § 987, including active-duty service members and their dependents.

4 55. RALs are repaid through direct routing and interception of the borrower's federal
5 tax refund, which is used to automatically satisfy the loan obligation upon receipt from the
6 Internal Revenue Service.

7 56. As part of this process, borrowers authorize Defendants and their partners to
8 deduct the loan amount and associated fees from the refund before any remaining balance is
9 disbursed to the borrower.

10 57. Borrowers further authorize Defendants and/or their banking partners to transfer
11 the amount due on the loan directly from the refund proceeds, leaving only any remaining funds
12 to be paid to the borrower.

13 58. This repayment mechanism constitutes an unlawful method of using access to a
14 deposit account or tax refund stream as security for the obligation, in violation of the Military
15 Lending Act's protections for Covered Borrowers.

16 59. This refund-routing and repayment structure is not optional or incidental; it is a
17 mandatory condition of obtaining the loan.

18 60. Although Defendants may label certain RAL products, including NFTRA loans,
19 as carrying "0% interest," the Military Lending Act requires calculation of the Military Annual
20 Percentage Rate ("MAPR"), which includes not only stated interest but also fees and charges
21 imposed directly or indirectly as a condition of the extension of credit. 10 U.S.C. § 987(i).

22 61. The utilization of statutorily-defined MAPR instead of simple interest ensures that
23 companies, like Defendants, cannot simply recategorize interest as a "fee" or other charge.

24 62. RALs are inseparable from a mandatory tax preparation and refund-processing
25 structure that enables Defendants and their partners to impose fees incident to the extension of
26 credit.

1 63. These fees and charges are incurred as a practical condition of receiving the RAL
2 and therefore must be included in the MAPR calculation under the MLA.

3 64. For ETRA loans, Defendants impose finance charges and disclose an annual
4 percentage rate of approximately 35.96% based on a short loan duration, while for NFTRA loans,
5 Defendants characterize the loans as “0% APR” despite the presence of associated costs (which
6 must be included in the calculation of MAPR) tied to the transaction.

7 65. In connection with the RAL program, Defendants deduct from the borrower’s tax
8 refund not only the amount of the loan, but also fees related to tax preparation, processing, and
9 other associated services.

10 66. Specifically, borrowers authorize Defendants and/or their partners to deduct from
11 the refund proceeds:

- 12 a. Tax preparation and filing fees;
- 13 b. Charges related to processing and transmitting the return;
- 14 c. The full amount of any Refund Anticipation Loan; and
- 15 d. Fees for additional products or services purchased in connection with the
16 transaction.

17 67. These fees are imposed in connection with the RAL transaction and reduce the
18 borrower’s refund proceeds, functioning as finance charges incident to the extension of consumer
19 credit.

20 68. Because RALs are short-term advances repaid automatically through refund
21 interception, even modest mandatory fees result in an effective MAPR that can exceed the
22 MLA’s 36% statutory cap when properly calculated.

23 69. When these fees are annualized over the short duration of the loan—often lasting
24 only days or weeks—the effective MAPR far exceeds the MLA’s statutory cap, particularly for
25 smaller loan amounts.

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1 70. Borrowers cannot obtain a RAL unless they agree to Defendants’ required refund-
2 processing and repayment structure.

3 71. This required structure is a condition of receiving loan proceeds, and any fees or
4 charges imposed in connection with that structure must be included in the MAPR calculation
5 under the MLA.

6 72. Defendants cannot evade the MLA’s protections by labeling these loans “0%
7 APR” while imposing mandatory fees and repayment mechanisms that effectively extract finance
8 charges from Covered Borrowers.

9 73. As a result, Defendants extend consumer credit to Covered Borrowers at an
10 unlawful MAPR in violation of 10 U.S.C. § 987(b).

11 74. In connection with applying for and receiving RALs, consumers are required to
12 sign agreements containing standardized provisions, including arbitration clauses and waivers of
13 legal rights.

14 75. These agreements purport to require binding individual arbitration and waive the
15 borrower’s right to participate in class or representative actions.

16 76. The Military Lending Act expressly prohibits creditors from requiring Covered
17 Borrowers to submit to arbitration or waive their rights to seek relief in court as a condition of
18 consumer credit. 10 U.S.C. § 987(e)(3).

19 77. The MLA further prohibits creditors from imposing unreasonable notice
20 requirements as a condition for bringing legal action. 10 U.S.C. § 987(e)(4).

21 78. Defendants’ inclusion and enforcement of arbitration provisions and related
22 waivers in connection with RALs issued to Covered Borrowers violates the MLA and renders
23 such provisions void and unenforceable.

24 79. Defendants’ practices described herein are standardized and uniformly applied to
25 all consumers who apply for and receive RALs.
26

1 80. Defendants knew or should have known that the fees and required structures
2 associated with their RAL products would cause the MAPR to exceed the MLA’s statutory cap.

3 81. Defendants further knew or should have known that requiring Covered Borrowers
4 to agree to arbitration and other prohibited provisions violated the express protections afforded
5 to service members under federal law.

6 **PLAINTIFF SPECIFIC ALLEGATIONS**

7 82. Plaintiff Paul Allen Perez is an Active-Duty Member of the United States Navy
8 and is a Covered Borrower within the meaning of the Military Lending Act, 10 U.S.C. § 987, at
9 all times relevant to this action.

10 83. Upon information and belief, Defendants did not verify Plaintiff’s covered
11 borrower status using the DoD Military Lending Act database or an equivalent system at or prior
12 to consummation of the loan on December 16, 2024, as evidenced by the absence of any database
13 confirmation in the Loan Agreement documents. Moreover, the Bank Product Application and
14 Agreement executed by Plaintiff contains an MLA disclosure in Section 15.C acknowledging the
15 36% MAPR limitation—yet that same agreement (frankly, in the very next section), Section 16
16 imposes mandatory arbitration, a jury trial waiver, and a class action waiver with no exclusion
17 for MLA claims.

18 84. Defendants knew of the MLA’s requirements and violated those requirements,
19 defeating any claim of good-faith reliance on the MLA safe harbor.

20 85. In or around the 2024 tax filing season, Plaintiff used the Jackson Hewitt platform
21 to prepare and electronically file his federal income tax return.

22 86. In connection with filing his tax return through Jackson Hewitt, Plaintiff was
23 offered the option to obtain a Jackson Hewitt Refund Anticipation Loan (“RAL”), including an
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1 Early Tax Refund Advance (“ETRA”) and/or No Fee Tax Refund Advance (“NFTRA”) product,
2 marketed as a short-term advance on his anticipated federal tax refund.

3 87. Plaintiff applied for and received a \$1,500.00 Early Tax Refund Advance
4 (“ETRA”) loan, originated by Republic Bank & Trust Company (“Republic Bank”) and
5 facilitated through the Jackson Hewitt platform. Plaintiff was also presented with and applied for
6 a No Fee Tax Refund Advance (“NFTRA”) loan through the same platform on the same date.

7 88. As part of the standardized RAL program, Plaintiff was required to agree to
8 standardized terms, including Defendants’ refund-processing and loan repayment structure as a
9 condition of obtaining the loan.

10 89. On or about December 16, 2024, Plaintiff executed the Republic Bank & Trust
11 Company Bank Product Application and Agreement (the “Loan Agreement”). The Loan
12 Agreement’s Truth-in-Lending Act disclosure states: APR: 35.96%; Finance Charge: \$110.85;
13 Amount Financed: \$1,500.00; Total of Payments: \$1,610.85; one payment due upon receipt of
14 Plaintiff’s 2024 federal tax refund. The creditor identified in that disclosure is Republic Bank &
15 Trust Co., 601 W. Market St., Louisville, KY 40202.

16 90. The loan disclosures and agreement provided that the lender would not process
17 Plaintiff’s loan application unless he agreed to the required terms governing disbursement and
18 repayment of the loan, including authorization for Defendants and their partners to access his tax
19 refund. In addition, Plaintiff was required to electronically sign agreements containing arbitration
20 provisions and waivers of legal rights in connection with obtaining the loan.

21 91. Upon approval, Plaintiff received the loan proceeds shortly after filing his return,
22 based on his anticipated federal tax refund.

23 92. Plaintiff’s RAL was structured to be repaid automatically through interception of
24 his federal tax refund.

25 93. Plaintiff was required to authorize Defendants and/or their banking partners to
26 receive his federal tax refund and to apply those funds toward repayment of the loan.

1 94. Plaintiff further authorized Defendants and/or their partners to deduct from his tax
2 refund not only the amount of the loan, but also fees and charges associated with tax preparation,
3 processing, and related services before any remaining funds were disbursed to him.

4 95. Specifically, Plaintiff authorized Defendants and/or their partners to deduct from
5 his refund proceeds: (i) tax preparation and filing fees; (ii) processing and transmission fees; (iii)
6 the full amount of the RAL; and (iv) fees for additional products or services purchased in
7 connection with the transaction.

8 96. These fees and deductions were imposed in connection with the RAL program
9 and reduced the amount of Plaintiff's federal tax refund ultimately received, functioning as
10 finance charges incident to the extension of consumer credit.

11 97. As set forth in the Bank Product Fee Disclosure executed by Plaintiff on
12 December 16, 2024, Plaintiff authorized the following deductions from his 2024 federal tax
13 refund of approximately \$5,857.00: (i) ETRA loan repayment to Republic Bank of \$1,500.00;
14 (ii) ETRA Finance Charge to Republic Bank of \$110.85; (iii) Jackson Hewitt tax preparation and
15 related fees of \$360.00; and (iv) Assisted Refund Fee of \$54.95 — for total authorized deductions
16 of \$2,025.80.

17 98. The Finance Charge (\$110.85), Assisted Refund Fee (\$54.95), and Jackson
18 Hewitt tax preparation fee (\$360.00) are charges imposed directly or indirectly as a condition of
19 the extension of credit within the meaning of 10 U.S.C. § 987(i) and 32 C.F.R. § 232.4(c),
20 because Plaintiff could not obtain the ETRA loan without (a) paying Jackson Hewitt's tax
21 preparation fee and (b) establishing the Assisted Refund processing account as required by the
22 Loan Agreement. When all mandatory fees are included in the MAPR calculation as required by
23 the MLA, the effective MAPR for Plaintiff's ETRA loan equals approximately 170.6%,
24 calculated as $(\$525.80 / \$1,500.00) \times (365 / 75)$ — based on total mandatory charges of \$525.80
25 on a \$1,500.00 loan with a 75-day term. This far exceeds the MLA's 36% statutory cap. Even
26 excluding the tax preparation fee entirely, the MAPR based solely on the Finance Charge and

1 Assisted Refund fee equals approximately 53.8% — still nearly fifty percent above the statutory
2 ceiling.

3 99. In addition, Plaintiff was required, as a condition of obtaining the RAL and related
4 services, to agree to contractual provisions including arbitration clauses and waivers of legal
5 rights.

6 100. The loan agreement governing Plaintiff's RAL included provisions requiring
7 disputes to be resolved through binding arbitration and purporting to waive the right to participate
8 in class or representative actions.

9 101. The inclusion of mandatory arbitration provisions and waivers in connection with
10 Plaintiff's loan violated the Military Lending Act's prohibition on requiring Covered Borrowers
11 to submit to arbitration or waive their right to seek relief in court.

12 102. The Military Lending Act expressly prohibits creditors from requiring Covered
13 Borrowers to submit to arbitration or waive their rights to legal recourse as a condition of
14 consumer credit. 10 U.S.C. § 987(e).

15 103. Defendants' RAL program further required Plaintiff to authorize repayment
16 through direct access to and control over his federal tax refund, constituting an unlawful method
17 of using access to a deposit account or asset stream as security for the obligation.

18 104. Defendants' standardized lending structure—requiring Covered Borrowers like
19 Plaintiff to route refunds through mechanisms controlled by Defendants and their partners,
20 authorize automatic repayment, and agree to unlawful contractual provisions—violates the
21 Military Lending Act.

22 105. As a result of Defendants' conduct, Plaintiff was subjected to unlawful lending
23 practices, including excessive MAPR, improper repayment mechanisms, and prohibited
24 contractual provisions.

25 106. Plaintiff brings this action on behalf of himself and all similarly situated Covered
26 Borrowers to obtain relief for Defendants' violations of the Military Lending Act.

1 **TOLLING OF THE STATUTE OF LIMITATIONS**

2 107. The Servicemember Civil Relief Act (“SCRA”), 50 U.S.C. § 3901, *et seq.*, tolls
3 any and all limitations or repose periods for all active-duty military members until their active-
4 duty service concludes.

5 108. Specifically, § 3936(a) of the SCRA provides:

6 The period of a servicemember’s military service may not be included in
7 computing any period limited by law, regulation, or order for the bringing of
8 any action or proceeding in a court, or in any board, bureau, commission,
9 department, or other agency of a State (or political subdivision of a State) or
the United States by or against the servicemember or the servicemember’s
heirs, executors, administrators, or assigns.

10 **CLASS ACTION ALLEGATIONS**

11 109. Plaintiff brings this action on behalf of himself and all other persons similarly
12 situated. The proposed “MLA Federal Refund Access Class,” the “MLA Excessive MAPR
13 Class” and the “MLA Waiver of Rights Class” (collectively, the “Classes”) are defined as
14 follows:

15 **MLA Federal Refund Access Class:** All Covered Borrowers who, within the
16 applicable limitations period, obtained one or more Jackson Hewitt Refund Anticipation
Loans (“RALs”) and were required to authorize routing of their federal tax refund
through a temporary deposit account, for repayment of the loan and deduction of fees.

17 **MLA Excessive MAPR Class:** All Covered Borrowers who, within the applicable
18 limitations period, obtained one or more Jackson Hewitt Refund Anticipation Loans
19 (“RALs”) where mandatory fees or charges imposed directly or indirectly as a condition
of the credit transaction resulted in a Military Annual Percentage Rate (“MAPR”) exceeding 36%.

20 **MLA Waiver of Rights Class:** All Covered Borrowers who, within the applicable
21 limitations period, obtained one or more Jackson Hewitt Refund Anticipation Loans
22 (“RALs”) as a condition of receiving that consumer credit, to agree to mandatory
arbitration provisions, jury trial waivers, class action waivers, or other unlawful terms.

23 Expressly excluded from the Classes are: (a) any Judge presiding over this action and members
24 of their families; (b) Defendants and any entity in which any Defendant has a controlling
interest, or which has a controlling interest in any of Defendants, and their legal
25 representatives, assigns and successors; and (c) all persons who properly execute and file a
26 timely request for exclusion from the Classes.

1 110. Plaintiff reserves the right to amend the Class definitions if further investigation
2 and discovery indicates that the Class definitions should be narrowed, expanded, or otherwise
3 modified.

4 **Numerosity and Ascertainability**

5 111. Plaintiff is unable to state the precise number of members of the Classes because
6 such information is in the exclusive control of Defendants.

7 112. However, upon information and belief and the investigation of counsel, Plaintiff
8 believes the proposed Classes each contain members so numerous that separate joinder of each
9 member of the respective Class is impractical. There are tens or hundreds of thousands of Class
10 Members for the MLA Federal Refund Access Class, MLA Excessive MAPR Class and the MLA
11 Waiver of Rights Class, respectively.

12 113. Defendants' scheme has harmed and continues to harm the members of the
13 Classes.

14 114. The identities of all Class members are readily ascertainable from the business
15 records of Defendants.

16 115. The disposition of the claims of these Class Members in a single action will
17 provide substantial benefits to all parties and to the Court.

18 **Commonality**

19 116. There are common questions of law and fact affecting the rights of each Class
20 Member and common relief by way of damages. The harm that Defendants have caused is
21 substantially uniform with respect to Class Members. Common questions of law and fact that
22 affect the Class Members include, but are not limited to:

- 23 a. Whether Plaintiff, MLA Federal Refund Access Class, MLA Excessive
24 MAPR Class and the MLA Waiver of Rights Class are Covered Members
25 subject to the protections of the MLA;
26

- 1 b. Whether Defendants are “creditors” subject to the requirements and
2 limitations of the MLA;
- 3 c. Whether Defendants’ loan products constitute an extension of “consumer
4 credit” subject to the protections and limitations of the MLA;
- 5 d. Whether Defendants entered into standard form loan agreements with
6 Covered Members;
- 7 e. Whether Defendants’ loans required access to protected accounts;
- 8 f. Whether Defendants’ loans exceed the MLA’s statutory rate cap of 36%
9 MAPR;
- 10 g. Whether Defendants failed to provide required credit disclosures in
11 violation of the MLA;
- 12 h. Whether Defendants’ standard form loan agreements contain a class action
13 waiver provision, jury trial waiver provision, or onerous legal provisions
14 in violation of the MLA;
- 15 i. Whether Defendants’ standard form loan agreements contain an
16 arbitration clause in violation of the MLA;
- 17 j. Whether Plaintiff, the MLA Federal Refund Access Class, MLA
18 Excessive MAPR Class and the MLA Waiver of Rights Class are entitled
19 to actual or statutory damages for the aforementioned violations and, if so,
20 in what amounts;
- 21 k. Whether Defendants should be enjoined from continuing their lending
22 practices in the manner challenged herein;
- 23 l. Whether Defendants are subject to punitive damages, and, if so, the proper
24 measure of such damages and remedies to which Plaintiff, the MLA
25 Federal Refund Access Class, MLA Excessive MAPR Class and the MLA
26 Waiver of Rights Class are entitled under 10 U.S.C. § 987(f)(5); and

1 m. Whether Plaintiff, the MLA Federal Refund Access Class, MLA
2 Excessive MAPR Class and the MLA Waiver of Rights Class are entitled
3 to any other relief.

4 **Typicality**

5 117. The claims and defenses of Plaintiff are typical of the claims and defenses of the
6 MLA Federal Refund Access Class, MLA Excessive MAPR Class and the MLA Waiver of Rights
7 Class Members because Plaintiff is a Covered Member and loan agreements with Defendants are
8 typical of the type of personal, household, or family loans that Defendants normally and routinely
9 provide to Covered Members.

10 118. Additionally, Defendants use the same or substantially similar standard form loan
11 agreements in all of their lending transactions. While versions may change from year to year,
12 Defendants use substantially similar form documents with all borrowers. The documents
13 involved in relevant transactions were standard form documents and the violations are statutory
14 in nature.

15 119. Plaintiff suffered damages of the same type and in the same manner as the MLA
16 Federal Refund Access Class, MLA Excessive MAPR Class and the MLA Waiver of Rights
17 Class.

18 120. There is nothing peculiar about Plaintiff's claims. Plaintiff has no interests
19 antagonistic to the interests of the other members of the MLA Federal Refund Access Class,
20 MLA Excessive MAPR Class and the MLA Waiver of Rights Class.

21 **Adequate Representation**

22 121. Plaintiff is an adequate class representative because his interests do not conflict
23 with the interests of the MLA Federal Refund Access Class, MLA Excessive MAPR Class and
24 the MLA Waiver of Rights Class and he will adequately and fairly protect the interests of the
25 MLA Federal Refund Access Class, MLA Excessive MAPR Class and the MLA Waiver of
26 Rights Class Members.

1 122. Plaintiff intends to prosecute this action vigorously and has taken actions before
2 filing this Complaint by hiring skilled and experienced counsel. There is no conflict between
3 Plaintiff and the MLA Federal Refund Access Class, MLA Excessive MAPR Class and the MLA
4 Waiver of Rights Class Members.

5 123. Plaintiff's counsel are adequate counsel, are experienced in class action litigation
6 in state and federal courts across the United States and have particular skill in litigating statutory
7 claims under state and federal law. Additionally, attorney Domenica Russo, who will seek
8 admission *pro hac vice*, is a veteran, having served the United States as a member of the Army
9 and Army Reserves.

10 124. Plaintiff and his counsel are committed to vigorously prosecuting the action on
11 behalf of the MLA Federal Refund Access Class, MLA Excessive MAPR Class and the MLA
12 Waiver of Rights Class and have the financial resources to do so. Neither Plaintiff nor his counsel
13 have interests adverse to those of the Classes.

14 **Predominance and Superiority**

15 125. The common questions of law and fact set forth herein predominate over any
16 questions affecting only individual Class Members. A class action provides a fair and efficient
17 method for the adjudication of this controversy for the following reasons and is superior to the
18 alternative methods involved in individual litigation:

- 19
- The MLA Federal Refund Access Class, MLA Excessive MAPR Class and
20 the MLA Waiver of Rights Class Members are so numerous as to make joinder
21 impracticable. However, the MLA Federal Refund Access Class, MLA
22 Excessive MAPR Class and the MLA Waiver of Rights Class Members are
23 not so numerous as to create manageability problems. There are no unusual
24 legal or factual issues that would create manageability problems. Prosecution
25 of separate actions by individual members of the MLA Federal Refund Access
26 Class, MLA Excessive MAPR Class and the MLA Waiver of Rights Class

1 would create a risk of inconsistent and varying adjudications against
2 Defendants when confronted with incompatible standards of conduct;

- 3 • Adjudications with respect to individual members of the MLA Federal Refund
4 Access Class, MLA Excessive MAPR Class and the MLA Waiver of Rights
5 Class Members could, as a practical matter, be dispositive of any interest of
6 other members not parties to such adjudications, or substantially impair their
7 ability to protect their interests; and
- 8 • The claims of the individual MLA Federal Refund Access Class, MLA
9 Excessive MAPR Class and the MLA Waiver of Rights Class Members are
10 small in relation to the expenses of individual litigation, making a class action
11 the only procedural method of redress in which MLA Federal Refund Access
12 Class, MLA Excessive MAPR Class and the MLA Waiver of Rights Class
13 Members can, as a practical matter, recover for the harms caused by
14 Defendants.

15 126. Given the above, the proposed MLA Federal Refund Access Class, MLA Excessive
16 MAPR Class and the MLA Waiver of Rights Class both fulfill the certification criteria of Federal
17 Rule of Civil Procedure 23(a), (b)(2), and (b)(3).

18 **FIRST CAUSE OF ACTION**
19 **UNLAWFUL SECURITY INTEREST / ACCOUNT ACCESS**

20 **Violations of the Military Lending Act 10 U.S.C. § 987, et seq.**
21 **Unlawful Account Access and Refund Interception**
(On Behalf of Plaintiff and the MLA Federal Refund Access Class)

22 127. Plaintiff realleges and incorporates by reference herein the allegations set forth in
23 the above paragraphs.

24 128. The Military Lending Act prohibits creditors from extending consumer credit to
25 Covered Borrowers on terms that require unlawful repayment mechanisms or access to a
26

1 borrower's deposit account as a condition of the extension of credit. 10 U.S.C. § 987(e)(5); 32
2 C.F.R. § 232.8.

3 129. In particular, the MLA makes it unlawful for a creditor to require a Covered
4 Borrower to establish an allotment or to repay a consumer credit obligation through preauthorized
5 access to a deposit account, except in narrowly defined circumstances. 10 U.S.C. § 987(e)(5).

6 130. A "Covered Member" in the statute is a "member of the armed forces who is on
7 active duty under a call or order that does not specify a period of 30 days or less."

8 131. Plaintiff and members of the MLA Federal Refund Access Class are "Covered
9 Borrowers" entitled to the MLA's heightened protections.

10 132. Defendants are "creditors" within the meaning of the MLA because they regularly
11 extend, arrange, facilitate, service, and profit from consumer credit extended to Covered
12 Borrowers through the Jackson Hewitt Refund Anticipation Loans ("RALs"), including ETRA
13 and NFTRA products. 10 U.S.C. § 987(i)(5).

14 133. Defendants' Refund Advance lending model is structured around Defendants'
15 access to and control over the borrower's federal tax refund stream.

16 134. As a condition of obtaining a Refund Advance Loan, borrowers are required to
17 authorize Defendants and their designated financial intermediaries to route, intercept, and apply
18 the borrower's federal tax refund proceeds toward repayment of the loan.

19 135. Defendants' Refund Advance Loan program requires borrowers to authorize
20 Republic Bank to establish a temporary deposit account for receipt of federal tax refund proceeds.

21 136. The Refund Advance Loan Agreement requires borrowers to instruct and
22 authorize the lender and a designated "Processing Bank" to deduct amounts owed on the loan
23 directly from the borrower's federal tax refund.

24 137. Pursuant to Section 9 of the Bank Product Application and Agreement, Republic
25 Bank opened a temporary deposit account on Plaintiff's behalf and in Plaintiff's name for the
26 limited purpose of processing the direct deposit of Plaintiff's refund. This temporary account

1 constitutes a “deposit, savings, or other financial account maintained by the borrower” within the
2 meaning of 10 U.S.C. § 987(e)(5).

3 138. Pursuant to Section 8 of the same Bank Product Application and Agreement,
4 Plaintiff “grant[ed] to BANK a security interest, and release[d] any rights, in the anticipated tax
5 refund to be paid to [Plaintiff] by the IRS and state taxing authority for the 2024 tax year.” This
6 constitutes an unlawful security interest in a financial asset of the Covered Borrower, in direct
7 violation of 10 U.S.C. § 987(e)(5) and 32 C.F.R. § 232.8.

8 139. This repayment mechanism functions as an unlawful method of securing the
9 obligation through direct access to the borrower’s refund proceeds and deposit-account
10 infrastructure, depriving Covered Borrowers of control over their federally protected refund
11 funds.

12 140. Defendants’ required refund-routing and Processing Bank deduction structure
13 constitutes an impermissible repayment condition prohibited by the MLA and its implementing
14 regulations. 10 U.S.C. § 987(e)(5); 32 C.F.R. § 232.8.

15 141. Defendants’ conduct is standardized and uniformly applied to all borrowers who
16 obtain Refund Advance Loans, including Covered Borrowers.

17 142. As a direct and proximate result of Defendants’ unlawful practices, Plaintiff and
18 members of the MLA Federal Refund Access Class have suffered injury, including the loss of
19 control over their federal tax refunds and the imposition of unlawful loan repayment conditions.

20 143. Accordingly, pursuant to 10 U.S.C. § 987(f)(5), on behalf of himself and the MLA
21 Federal Refund Access Class, Plaintiff seeks an order awarding statutory damages, actual and
22 punitive damages, declaratory relief, and such other relief as the Court deems just and proper.

23 144. Further, Plaintiff is entitled to an award of attorneys’ fees and costs pursuant to
24 10 U.S.C. § 987(f)(5)(B).

1 154. Defendants imposed fees including: Finance Charge (\$110.85), Assisted Refund
2 Fee (\$54.95), and Jackson Hewitt tax preparation fee (\$360.00) as set forth above.

3 155. These fees and charges are imposed incident to, and as a condition of, the
4 extension of consumer credit and therefore must be included in the MAPR calculation under the
5 MLA.

6 156. When properly calculated, the MAPR for Defendants' Refund Advance Loans
7 exceeds the MLA's 36% statutory cap.

8 157. As a result, Defendants have and continue to violate the Military Lending Act, 10
9 U.S.C. § 987.

10 158. Accordingly, pursuant to 10 U.S.C. § 987(f)(5), on behalf of himself and the MLA
11 Excessive MAPR Class, Plaintiff seeks an order from the Court awarding statutory damages in
12 the amount of \$500 per violation, actual and punitive damages, along with any other applicable
13 relief pursuant to 10 U.S.C. § 987(f)(5).

14 159. Further, Plaintiff is entitled to an award of attorneys' fees and costs pursuant to
15 10 U.S.C. § 987(f)(5)(B).

16 **THIRD CAUSE OF ACTION**
17 **WAIVER OF RIGHTS**

18 **Violations of the Military Lending Act 10 U.S.C. § 987, et seq.**
19 **Unlawful Arbitration and Waiver**
(On Behalf of Plaintiff and the MLA Waiver of Rights Class Members)

20 160. Plaintiff realleges and incorporates by reference herein the allegations set forth in
21 the above paragraphs.

22 161. A "Covered Member" in the statute is a "member of the armed forces who is on
23 active duty under a call or order that does not specify a period of 30 days or less."

24 162. Plaintiff and the MLA Waiver of Rights Class Members are "Covered Members"
25 and are therefore afforded the protections granted by the MLA.
26

1 163. A Covered Member is a consumer who, at the time the consumer becomes
2 obligated on a consumer credit transaction or establishes an account for consumer credit, is a
3 Covered Member of the armed forces or a dependent of a Covered Member (as defined in 32
4 CFR 232.3(g)(2) and (g)(3)).

5 164. Plaintiff is an active-duty member of the United States Navy and is therefore a
6 Covered Member under the MLA.

7 165. Defendants are “creditors” subject to the requirements and limitations imposed by
8 the MLA in that Defendants engage in the business of extending consumer credit to Covered
9 Members protected by the MLA. 10 U.S.C. § 987(i)(5); 32 C.F.R. § 232.3(i).

10 166. The MLA prohibits creditors from attempting to secure the waiver of various
11 rights. 10 U.S.C. § 987(e).

12 167. Defendants’ standard form loan agreements include mandatory arbitration
13 agreements in violation of 10 U.S.C. § 987(e)(3).

14 168. Defendants’ standard form loan agreements include class action waivers and jury
15 trial waivers in violation of 10 U.S.C. § 987(e)(3).

16 169. Plaintiff’s Bank Product Application and Agreement, Section 16, imposes
17 mandatory binding arbitration covering “all federal or state law claims—in any way arising from
18 or in any way relating directly or indirectly to this Agreement,” with no exception for claims
19 under the Military Lending Act. Section 16 further requires waiver of the right to a jury trial and
20 expressly prohibits participation in any class action or representative proceeding. Defendants’
21 standard form loan agreements further impose an unreasonable notice requirement as a condition
22 for bringing legal action, in violation of 10 U.S.C. § 987(e)(3), (4). Notably, that very same
23 agreement contains an MLA disclosure in Section 15.C acknowledging the statutory protections
24 afforded to Covered Members — including the 36% MAPR cap—demonstrating that Defendants
25 were fully aware of the MLA’s requirements and deliberately included prohibited arbitration and
26 waiver provisions in the same instrument.

1 170. The inclusion of a cursory carve-out in Section 16.H of the Bank Product
2 Application and Agreement—stating that “this Section 16 does not apply (i) to ‘covered
3 borrowers’ as defined by the Military Lending Act”—does not cure Defendants’ violation of 10
4 U.S.C. § 987(e)(3).

5 171. First, the MLA prohibits a creditor from extending consumer credit to a covered
6 borrower “on terms that” require arbitration or waive legal rights; the statutory violation is
7 consummated at origination, not at the point of enforcement, and a buried contractual carve-out
8 does not unwind the act of extending credit on prohibited terms.

9 172. Second, Section 16.H merely restates the protection that 10 U.S.C. § 987(f)(2)
10 already provides as a matter of federal law; any provision in violation of the MLA is void from
11 inception. Defendants cannot claim compliance by reproducing the statute’s own remedy in fine
12 print.

13 173. Third, the carve-out was never operationalized: Defendants did not verify
14 Plaintiff’s covered-borrower status using the DoD Military Lending Act database or any
15 equivalent system prior to consummation of the loan on December 16, 2024, and nowhere in the
16 agreement, the accompanying disclosures, or the signature block were Plaintiff or any class
17 member informed that Section 16 did not apply to them.

18 174. To the contrary, the agreement’s signature block expressly directed Plaintiff to
19 acknowledge the “arbitration/no class action provisions in Section 16 which may substantially
20 limit your rights,” with no corresponding disclosure that those provisions were inapplicable to
21 him. A covered-borrower carve-out that is never identified to the borrower, never triggered by
22 any verification process, and contradicted by the operative signing language is illusory, not
23 protective.

24 175. Fourth, and critically, the existence of Section 16.H affirmatively demonstrates
25 that Defendants knew the MLA’s prohibitions applied to covered borrowers and deliberately
26

1 chose to include the arbitration and waiver provisions regardless, thereby satisfying the
2 willfulness element relevant to punitive damages under 10 U.S.C. § 987(f)(5)(A)(ii).

3 176. As a result, Defendants have and continue to violate the Military Lending Act, 10
4 U.S.C. § 987.

5 177. Accordingly, pursuant to 10 U.S.C. § 987(f)(5), on behalf of himself and the MLA
6 Waiver of Rights Class, Plaintiff seeks an order from the Court awarding statutory damages in
7 the amount of \$500 per violation, actual and punitive damages, along with any other applicable
8 relief pursuant to 10 U.S.C. § 987(f)(5).

9 178. Further, Plaintiff is entitled to an award of attorneys' fees and costs pursuant to
10 10 U.S.C. § 987(f)(5)(B).

11 **DEMAND FOR JURY TRIAL**

12 Plaintiff, on behalf of himself and the Classes, demands a jury trial on all issues and
13 Counts so triable.

14 **PRAYER FOR RELIEF**

15 **WHEREFORE**, on behalf of the MLA Federal Refund Access Class, MLA Excessive
16 MAPR Class, and the MLA Waiver of Rights Class, Plaintiff prays for judgment against
17 Defendants, jointly and severally, as follows:

- 18 a. That the Court determine that this action may be litigated as a class action and
19 that Plaintiff and his counsel be appointed class representative and class counsel,
20 respectively;
- 21 b. That the Court enter judgment against Defendants and in favor of Plaintiff and the
22 Classes on all counts;
- 23 c. That the Court find and declare that Defendants' standard form loan agreements
24 entered into with Plaintiff, the MLA Federal Refund Access Class, MLA
25 Excessive MAPR Class, and the MLA Waiver of Rights Class Members violate
26 the MLA;

- 1 d. That the Court find and declare that Defendants violated the MLA and award
2 Plaintiff and MLA Federal Refund Access Class, MLA Excessive MAPR Class,
3 and the MLA Waiver of Rights Class Members actual damages of not less than
4 \$500 per violation pursuant to 10 U.S.C. § 987(f)(5)(A)(i);
- 5 e. That the Court award Plaintiff and MLA Federal Refund Access Class, MLA
6 Excessive MAPR Class, and the MLA Waiver of Rights Class Members punitive
7 damages pursuant to 10 U.S.C. § 987(f)(5)(A)(ii);
- 8 f. An order awarding Plaintiff and MLA Federal Refund Access Class, MLA
9 Excessive MAPR Class and the MLA Waiver of Rights Class actual, statutory,
10 and all other damages available by law, with pre- and post-judgment interest;
- 11 g. An order preventing Defendants from attempting to collect on any loans that
12 violated the MLA from Plaintiff and the Class members;
- 13 h. That the Court enjoin Defendants from continuing to engage in unlawful lending
14 practices in violation of the MLA;
- 15 i. That Defendants be required by this Court's Order to compensate Plaintiff's
16 counsel for their attorneys' fees and costs of suit, and that Defendants be ordered
17 to bear the cost of notice to the absent class members, as well as the administration
18 of any common fund;
- 19 j. That the Court award reasonable attorneys' fees as provided by applicable law,
20 including under the MLA, and/or applicable statutes or code of civil procedure;
- 21 k. That the Court award all costs of suit; and
- 22 l. That the Court award such other and further relief as the Court may deem just and
23 proper.
- 24
25
26

1 DATED this 6th day of May, 2026.

2 TOUSLEY BRAIN STEPHENS PLLC

3
4 By: /s/ Kim D. Stephens, P.S.

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*to seek admission *pro hac vice*

Attorneys for Plaintiff and the Proposed Classes

CIVIL COVER SHEET

The 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, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

PAUL ALLEN PEREZ, individually and on behalf of all others similarly situated.

(b) County of Residence of First Listed Plaintiff Snohomish (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Tousley Brain Stephens PLLC, 1200 Fifth Ave., Ste. 1700, Seattle, WA 98101

DEFENDANTS

JACKSON HEWITT, INC., and REPUBLIC BANK & TRUST COMPANY.

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

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 (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, PTF DEF, 1 1, 2 2, 3 3, 4 4, 5 5, 6 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

Table with columns: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, TORTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, INTELLECTUAL PROPERTY RIGHTS, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Includes various legal categories like Personal Injury, Contract, Labor, etc.

V. 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 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 10 U.S.C. § 987. Brief description of cause: Predatory or unlawful lending practices.

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: [X] Yes [] No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE SIGNATURE OF ATTORNEY OF RECORD

05/06/2026 /s/ Kim D. Stephens, P.S.

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here. United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.
Original Proceedings. (1) Cases which originate in the United States district courts.
Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441.
Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.
PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7. Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service.
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related cases, if any. If there are related cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

Western District of Washington



PAUL ALLEN PEREZ, individually and on behalf of all others similarly situated,

Plaintiff(s)

v.

JACKSON HEWITT, INC., and REPUBLIC BANK & TRUST COMPANY,

Defendant(s)

Civil Action No.

SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address) JACKSON HEWITT, INC. CORPORATION SERVICE COMPANY 300 DESCHUTES WAY SW, STE 208 MC-CSC1 TUMWATER, WA 98501

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

KIM D. STEPHENS, P.S., WSBA #11984 TOUSLEY BRAIN STEPHENS PLLC 1200 FIFTH AVE, STE 1700 SEATTLE, WA 98101

If you fail to respond, 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 OF COURT

Date: _____

Signature of Clerk or Deputy Clerk

AO 440 (Rev. 06/12) Summons in a Civil Action (Page 2)

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____ .

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____ ; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____ , and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____ , who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____ ; or

I returned the summons unexecuted because _____ ; or

Other *(specify)*: _____

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0.00 _____ .

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

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_____ on *(date)* _____ ; or

I returned the summons unexecuted because _____ ; or

Other *(specify)*:

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0.00 _____ .

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc: