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Attorneys for the People of the State of California

SUPERIOR COURT OF CALIFORNIA

COUNTY OF ALAMEDA

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

**JACKSON HEWITT INC.; JACKSON HEWITT
TAX SERVICE INC.; and TAX SERVICES OF
AMERICA, INC.,**

Defendants.

Case No.

**STIPULATION TO ENTRY OF
JUDGMENT**

Plaintiff, the People of the State of California, appearing through Bill Lockyer, Attorney General, by Seth E. Mermin, Deputy Attorney General, and Defendants Jackson Hewitt Inc., Jackson Hewitt Tax Service Inc., and Tax Services of America, Inc. (collectively, "Defendants"), appearing through counsel Skadden, Arps, Slate, Meagher & Flom LLP, by Andrew L. Sandler and Benjamin B. Klubes, hereby stipulate to the entry of the Judgment attached hereto as Exhibit 1 (the "Judgment"), and to the following:

1. Defendants acknowledge that they have received a copy of the Complaint, this Stipulation for Entry of Judgment (the "Stipulation"), and the Judgment.

2. Defendants hereby waive formal service of a summons and complaint on them in this action.

1 3. The Judgment does not constitute an adjudication of the substantive merits of any
2 claim or defense in this case. Neither this Stipulation nor the Judgment constitutes an admission
3 of liability or wrongdoing by Defendants.

4 4. Defendants represent that the execution and delivery of this Stipulation is a free and
5 voluntary act and that the Stipulation and the Judgment are the result of good faith settlement
6 negotiations.

7 5. Defendants further acknowledge that they have been represented by independent legal
8 counsel of their own choice throughout all negotiations which preceded the execution of this
9 Stipulation and on the advice of their legal counsel and through their counsel they have
10 independently reviewed this Stipulation and the Judgment.

11 6. Defendants warrant and represent that the information, documents, and compilations of
12 information provided by Defendants and their counsel to counsel for the People during the
13 course of settlement negotiations are substantially accurate and complete. If the People
14 determine in their sole discretion that the information provided during settlement negotiations
15 was not substantially accurate and complete, the People may move in court for, and Defendants
16 stipulate to the entry of, an order vacating the Judgment. Defendants stipulate to the tolling of
17 any applicable statute of limitations so that the period between December 31, 2004 and the date
18 on which any action is recommenced under this paragraph shall be excluded from determining
19 the appropriate limitations period.

20 7. On or before execution of this Stipulation, Defendants will deliver to Deputy Attorney
21 General Seth E. Mermin or Supervising Deputy Attorney General Margaret Reiter a bank check
22 for, or confirmation of the wire transfer to a California Department of Justice bank account of,
23 the amount of one million dollars (\$1,000,000) payable to the California Attorney General's
24 Office, five hundred thousand (\$500,000) of which shall be to satisfy the amount to be paid for
25 civil penalties in favor of the People under the Judgment and five hundred thousand (\$500,000)
26 of which shall be for costs of investigation and attorneys' fees.

27 8. On or before execution of this Stipulation, Defendants will also deliver to Deputy
28 Attorney General Seth E. Mermin or Supervising Deputy Attorney General Margaret Reiter a

1 bank check for, or confirmation of the wire transfer to a California Department of Justice bank
2 account of, the amount of four million dollars (\$4,000,000) payable to the California Attorney
3 General's Office, which shall be used to effect restitution to consumers as provided in the
4 Judgment.

5 9. The text of the "Restitution Notice" referred to in the Judgment is set forth in Exhibit
6 A to this Stipulation.

7 10. The text of the "Confirmation Card for the Financial Product Restitution Group"
8 referred to in the Judgment is set forth in Exhibit B to this Stipulation.

9 11. The text of the "Confirmation Card for the Debt Collection Restitution Group" referred
10 to in the Judgment is set forth in Exhibit C to this Stipulation.

11 12. The text of the Restitution Notice and Confirmation Cards may if necessary be edited
12 by agreement of the parties.

13 13. Counsel for Plaintiff may submit the Judgment to any judge or commissioner of the
14 superior court for approval and signature, during the court's ex parte calendar or on any other ex
15 parte basis. Defendants waive the right to personal notice of this submission.

16 14. The parties acknowledge that it is well established that a settlement or judgment in a
17 private class action does not preclude the Attorney General of California from obtaining any
18 remedy available in a law enforcement action, including full restitution (less any amounts
19 already restored) to redress the alleged misconduct.

20 15. On or before execution of this Stipulation, Defendants will deliver to Deputy Attorney
21 General Seth E. Mermin or Supervising Deputy Attorney General Margaret Reiter a bank check
22 or the equivalent in an amount sufficient to satisfy the first-appearance fee requirements of the
23 Civil Division of the Alameda Superior Court for the appearances of the three Defendants,
24 payable to that Court.

25 16. Except as otherwise provided herein, the parties hereby waive the right to appeal, to
26 set aside or vacate, or otherwise to attack directly or collaterally the Judgment entered on this
27 Stipulation, or any provision thereof.

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DATE: _____

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

By: _____
Andrew L. Sandler
Benjamin B. Klubes

Attorneys for Defendants
Jackson Hewitt Inc.; Jackson Hewitt Tax Service Inc.;
and Tax Services of America, Inc.

DATE: _____

JACKSON HEWITT INC.

By: _____

By: _____

DATE: _____

JACKSON HEWITT TAX SERVICE INC.

By: _____

By: _____

DATE: _____

TAX SERVICES OF AMERICA, INC.

By: _____

By: _____

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Dated: _____

ATTORNEY GENERAL OF THE STATE OF
CALIFORNIA

BILL LOCKYER
Attorney General of the State of California
ALBERT NORMAN SHELDEN
Senior Assistant Attorney General
MARGARET REITER
Supervising Deputy Attorney General

By: _____
Seth E. Mermin
Deputy Attorney General

Attorneys for Plaintiff
People of the State of California

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2
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4 **EXHIBIT A**

5 **Initial Restitution Notice**

6 [Name]
7 [Street Address]
8 [City/State]

9 **Re: California Attorney General's Settlement with Jackson Hewitt**

10 Dear [name]:

11 The California Attorney General and Jackson Hewitt, the tax preparation service, have
12 agreed to settle the Attorney General's law enforcement action against Jackson Hewitt, brought
13 on behalf of the People of the State of California: *People v. Jackson Hewitt Inc., et al.* (Alameda
14 Superior Court, No. ____). **Under the terms of the Attorney General's settlement, you may
15 receive a refund of money that you paid for a "Refund Anticipation Loan" (RAL),
16 "Accelerated Check Refund" (ACR) or "Assisted Direct Deposit" (ADD). In addition, you
17 may receive payment of a portion of the money that was collected out of your tax refund as
18 a debt you supposedly owed for a prior year's "Refund Anticipation Loan" (RAL).**

19 **But you must follow the instructions below to get your refund. Your time to claim a
20 refund is limited. You must send your reply postcard by _____[date].**

21 **The Subject of the Attorney General's Action**

22 The Attorney General believes that Jackson Hewitt engaged in a variety of illegal and
23 deceptive conduct regarding RALs and related products, including advertising the products in a
24 way that made consumers confused about whether they were getting their refund or a loan. In
25 addition, the Attorney General believes that Jackson Hewitt took part in an illegal debt collection
26 program involving RALs and similar products that were offered to its customers. The Attorney
27 General believes that Jackson Hewitt customers were not told that they were believed to owe
28 debt on a prior year's loan until *after* they had already signed a bank document "authorizing" the
amount of the debt to be deducted from their tax refund.

Jackson Hewitt believes that it has not violated the law, or engaged in any wrongdoing, but
has agreed to settle the case in order to avoid the costs and inconvenience of litigation with the
California Attorney General, and to establish industry best practice standards.

The Terms of the Settlement

Under the terms of the Attorney General's settlement, Jackson Hewitt customers in
California who paid for RALs, ACRs or ADDs at any time from January 1, 2001 through June
30, 2004 will receive a partial refund of the amount they paid.

Jackson Hewitt customers who paid for a RAL are eligible for up to \$30 per loan. If you
purchased more than one RAL during the time period covered by the settlement, you may
receive up to \$30 per RAL.

Jackson Hewitt customers who paid for an ACR or ADD at any time from January 1, 2001
through June 30, 2004 are eligible for up to \$15 per ACR or ADD. If you purchased more than
one ACR or ADD during the time period covered by the settlement, you may receive up to \$15
for each product.

1 **According to Jackson Hewitt's records, between 2001 and 2004 you received**

2 **Refund Anticipation Loans**

3 **Accelerated Check Refunds or Assisted Direct Deposits**

4 [[*Include this paragraph and the next only for debt-collection group*] In addition, under the
5 terms of the Attorney General settlement relating to debt collection practices, Jackson Hewitt
6 customers in California who had money deducted from their tax refund at any time from January
7 1, 2002 through December 31, 2004 will receive back a portion of the amount that was deducted
8 for the "debt" (the portion that was received by Jackson Hewitt).

9 **According to Jackson Hewitt's records, you had your "debt" collected in this manner**
10 **in _____ [year(s)] and may receive a payment in the amount of \$_____. If you accept a**
11 **payment of this amount, you agree not to sue Jackson Hewitt to seek a larger recovery in**
12 **connection with this debt collection, as set forth on the enclosed postcard.]**

13 The Attorney General's settlement also provides for a variety of injunctive relief regarding
14 how Jackson Hewitt may conduct its business in the future.

15 **What You Should Do to Receive Your Refund**

16 **Please sign and return the enclosed postcard to confirm that you are the person listed**
17 **at the top of this letter and that you currently live at the address listed there.** If your
18 address has changed, please sign the card and list your current address in the space provided.
19 Once you have returned the card, you do not need to do anything else to receive your refund.

20 [[*For Debt Collection Group, substitute the following for the previous paragraph:*]

21 **To receive your refund, sign and return the enclosed postcard to confirm that you are**
22 **the person listed at the top of this letter and that you currently live at the address listed**
23 **there.** If your address has changed, please sign the card and list your current address in the
24 space provided. Once you have returned the card, you do not need to do anything else to receive
25 your refund. **Please note that by signing the postcard you are agreeing not to sue Jackson**
26 **Hewitt to seek a larger recovery.]**

27 **If you have any questions about the settlement, you can contact the Settlement**
28 **Administrator, _____, at () - _____ [toll-free phone]. You can also send**
your questions to [email address] or [mailing address]. Information about the settlement,
including a copy of the Complaint and Judgment in this case, is also available at the
Attorney General's website at _____.

29 **Separate Class Action Settlement**

30 Jackson Hewitt has also settled a class action lawsuit captioned *Brailsford et al. v. Jackson*
31 *Hewitt Inc.*, Case No. C-06-00700-CW (N.D. Cal. 2006). If you are included within the class in
32 that case, you will find enclosed a notice describing that settlement.

Exhibit B

Confirmation Card for the Financial Product Restitution Group

This is my correct name and address:

[Administrator to insert here the person's name and address and a place for person to provide current address if address is mistaken]

(If the address above is not correct, please write in the correct one.)

I would like to receive a refund of a portion of the fees I paid at Jackson Hewitt for Refund Anticipation Loans, Accelerated Check Refunds and/or Assisted Direct Deposits.

Date: _____ Signature: _____

(If there was a Joint Filer on your tax return (such as a spouse) for the year(s) stated in the Notice that came with this card, please also have the Joint Filer sign below. It is not necessary, however, to obtain the signature of the Joint Filer in order to receive a refund.)

Date: _____ Signature: _____

Exhibit C

Confirmation Card for the Debt Collection Restitution Group

This is my correct name and address:

[Administrator to insert here the person's name and address and a place for person to provide current address if address is mistaken]

(If the address above is not correct, please write in the correct one.)

I would like to receive a refund of a portion of the money that was deducted from my tax refund in connection with a claim that I owed a debt for a prior year's Refund Anticipation Loan or tax preparation fees. (The portion I will receive is the portion that was received by Jackson Hewitt.)

If I sign this card and receive a refund of the portion of the money deducted that Jackson Hewitt received in connection with the claimed debt, I agree to release only Jackson Hewitt Inc., its former, present and future parents, affiliates and subsidiaries, and the successors and assigns of any of them, and their former, present and future officers, employees, directors, shareholders, agents, and representatives from any and all claims, demands, causes of action, and obligations in connection with that debt collection, whether at law or in equity, which I ever had, or have, or have had assigned to me, or, but for this release, hereafter would or could have, whether known or not known, whether asserted or not.

Date: _____ Signature: _____

(If there was a Joint Filer on your tax return (such as a spouse) for the year(s) stated in the Notice that came with this card, the Joint Filer must sign below.)

Date: _____ Signature: _____

[Add if person is also entitled to a refund for RALs, ADDs, or ACRs received which were not later subject to debt collection:

I would like to receive a refund of a portion of the fees I paid at Jackson Hewitt for RALs, ACRs or ADDs that were not later subject to cross-collection.

Date: _____ Signature: _____

(If there was a Joint Filer on your tax return (such as a spouse) for the year(s) stated in the Notice that came with this card, please also have the Joint Filer sign below.)

Date: _____ Signature: _____]