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10 SUPERIOR COURT OF CALIFORNIA  
11 CITY AND COUNTY OF SAN FRANCISCO

12 **THE PEOPLE OF THE STATE OF CALIFORNIA,**

13 Plaintiff,

14 v.

15 **H&R BLOCK, INC., a foreign corporation; H&R**  
16 **BLOCK SERVICES, INC., a foreign corporation;**  
17 **H&R BLOCK ENTERPRISES, INC., a foreign**  
18 **corporation; H&R BLOCK TAX SERVICES, INC., a**  
19 **foreign corporation; BLOCK FINANCIAL**  
20 **CORPORATION, a foreign corporation; HRB**  
21 **ROYALTY, INC., a foreign corporation; and DOES 1**  
22 **through 50, inclusive,**

23 Defendants.

Case No.

**[PROPOSED] TEMPORARY  
RESTRAINING ORDER AND  
ORDER TO SHOW CAUSE RE  
PRELIMINARY INJUNCTION**

Date Action Filed: Feb. 9, 2006

Trial Date: None Set

21 On February 9, 2006, the Court heard the Ex Parte Application for Temporary  
22 Restraining Order and Order to Show Cause re Preliminary Injunction filed by Plaintiff, the  
23 People of the State of California. On reading the Application, the Memorandum of Points and  
24 Authorities and declarations submitted therewith, and the Complaint filed in the above-entitled  
25 action, and considering the arguments of counsel and good cause appearing therefor, the Court  
26 finds that the action is brought by a governmental agency under a statute authorizing an  
27 injunction, it is probable that Plaintiff will prevail at trial, Defendants have failed to show they  
28 would suffer irreparable harm, and therefore:

1  
2 **[ORDER TO SHOW CAUSE]**

3 IT IS ORDERED that Defendants appear in Department \_\_\_ of this Court, located at 400  
4 McAllister Street, San Francisco, CA, on \_\_\_\_\_, 2006, at \_\_\_\_\_,  
5 or as soon thereafter as the matter may be heard, then and there to show cause, if any they have,  
6 why they and their agents, employees, officers, representatives, successors, partners, assigns, and  
7 all persons acting in concert or participating with them, should not be enjoined and restrained  
8 pursuant to Business and Professions Code sections 17203, during the pendency of this action,  
9 from directly or indirectly:

- 10 A. Aiding and abetting, conspiring in, or otherwise participating in any debt collection  
11 activities that violate either the federal Fair Debt Collection Practices Act (15 U.S.C.  
12 § 1692 et seq.) or the California Rosenthal Fair Debt Collection Practices Act (Civil  
13 Code § 1788 et seq.), including any of the following:

14 Advertising, soliciting or otherwise offering loans on anticipated tax refunds  
15 (Refund Anticipation Loans or RALs) or, in connection with a fee, offering the  
16 deferral of payment owed for tax preparation and other products or services  
17 (Refund Anticipation Checks or RACs); providing an application from another  
18 entity for a RAL or RAC; obtaining the signature of the tax preparation client to  
19 the application; delivering the application to the other entity; receiving the  
20 proceeds for delivery to the client; or otherwise furthering the provision of such  
21 RALs or RACs, if in connection with such application or tax return the IRS or  
22 other taxing agency will be directed to deliver the client's tax refund to a person  
23 who may be acting as a debt collector,

24 **unless** defendants comply with either paragraph 1. or 2. below:

- 25 1. Before clients who are likely to be entitled to a tax refund spend time having  
26 Defendants prepare their tax return or are asked to authorize a diversion of the  
27 tax refund to a person who may be acting as a debt collector, disclosures are  
28 made as follows:



1 provided with a clear and conspicuous notice identifying the creditor, the  
2 amount of the debt, and the right and method to contest the debt, and a  
3 stamped envelope addressed to the alleged creditor should the client wish  
4 to pay the alleged debt in this way. (If the client chooses to have the funds  
5 deposited directly in the client's own bank account, then instead of the two  
6 checks, the client is provided a clear and conspicuous written notice  
7 identifying the creditor, the amount of the debt, and the right and method  
8 to contest the debt, and a stamped envelope addressed to the alleged creditor  
9 should the client choose to pay the alleged debt in this way); and

10 b. Defendants have provided notice of the requirements of this order to each  
11 employee, agent, representative or other person who interacts with  
12 Defendants' tax preparation clients;

13 B. Using the offering of tax advice and preparation, loans in anticipation of tax refunds,  
14 or the deferral of payment of tax preparation charges which requires payment of a fee,  
15 to contradict or overshadow any notice about the amount of a claimed prior debt  
16 owed, to whom it is owed, or the means by which to contest such a debt; and

17 C. Making any untrue or misleading statement in connection with any effort to collect  
18 a debt via a RAL or RAC.

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20 **[TEMPORARY RESTRAINING ORDER]**

21 IT IS FURTHER ORDERED that, pursuant to Business and Professions Code sections  
22 17203 and 17535, until the Court has entered its order on the proposed preliminary  
23 injunction, Defendants and their agents, employees, officers, representatives, successors,  
24 partners, assigns, and those acting in concert or participating with them, are enjoined from  
25 directly or indirectly doing any of the following:

26 A. Aiding and abetting, conspiring in, or otherwise participating in any debt collection  
27 activities that violate either the federal Fair Debt Collection Practices Act (15  
28 U.S.C. § 1692 et seq.) or the California Rosenthal Fair Debt Collection Practices

1 Act (Civil Code § 1788 et seq.), including any of those listed in the following  
2 subparagraphs 1 or 2:

- 3 1. Collecting or attempting to collect a delinquent debt from any person who was  
4 not given, before the person irrevocably transferred the right to receive a tax  
5 refund to a person who may be acting as a debt collector, (i) notice of the  
6 amount of the debt, (ii) the name of the creditor to whom the debt is owed,  
7 and (iii) a statement that the person may dispute the validity of the debt within  
8 30 days after receipt of the notice; and
- 9 2. Collecting or attempting to collect a debt through a “Refund Anticipation  
10 Loan” (RAL) or “Refund Anticipation Check” (RAC) process unless the  
11 process includes the opportunity for the alleged debtor (1) to challenge the  
12 validity of the debt before she commits to paying it (as by, for example,  
13 informing her of the amount and creditor of the debt prior to the tax interview)  
14 or (2) to decide whether or not to pay the debt (as by, for example, offering  
15 RAL and RAC proceeds in two checks payable to the debtor, with one made  
16 out in the amount of the alleged debt).

17  
18 IT IS FURTHER ORDERED that:

19 (1) Plaintiff shall serve on Defendants this temporary restraining order and order to  
20 show cause, the application therefor, the Memorandum of Points and Authorities and  
21 declarations filed therewith, and the Complaint filed in this action, by the following  
22 date: \_\_\_\_\_, 2006.

23 (2) Proof of service must be delivered to the court hearing the order to show cause by  
24 \_\_\_\_\_, 2006, at \_\_\_\_\_.

25 (3) Defendants shall file and serve, by fax or personal service, their written return or  
26 opposition, if any, on or before \_\_\_\_\_, 2006.

27 (4) Plaintiff shall file and serve, by fax or personal service, its reply, if any, on or  
28 before \_\_\_\_\_, 2006.

1 (5) In accordance with Code of Civil Procedure section 995.220(a), no bond is  
2 required of Plaintiff.

3 (6) This Temporary Restraining Order and Order to Show Cause re Preliminary  
4 Injunction shall take effect immediately upon issuance.

5 (7) The Clerk is ordered to enter this Temporary Restraining Order and Order to Show  
6 Cause re Preliminary Injunction forthwith.

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9 Dated: February \_\_\_\_, 2006

\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT

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