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CONSUMER GROUPS OUTRAGED OVER APPROVAL OF BANK CHARTER FOR H&R BLOCK

*OTS Announces Approval for Block Same Day that Eliot Spitzer Sues Block For Deception in
Marketing of Retirement Products*

Representatives of national consumer rights groups joined in protest of the Office of Thrift Supervision's decision to grant H&R Block a federal bank charter, announced the very same day that New York Attorney General Eliot Spitzer sued the tax preparation giant for fraudulent marketing of its Express Individual Retirement Account (IRA) product.

"We are astounded that the OTS granted Block the right to operate a 'savings bank' at the same time Eliot Spitzer has accused the company of deception in selling IRAs that bleed money from the accounts of its customers instead of helping them save money," said Kevin Stein, Associate Director of the California Reinvestment Coalition. "What other kinds of shady products has the OTS now enabled Block to cross-market to its mostly working class customers? Given all of Block's corporate missteps and gouging of low-income consumers, it leads us to wonder exactly who can't get a federal charter from the OTS."

The consumer group representatives noted this is not the first Attorney General lawsuit against Block. California Attorney General Bill Lockyer sued Block just last month for unfair business practices and debt collection violations in the marketing of predatory refund anticipation loans (RALs). In December of 2005, Block agreed to pay \$62.5 million to settle class actions that accused the company of violating state consumer protection laws in four states in its marketing of RALs.

"Block has had a long history of selling high cost, abusive products using questionable tactics," stated Chi Chi Wu, a staff attorney for the National Consumer Law Center, "Despite lawsuit after lawsuit claiming consumer abuse, including one by the New York Attorney General on the same day Block's bank charter approval is announced, the OTS seems to think this is the kind of company fit to be a bank."

The approval of a bank charter for Block is one of the first actions taken by new Office of Thrift Supervision Director John Reich. It is also one of the first bank applications after the release of new home mortgage data showing significant disparities in the prices paid for home loans by different race and ethnicity groups.

"Once again, the Bush Administration has abandoned consumers in favor of big corporations," said Peter Skillern, executive director of the Community Reinvestment Association of North Carolina. "The OTS has given the green light for H&R Block to expand its abusive practices despite problems with the IRS for underpaying taxes, with the Securities and Exchange Commission for misstating earnings, with the New York and California Attorney Generals and despite consumer advocates' warnings. The regulatory integrity of the OTS is called into question by this decision under appointee John Reich's leadership."

In addition to high cost RALs and IRAs, H&R Block owns subprime mortgage company Option One. Consumer group representatives had expressed concern about Option One's lending practices and their impact on minority customers.

"Just as the OTS has bent the law to exempt savings banks from local anti-predatory lending and fair lending laws, the OTS is turning a blind eye to disparities in H&R Block's subprime mortgage lending. More than half of H&R Block's mortgage loans to African Americans in 2004 were over the federally defined subprime rate spread, of three percent over Treasury securities on a first lien, five percent on a subordinate lien. This rose to over 70 percent in Missouri, to which H&R Block is trying to confine its CRA responsibilities. The OTS approval condones these disparities," said Matthew Lee, the executive director of Inner City Press / Fair Finance Watch.

Marva Williams, Senior Vice-President of the Woodstock Institute said, "OTS should be ashamed of letting a fringe financial player into the ranks of mainstream financial institutions. OTS is enabling H&R Block to expand its drain on the pocketbooks of low income communities, contributing to the poverty tax in this country."

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The California Reinvestment Coalition's mission is to revitalize California's low-income and minority communities by increasing access to credit and deposit services. Our goals include leveraging the federal Community Reinvestment Act to increase the flow of credit and investments into California's low-income communities and communities of color. CRC www.calreinvest.org (415) 864-3980 474 Valencia St., Ste 110, San Francisco, CA 94103

The Community Reinvestment Association of North Carolina is a nonprofit, nonpartisan research and advocacy organization whose mission is to promote and protect community wealth. We advocate for change in the lending practices of financial institutions to promote wealth building for underserved communities and to end predatory lending practices that strip wealth. CRA-NC www.cra-nc.org (919) 667-1557 114 E. Geer St, Durham NC 27701

Inner City Press/Fair Finance Watch was founded in the South Bronx in 1987. Its members work on issues including equal access to housing, telecommunications and environmental justice. Through its Fair Finance Watch it advocates against predatory lending at home and even overseas.

National Consumer Law Center is a non-profit organization specializing in consumer issues on behalf of low-income people. NCLC works with thousands of legal services, government and private attorneys, as well as organizations, who represent low-income and elderly individuals on consumer issues. website: www.consumerlaw.org

The Woodstock Institute, which was founded in 1973, was established to research, develop and promote ways to bring economic resources to lower-income and minority families and communities. Woodstock works locally, nationally and internationally to further this goal. Woodstock's partners include community organizations, local and national economic justice coalitions, academics, policy makers, financial institutions, and foundations.