

Hood v. Santa Barbara Bank and Trust

FREQUENTLY ASKED QUESTIONS

1. What is this lawsuit about?

This lawsuit is a class action that involves a product called a Refund Anticipation Loan or “RAL.” A “RAL” is a short-term loan that gets repaid from a consumer’s federal tax refund. The lawsuit does not challenge “RALs” per se. Rather, it claims that when the Plaintiffs had their taxes prepared at a Jackson Hewitt office and applied for a RAL, the loans they requested were refused, but their tax refunds were taken anyway, and that this was improper. The Plaintiffs’ tax refunds were taken to pay off debts which were allegedly owed for a previous RAL that had not been paid, or not paid off in full, or else used to pay Jackson Hewitt for previous tax preparation services. (This practice is called cross-collection.)

The lawsuit contends that in collecting refunds to pay the alleged debts without warning Plaintiffs or getting their permission, the money was improperly taken. The lawsuit alleges that this practice of cross-collection violated several California consumer laws, including the Consumer Legal Remedies Act, the Unfair Competition Law, California’s fair debt collection law and constituted an illegal conversion of the Plaintiffs’ property.

2. Who filed this lawsuit and why was it brought as a class action?

This lawsuit was filed in a California State Court on March 18, 2003 by Plaintiff Canieva Hood. On June 6, 2008, Tyree Bowman was added as a second Plaintiff. Ms. Hood and Mr. Bowman are called the “Class Representatives.” They brought this lawsuit as a Class Action to represent the interest of consumers nationwide who have similar claims against the same Defendants. All of these people together are a “class” or “class members.” The outcome of the lawsuit resolves the issues for all class members, except for those who choose not to participate in the settlement.

The Class is defined as:

All persons nationwide who, at any time from March 18, 1999 to September 1, 2008, satisfy all of the following criteria: (1) they have applied for a RAL from SBBT through Jackson Hewitt; (2) they have had their RAL applications denied; and (3) they have had any portion of their tax refunds collected by SBBT to repay a debt allegedly owed to a Cross-Defendant or to Jackson Hewitt.

See Question 13, below, for information on how to exclude yourself from the class and from this settlement if you wish to do so.

3. Who is Santa Barbara Bank & Trust? Who are the other Defendants or Third Party Defendants in the lawsuit?

There are two main Defendants: (1) Pacific Capital Bank and its division Santa Barbara Bank & Trust (“SBBT”), and (2) Jackson Hewitt Tax Service. SBBT is a bank that makes RALs, including approving or denying RAL applications. Jackson Hewitt is a tax preparation chain that owns, operates and/or directs the operation of over 6,800 offices nationwide. SBBT is the bank that offered the RALs at issue in this case. Frequently, the loans were suggested by Jackson Hewitt employees in connection with the tax preparation services they provided to clients.

Several other banks, sometimes referred to as the Third Party Defendants, were also involved in cross-collection. These banks provided information to SBBT regarding debts they claimed they were owed for previous RALs. When SBBT learned a RAL applicant allegedly owed a prior RAL debt to one of these Third Party Defendants, SBBT denied the RAL application, but took the applicant’s federal tax refund, and paid it to the Third Party Defendant.

These other banks, or Third Party Defendants, are:

- Household Bank, F.S.B., individually and as successor in interest to Beneficial National Bank;
- HSBC Taxpayer Financial Services, formerly known as Household Tax Masters, Inc.;
- JPMorgan Chase Bank, N.A. successor by merger to Bank One, N.A. (Ohio);
- First Bank of Delaware, aka Republic First Bank of Delaware;
- Republic First Bank dba First Republic Bank of Philadelphia, Pennsylvania;
- First Security Bank of Mackinaw, Illinois;
- Republic Bank & Trust Company; and
- River City Bank, Inc., aka River City Bank.

4. Has the lawsuit been settled?

The parties have agreed to settle the lawsuit. This avoids the cost, risk and delay of trial. A Settlement Agreement preliminarily was approved by the Court on January 06, 2009, and [notice](#) of the settlement subsequently was sent to the class members. Under the Settlement, Class Members will have the opportunity to obtain a payment in exchange for giving up certain legal rights.

5. How do I know if my claims are included in the Settlement?

If you received a Notice in the mail, you have been identified from SBBT records as a Class Member. That means you fit the description of the Class that the Court approved for this Settlement. Please read the Notice carefully. It explains the lawsuit, the Settlement, your legal rights and your options with respect to making a claim for money from the Settlement Fund, how to exclude yourself from the Settlement, and how to raise any concerns about the fairness of the [Settlement](#).

6. What are the major terms of the Settlement Agreement?

The amount of \$8,500,000.00 will be paid into a Settlement Fund. In addition, Jackson Hewitt and SBBT have agreed to make certain changes to their cross-collection practices. Specifically, SBBT and Third Party Defendants have agreed to cease the practice of cross-collection for the calendar year 2009. Additionally, for future years in which cross-collections may occur, Jackson Hewitt has agreed to provide a notice to its customers regarding cross-collection. The notice will provide consumers with a clear statement of the fact that they owe a debt. The notice will be provided before customers enter into any RAL agreement, and will explain that, if they apply for a RAL, their refund will be used to pay that debt.

7. How much money will Class Members receive from the Settlement Fund?

If the Court approves the Settlement, every Class Member to whom a notice was mailed will be entitled to payment from the Settlement Fund. The amount of the payment depends on the amount of your refund which was cross collected from you.

Each Class Member will receive \$30 as a refund for the fees paid for the RAL. In addition, each Class Member will receive a minimum of 5.5% of the total amount of his or her tax refund that was collected improperly. For example, if you had \$20.00 of your tax refund collected and paid to a Third Party Defendant or Jackson Hewitt, you will receive \$31.10 [\$30 + (\$20 x 5.5%)]. If you had \$2,000 of your tax refund collected and paid, you will receive \$140.00 [\$30 + (\$2,000 x 5.5%)].

8. Do I need to file a claim to receive a payment from the Settlement Fund?

No. Class Members do not need to complete any paperwork to receive a check as settlement. However, if a Class Member fails to cash a check for payment under this Settlement within 90 days of the date of the check, then the check will be void and the Class Member will not be eligible for any further relief.

9. How will the rest of the money from the Settlement Fund be distributed?

The lawyers who brought this lawsuit, known as Class Counsel, will ask the Court to award up to \$2,500,000 of the Settlement Fund to cover attorneys' fees plus actual costs. Class Counsel also will apply to the Court for a service payment of \$15,000 for Class Representative Canieva Hood and \$10,000 to Tyree Bowman as service awards for their assistance and participation in the lawsuit. The Settlement Fund also will cover costs associated with Notice and administration of the Settlement.

Attorneys' fees, service awards, and the expenses of Notice and administration will be deducted from the Settlement Fund before money is distributed to members of the Class. If these are awarded in the amounts requested, Class Counsel believes that approximately \$4,975,000 will be available for distribution to members of the Settlement Class. Once all of the required amounts have been paid to Class Members, Class Counsel, the Class Representatives and the

Settlement Administrators, any remaining amount of the monies, such as from uncashed checks, will be donated to one or more charitable organizations, subject to approval by the Court.

10. How do I confirm that my address is correct?

If you received notice of the settlement by mail at your correct address, and you are not moving soon, you do not need to do anything. However, if your address has changed, or you have other mailing related questions, call toll free 1-888-872-9187.

11. When will Class Members be paid?

If the Court approves the Settlement, Class Members will be paid as soon as possible after the Court order becomes final. We anticipate this will occur in late summer 2009. If the Court does not approve the settlement or if there is an appeal of the Settlement, payment may be delayed. The Settlement Administrator will provide updated information about the timing of payment, which you can obtain by calling 1-888-872-9187.

12. What rights am I giving up in this Settlement?

Unless you exclude yourself from this Settlement, you will be considered a member of the Class, which means you give up your individual right to sue or continue a lawsuit against Jackson Hewitt, SBBT and all of the Third Party Defendants, regarding the legal issues that were raised or could have been raised in this case. Giving up your legal claims is called a release. Unless you formally exclude yourself from this Settlement, you will release your claims in this case against these parties and receive payment.

The released parties collectively include all of the Defendants and Third Party Defendants. You will be releasing these parties from all claims related to the cross-collection of RAL and/or tax preparation debt. That means, for example, that you give up the right to sue any of the parties on the grounds that SBBT collected your federal refund to pay a debt you owed to any other Third Party Defendant.

The claims you give up are solely related to the RAL application and the collection of your debt. For example, you do not give up the right to challenge Jackson Hewitt for any claims arising from its tax preparation services.

For more information on the released parties and claims, please see the [Settlement Agreement](#).

13. How do I exclude myself from the Settlement?

You may exclude yourself from the Settlement. If you exclude yourself from the Settlement, you will not receive any payment from the Settlement Fund, but you will retain the right to sue Jackson Hewitt, SBBT and the other Defendant banks separately, at your own expense, for any claims you might have. You should consult an attorney as soon as possible concerning your claim. Like all legal claims, this one must be filed within certain time limits,

after which your rights may be lost.

If you wish to be excluded, you must mail a written request for exclusion to the Settlement Administrator postmarked on or before **March 27, 2009 to:**

The Hood Settlement
c/o Gilardi & Co.
P.O. Box 6002
Larkspur, CA 94977-6002

The request must (a) state your full name and address, (b) contain your signature or your attorney's signature, and (c) include a clear statement of your desire or intent to be excluded from the Settlement. Please see the Class Notice for more information on excluding yourself from the settlement.

14. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing in this case will be conducted by the Honorable James Brown, on **April 29, 2009**, at 9:30 a.m. at Santa Barbara County Superior Court, 1100 Anacapa Street, Santa Barbara California, 93101. You are not required to attend the hearing. But you are welcome to attend the hearing at your own expense, and you may ask the Court's permission to speak.

15. What if I want to object to the Settlement?

If you have not excluded yourself from the settlement, you can object to the settlement if you do not believe it is fair or reasonable. If you wish to object, you must write a letter to the Court, postmarked by **March 27, 2009**, stating the specific reason for your objection, and describe any evidence you wish to introduce to support your objection. You must also mail a copy of the written objections to the addresses listed in the notice by March 27, 2009. Please see the Class Notice for more information on objecting to the settlement.

16. What will happen if the Court does not approve the Settlement?

If the Court does not approve the Settlement, or if it approves the Settlement and the approval is reversed on appeal, or if the Settlement does not become final for some other reason, you will not be paid at this time and the case will continue. The parties may negotiate a different settlement or the case may go to trial.

17. Who represents the Class?

The attorneys who have been appointed by the Court to represent the Class are:

Stuart T. Rossman, Esq.
Charles Delbaum, Esq.
National Consumer Law Center
77 Summer Street, 10th Floor

James Sturdevant, Esq.
Monique Olivier, Esq.
Whitney Huston, Esq.
The Sturdevant Law Firm

Boston, MA 02110

354 Pine Street, 4th Floor
San Francisco, CA 94104

More information on the firms that represent the Class is available at www.consumerlaw.org, National Consumer Law Center and www.sturdevantlaw.com, The Sturdevant Law Firm.

18. Where can I get additional information?

In addition to this website, you can call the Settlement Administrator toll-free at (888) 872-9187.