
TAX PREPARERS TAKE A BITE OUT OF REFUNDS:

MYSTERY SHOPPER TEST EXPOSES REFUND ANTICIPATION LOAN ABUSES IN DURHAM AND PHILADELPHIA

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Tax Preparers Take a Bite out of Refunds:
Mystery Shopper Test Exposes Refund Anticipation Loan Abuses in Durham
and Philadelphia

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SUMMARY

Nonprofit groups in Philadelphia and Durham conducted 17 “mystery shopper” tests of paid tax preparers. The results reveal an industry that varies tremendously in terms of providing consumers with information about refund anticipation loans (RALs), and in its overall quality of services.

Test results found that a significant number of preparers still do not inform taxpayers that a RAL is a loan. Three preparers in Durham and two in Philadelphia did not explain to testers that a RAL is a loan. Two other preparers in Philadelphia made this disclosure only after being questioned by testers.

Even when testers were told that a RAL is a loan, there were confused because many preparers did not give clear price information about RALs, other bank product options, and tax preparation fees. Only one preparer in either city informed the tester of the option to receive a fast, free refund by e-file and direct deposit.

Five testers were given RALs or other bank products by default. One tester was only given a RAL as an option; one was only given the option of a RAL or other bank product; and at least three others were automatically required to pay charges for bank products for state refunds.

One of the most disturbing test results involved the quality of tax preparation. Several preparers made serious errors that significantly affected tax liability. Two testers were required to file amended returns to fix errors and one tester withdrew after the preparer advised him not to include investment income on a return, essentially recommending tax fraud.

Independent preparers vary greatly in their treatment of taxpayers. Many of them charged multiple ancillary fees, including one preparer who charged \$324 in such fees. One independent preparer turned out to be primarily a gift shop and the other was a small loan lender. However, another independent preparer steered both testers who went to her office away from RALs.

A. Introduction

Every year, hundreds of millions of Americans undertake one of the most important and complicated financial tasks imaginable – filing their tax returns. Some will fill out a form with pen & paper, others will use a software program or website, and some will be helped by nonprofit programs. About 59% of taxpayers will pay a commercial preparer to complete their tax return.¹ This rate is an even higher 71% among recipients of the Earned Income Tax Credit (EITC), a refundable credit intended to boost low-wage workers out of poverty.

Despite the importance and complexity of this task, neither federal nor state governments comprehensively regulate tax preparers (the exceptions are California and Oregon). There are no minimum educational standards or certification to become a tax preparer. Seventy million Americans put their trust, their legal liability for taxes, and their financial health in the hands of unregulated paid preparers.

One of the thorniest problems with paid preparers is their role in promoting, selling and arranging refund anticipation loans (RALs). RALs are one to two week loans made by banks and facilitated by paid preparers, secured by the taxpayer's refund. RALs can be expensive, with some lenders charging fees that translate into triple digit Annual Percentage Rates (APRs). RALs cost taxpayers hundreds of millions of dollars every year, and expose taxpayers to unmanageable debt if a problem with a refund results in the loan being unpaid. In addition, there has been a history of deception and misinformation about RALs.

B. Testing Background

This tax season, Community Legal Services in Philadelphia (CLS) and the Community Reinvestment Association of North Carolina (CRA-NC) conducted a “mystery shopper” project to examine paid preparer practices with respect to RALs. CLS and CRA-NC recruited 17 taxpayers to become testers, about 12 of whom received the Earned Income Tax Credit (EITC).

Testers were recruited and briefed about the nature of project. The testers were instructed to have their returns prepared and obtain RALs from commercial preparers. In Philadelphia, testers were interviewed by CLS personnel who wrote up narratives, or the testers wrote up the narratives themselves. In Durham, a consultant developed an interview form that the testers used to report their experiences. Copies of the narratives in the CLS tests are attached to this report. Also attached is a spreadsheet that summarizes the testing.

Testing was focused on RAL disclosures and practices; however, other issues became apparent, including the quality of tax preparation. Testers reported a variety of experiences, from preparers who actively discouraged testers from taking RALs to those that signed up testers for a RAL or other products by default. Testers documented a range of problems, abuses and misrepresentations involving RALs, which are analyzed below.

¹ Data from IRS Stakeholder Partnerships, Education & Communication (SPEC) Return Information Database for Tax Year 2005 (Returns Filed in 2006), May 2007.

Five tests were conducted in Philadelphia; two other testers had to withdraw because of problems with their returns. Eleven tests were conducted in Durham; one tester withdrew because of shockingly poor preparation, but his experience is discussed below.

Several testers were ultimately denied RALs but flipped into a “refund anticipation check” (RAC). With RACs, the bank opens a temporary bank account into which the IRS direct deposits the refund check. After the refund is deposited, the bank issues the consumer a check and closes the temporary account.

C. Observations on the Adequacy of RAL Disclosures

One of the key issues in the testing was to determine whether RAL borrowers are adequately informed about the nature of RALs, their costs, and risks. The tests reveal that while some preparers are disclosing that a RAL is a loan, this disclosure is not uniformly made. Moreover, the fees, risks and other pertinent facts about the loan are not adequately explained.

1. Failure to Disclose that a RAL is a Loan

Three of ten testers (or 30%) in the Durham tests were not told that a RAL was a loan. The eleventh tester was not offered a RAL or RAC, and the twelfth tester never reached the issue because he withdrew due to poor quality tax preparation. For one preparer who did not explain that a RAL is a loan, the tester (TR) saw the watermark on the loan documents that disclosed the fact. Thus, many of the Durham preparers did fulfill the basic requirement of informing the taxpayer of the nature of a RAL, but the fact that 30% did not raises concerns.

In Philadelphia, the rate was much worse – 2 of the 5 preparers (40%) did not explain that a RAL was a loan, and two more (40%) did so only after questioning by testers. The CLS testers provided detailed narratives of their experiences. One tester (EF) described the lack of explanation at an independent preparer’s office, reporting that the preparer never explicitly referred to the RAL as a loan, nor were the loan terms disclosed until the moment of signing. EF concluded that: “The loan was poorly explained, verging on misrepresentation.” EF also explained:

I was then told that I had three options.

1. If I paid an additional \$48 I would receive my refund tomorrow.
2. I could pay \$42 and receive my refund in two weeks.
3. I could pay nothing and receive the refund in six weeks.

At no time did he refer to this as a loan. One could easily have thought he was just charging an extra fee for expedited service. At this point I asked what the total cost would be, including preparation. While he was rattling off the numbers he listed a \$53.46 fee to Chase. I then asked what Chase had to do with anything. He finally said that they were the bank that would be backing my Refund Anticipation Loan. I asked if the \$48 was pre-paid interest and he said “yes.”

Another tester [KH] had this to say about a different independent preparer:

The preparer always referred to the RAL, or refund anticipation loan, option by using the acronym "RAL." She never described it as a loan. The computer screen displaying the refund options did include the word "loan," but only once and in small print. When [KH] directly asked the preparer what a "RAL" was, the preparer told her, "It's the way you get your money faster."

A married couple of testers (A&VS) described a similar experience in a Jackson Hewitt office in Philadelphia. The Hewitt preparer only presented A&VS the options of a paper check taking 21-28 days, a RAC, a RAL, or an instant RAL. According to A&VS:

the preparer did not explain that the "RAL"/one day option was a loan. The preparer always referred to the option of taking out a refund anticipation loan by using its acronym, "RAL," and never once used the word "loan" to describe it.

2. Presenting the RAL as a Default, Without Presenting Other Options.

An especially egregious practice documented in the past has been signing taxpayers up for a RAL as a default, without presenting other options.² One tester (BK) appears to be a victim of this practice. A Liberty Tax preparer in Durham signed up BK for a RAL by default, and did not present her with other options. Also, a tester in Philadelphia (KH) was only presented with a RAL or RAC as an option, and not informed of free options.

The testing revealed another abusive practice -- requiring taxpayers to receive and pay for a RAC for a state refund. RAL banks do not offer loans on state refunds, but they do offer RACs for them. Three testers were automatically given a RAC for a state refund at a cost of \$10 when they received a RAL or RAC for their federal refund. This abuse was observed at two Jackson Hewitt offices in Philadelphia (A&VS and TM) and a Liberty office in Durham (OH). Since tax preparation fees could already be deducted from the RAL or RAC for the federal refund, imposing a \$10 fee for processing a state refund offers little benefit to the taxpayer, especially if the taxpayer has a bank account already.

3. Failure to Disclose Free E-File, Direct Deposit Option

Very few of the tax preparers in either city informed testers about the option to receive a refund in 8 to 15 days if they e-file and use direct deposit. In Philadelphia, all of the testers specifically noted that they were not offered the free e-file, direct deposit option. In Durham, only one tester (DL) reported that he was informed of the free e-file, direct deposit option.

The failure to disclose the ability to receive an e-file, direct deposit refund in 8 to 15 days is problematic because this is the primary method that taxpayers can receive a quick

² Mystery shopper tests by CLS in both 2005 and 2006 reveals such incidents at both Jackson Hewitt and H&R Block. Letter from Irv Ackelsberg, Community Legal Services to Michael Lister President and CEO of Jackson Hewitt Tax Service Inc., April 4, 2006; Barbara J. Isenberg, *CLS's Deduction: H&R Block Deceptive*, Philadelphia Daily News, March 29, 2005.

refund without incurring any additional fees. Some states require disclosure of this free option, but in writing, not orally. Without such a disclosure, taxpayers may assume they need to wait several more weeks for a paper check by mail.

Furthermore, some testers were sold RACs, which cost \$30. RACs do not have an advantage in terms of speed over RALs. Also, some preparers charge ancillary fees, such as “document filing” and “e-file” fees, for RACs as well as RALs, making them almost as expensive as RALs. In fact, a couple of testers indicated that they got the impression a RAL was not that expensive because the preparer mentioned it was only a certain amount – e.g., \$9 or \$35 – on top of a RAC. One preparer erroneously told the tester (TM) it would be the same fee. When framed in this manner, some taxpayers may be tempted to take a RAL because they only focus on the marginal costs that the preparer emphasizes, not the total costs – nor the risks.

4. Confusion

Even when preparers explained that a RAL was a loan, some of the testers were confused by the preparer’s explanation of the product and by the fees. A common theme in the testing reports is confusion and lack of transparency.

For example, one tester (SH) reported that when a Block preparer discussed a RAL with her, the preparer did say it was a loan “But the fees was an (sic) unclear; she just seemed to do a lot of things w/o explaining them.” This tester also reported:

When it came time to end the procedure, she asked a co-worker, who had just come in about some of the fees that I may or may not incur with the different options for refund receipt [sic]. Overall, she was very nice, but I left feeling a little confused and when it comes to money, that’s not the way you want to feel.

Another tester reported:

[KH] was asked to fill out a two-sided form with her personal information. On the back of the form were three options she could choose for receiving her tax refund, described as: (1) RAL (24-48 hours), (2) Direct Deposit (10-14 days) and, (3) Check by Mail (6-8 weeks). The fees for the various options were not disclosed, so [KH] asked the tax preparer if she had a fee schedule. The preparer told her that a fee schedule was not available, but all of the fees would be broken down for her once the return had been prepared.

The “Direct Deposit” option turned out to be a RAC, not the free e-file, direct deposit option. Later on, after the preparer finished completing the return, she again reviewed the options for receiving the refund proceeds, but this time omitted the free “Check by Mail” option.

Also, two testers (JC and OH) were denied RALs, and were flipped into RACs. In these cases, the preparers did not adequately explain that the testers would be given another product and they would be charged a fee. In fact, a Liberty preparer implied to one tester

(OH) whose RAL was denied that he would receive a check from the government, which was untrue.

The second tester (JC) reported when he returned to the office of an independent preparer “she also notified me that my RAL was converted to a PERC. I asked what a PERC was, and she could not explain in a manner I understood.” A third tester (GC) was denied a RAL and was so confused that she could not even explain whether she had been flipped to a RAC or had paid for the tax preparation out of pocket.

Testers also reported being confused by the “e-file”, “document preparation” and other ancillary fees imposed by independent preparers. One tester (RH) stated “She discounted her fee of \$100.00 [sic] dollars, she had originally said 75.00 so later on I noticed there was a fee for document preparation she never mentioned.”

5. Rushing Clients through Documents Without Allowing Time To Comprehend Them

One of the problems we have discussed before is that written disclosures are not useful because taxpayers do not have the opportunity to review them. This phenomenon was observed in some of the tests.

One tester (DC) reported being handed:

a series of forms which [the preparer] did not elaborate on that I had to sign to get the RAL. She told me the expected amount, minus their fee, and the banks fee to write the check, but did not explain anything I did not ask. And even when asking it was a very surface answer to the question because they were closing at 9pm. . . . I signed a lot of forms with the cursory explanation of ‘this just means’ and I was told I could pick my check up around the 29th and the state would mail a check directly to my house a couple days later. After later reviewing the forms in my packet which I am not sure whether I signed off some of these there were deeper explanations of terms and conditions and other information which I am not sure whether I was presented or not because their was no place for signature or initials and they do not look familiar.

Another tester (EF) reported that when he tried to read the documents, the preparer at an independent store became anxious. EF recounted how:

The last thing I signed was the loan agreement. I began to read it over and he seemed anxious for me to just sign it and several times made comments to the effect that it was just paperwork laying out what we'd already discussed. The “contract” I signed is titled “Bank Product Information,” is extremely vague, and does not explicitly list the terms of the contract being entered into. I thought I remembered signing a contract with at least some more boilerplate language in it, but if I did it was not included in the packet he handed over to me. Furthermore, as opposed to the \$48 figure I had been quoted, the actual bank fee was \$63—with no explanation from [the preparer] as to the disparity between the two figures. Of course, only \$11

of this consisted of pre-paid interest with the rest consisting of various processing charges.

Being rushed seems to be another theme of the tax preparation process. For example, the lead plaintiff in a RAL class action, *Hood v. SBBT*, recounts how she was rushed through the process and told to “sign here and here” so that her paperwork could go in the next “batch.”³ Another tester [TM] recounted how:

The preparer told [TM] that she did not want to keep her at Jackson Hewitt for too long, and she'd work to get her out of the office quickly. [TM] asked if she was being charged by the minute. The preparer cryptically answered, "Yes and no." She stated that there was not a per-minute charge, but the system tracks how long it takes to complete the taxes and she indicated that the fees were "time-based."

Finally, even when they were given adequate information, some testers had difficulty comprehending it. One tester (RH) noted that an independent preparer did show her a poster and pamphlet showing different options to receive a RAL or refund, and even asked her to read the information but “[s]incerely, there was so much info. I just scanned through it. It seemed they could charge me other fees, but she said only the 1%.”

6. Dissemination Of Factually Incorrect Information

In a few instances, preparers gave factually incorrect information to testers about the impact of an unpaid RAL. One tester (EF) reported the following regarding an independent preparer:

I then asked if I would be responsible for any additional fees if the refund fell short of what he had projected. He assured me I wouldn't be responsible for any fees because “We deal with the government for you.”

Another tester (AR) reported that when she asked a Block preparer why the APR on a RAL was so high “she said that I wouldn’t need to worry about it, that’s just if the refund doesn’t come through from the IRS and if it turns out that I owe money.”

D. Tax Preparation Fees

Tax preparation fees varied widely between tax preparers and in some cases, between offices of the same commercial chain. Fees ranged from \$75 to \$355; however, the lower prices were charged by independent preparers who appeared to add extra fees when a RAL or RAC was involved.

Of the chains, Block’s pricing was the most consistent – around \$180. Jackson Hewitt’s varied significantly, from \$200 to \$355. Only two testers went to Liberty Tax Services, but their fees differed significantly (\$173 versus \$281).

³ Complaint, *Hood v. Santa Barbara Bank & Trust*, Case No. 1156354 (Cal. Super. Ct. County of Santa Barbara March 18, 2003).

Most independent preparers tended to “unbundle” their fees, showing lower tax prep fees standing alone, but then adding various fees such as document preparation, e-filing, transmitter, service bureau and other ancillary fees. These fees increased the amount paid by testers. In one case, the preparer listed a tax preparation fee of \$87, but then added \$324 in document preparation, e-filing, transmitter, and service bureau fees. Examples from other reports or case studies confirm this.⁴

Most of the preparers did not give the testers price estimates for preparation ahead of time. Several testers in Philadelphia (TM, AR, A&VS) who specifically asked about the price of tax preparation were refused information. The commercial chains base their pricing by form, and thus claim they cannot provide an estimate before preparation begins. This failure to provide clear pricing makes comparison shopping difficult.

One reason often cited for why taxpayers use RALs is to pay for tax preparation, because the fee can be deducted from the loan proceeds. Several testers (RH, TM, TR, A&VS) reported being informed that this feature was a benefit of a RAL. One tester (TM) even reported that a Hewitt preparer disparaged the option of receiving a check from the IRS because TM would have to pay the tax preparation fees upfront.

E. Poor Quality Tax Preparation

Several testers were the victims of poor quality tax preparation. The original intent of the testing had not been to document the quality of tax preparation, but the repeated instances of errors were quite disturbing. The most shocking example came from a tester (JS) in Durham who ultimately had to withdraw from the test project due to an error that bordered on fraud by an independent preparer that also was a small loan company/payday lender.

After sitting in the office for an hour or so, she said that there was a problem that she did not know how to handle. The problem was that there was a \$5000 [fictional number] “dividend” that we must pay taxes on. With the dividend, our return would only return \$100. If she was to “ignore” it, then we would receive \$3000 in returns. She then called her “tax people,” whom told her that we do not need to report the dividends and just ignore it.

Essentially, this preparer had given the tester advice to commit tax fraud. Furthermore, it turns out that this tester had both dividend income plus profits from the sale of stock shares. The preparer completely missed the second source of income. This tester,

⁴ In a case sent to us by a reporter in Baltimore, a tax preparer advertised a \$36 tax preparation fee and “Faster and Cheaper than H&R Block/Jackson Hewitt” but then charged a consumer \$185 for an “electronic filing fee” and \$10 for a “transmission/software” fee – a total of \$195 in ancillary fees. Another case sent to us by a Florida attorney shows a tax preparer who charged \$65 for tax preparation, and then charged \$49 for a “RAL Processing Fee,” \$15 for a “Federal Electronic Filing Fee,” and \$10 for mysterious “Other charges.”

who was a law student and understood tax law, ultimately chose to withdraw from the testing and concluded:

My experience with [the independent preparer] has been a scary one. I say that mainly because the lack of confidence in the preparer's ability to competently complete our return even though she was generally nice. Furthermore, the other lady in the office was constantly on the phone hounding people for money. I do not know everything that was said but it seems like she was making many threats and at times, she was verbally abusive.

A married couple in Philadelphia (A&VS) had a similar experience.

Unfortunately, [the preparer's] inexperience appears to have caused her to make mistakes on the tax forms she prepared and filed for A&VS. Mr. S. had received approximately \$3500 in unemployment compensation during the year, which should have been included with A&VS's other earned income when calculating their total income for the year. The preparer, however, failed to include the unemployment compensation as income, and instead erroneously categorized it as "repaid benefits." In addition, she failed to include the \$25 in interest income A&VS had earned even though A&VS had provided her with the 1099 tax form from their bank regarding the interest income. A&VS did not catch these errors while they were in the store and prior to the preparer filing their return. The preparer's mistakes caused A&VS's return to understate their income for the year, and overstate their refund by 600! As a result, they had to file an amended return.

Other testers reported errors such as:

- A Jackson Hewitt preparer in Durham who failed to enter the tester's (TR) tuition information.
- The Jackson Hewitt preparer who handled A&VS's return also had never seen a mortgage interest Form 1098 and did not know how to handle it.
- Both a Jackson Hewitt preparer and an independent preparer in Philadelphia made numerous errors in dealing with education credits. One of the testers (EF) who was affected by this error reported:

EF felt that his preparer's understanding of the Hope Credit and Lifetime Learning Credit left much to be desired. The preparer mistakenly told EF that the Hope Credit could be taken only four times, as opposed to two, and then conflated this requirement with the Lifetime Learning Credit. Ultimately, the preparer told EF that he was ineligible for both education credits. Instead, he prepared EF's return with a tuition deduction. The tuition deduction did yield a higher return for EF than a Lifetime Learning Credit would have, but unfortunately the preparer proceeded to use the wrong figure for EF's Adjusted Gross Income (AGI). Specifically, the preparer incorrectly calculated the qualified education expenses by treating a taxable education award as though it were an exempt scholarship. This mistake resulted in an additional tax liability of \$66 and a loss of \$134 worth of EIC. Ultimately, EF had to file an amended return

Two of the testers (A&VS and EF) were required to amend their returns because of preparer error.

Finally, at least two of the independent preparers turned out to be businesses that primarily sold other goods or services. As noted above, JS's preparer primarily served as a small loan lender/payday lender (payday lending is illegal in North Carolina, but the same company operates as a payday lender in South Carolina). The other independent preparer was part of a store that primarily operated as a gift shop (JC).

F. Privacy Issues

The privacy of tax return information is always an enormous concern, because tax returns contain some of the most sensitive financial information that a taxpayer may have. Tax preparers are subject to confidentiality rules under Section 7216 of the Internal Revenue Code and IRS regulation.

Despite these rules, one tester (KH) noticed serious privacy transgressions by a preparer:

KH noticed Instant Tax Service compromised the security of its clients' sensitive information. Each tax preparer keeps a file folder with the name and Social Security number of each client who is scheduled to return to pick up a refund or RAL check. These files are prominently displayed behind the desk of each associate. The names and Social Security numbers can easily be read by anyone in the office.

G. Other Products: Audit Insurance

In addition to RALs and RACs, commercial preparers often sell other products, particularly plans that supposedly protect taxpayers if an error by the preparer results in additional tax liability, called "audit insurance." In 2003, the Attorneys General of 42 states obtained a \$3.3 million settlement with H&R Block over that company's practices regarding its "Peace of Mind" guarantee.⁵ Block agreed in the settlement to obtain the taxpayer's authorization before charging for the Peace of Mind product and to refrain from "recommending" its purchase.

Block preparers appear to be in compliance with the settlement, with one Block preparer offering but not recommending the product (AR) and another Block preparer who appeared to even steer the tester away from the product (MA).

On the other hand, one of the testers (DL) was automatically charged for the Jackson Hewitt "Gold Guarantee." Not only did the Hewitt preparer fail to obtain the

⁵ Gene Meyer, *H&R Block Pays \$3.3 Million to Settle "Peace of Mind" Dispute*, Kansas City Star, April 25, 2003.

tester's agreement to buy the product, the tester specifically declined the product yet was charged for it.

H. Conclusion

The mystery shopper tests in Philadelphia and Durham reveal an industry that varies tremendously in terms of providing consumers with information about refund anticipation loans, and in its overall quality of services. Some preparers left testers confused, unclear about the nature of RALs or the associated fees, and made serious errors on the testers' returns. Many preparers did not give clear price information about tax preparation fees either, due in part to the fact these fees can be paid for out of a RAL, making taxpayers less sensitive to their costs.

While most preparers in Durham did inform the testers that a RAL is a loan, 30% did not, which is troubling. In Philadelphia, the compliance rate was worse, with only three preparers making this disclosure, two of whom did so only after being questioned by the testers. Furthermore, only one preparer in either city explained to the tester the option to receive a fast, free refund by e-file and direct deposit. And even when testers were told that a RAL is a loan, information about loan terms and fees were presented in a confusing and often rushed manner.

Some of the worst practices occurred with independent preparers. These preparers tended to charged multiple ancillary fees. One independent preparer turned out to be primarily a gift shop and the other was a small loan lender. A couple of independent preparers provided poor quality tax preparation, with one preparer essentially recommending that the tester engage in tax fraud. To be fair, however, the most ethical behavior in the testing appeared to come from one independent preparer in Durham who steered both testers who went to her office away from RALs. Thus, independent preparers vary greatly in their treatment of taxpayers.

ATTACHMENT 1
CLS TESTERS' NARRATIVES

Summary of "Mystery Shopper" Visit to Instant Tax Service February 13, 2008

Mystery Shoppers: KH
Student
Married, Filing Jointly
Total Income: \$10,277
Qualifies for: EITC, Tuition Deduction,
Student Loan Interest Deduction

Store: Instant Tax Service 33 S. 52nd Street in Philadelphia
Bank Partner: Santa Barbara Bank and Trust (SBBT)

Total Charges: \$ 486.75 in fees
100%: Percentage of EITC lost due to fees: (486.75/334)
35%: Percentage of refund lost due to fees (486.75/1392)

Breakdown of Charges:

- \$ 87.00 tax preparation fees
- \$149.00 E-file fee
- \$ 40.00 tax preparer fee for bank documents
- \$ 15.00 transmission/software fee
- \$120.00 service bureau fee
- \$ 34.80 refund anticipation loan fee (disclosed as **85.082% APR**)
- \$ 30.95 "dummy bank account" fee for federal return
- \$ 10.00 "dummy bank account" fee for state return

Summary of Visit:

KH visited the Instant Tax Service tax preparation site at 33 S. 52nd in West Philadelphia on February 13, 2008.

KH was asked to fill out a two-sided form with her personal information. On the back of the form were three options she could choose for receiving her tax refund, described as: (1) RAL (24-48 hours), (2) Direct Deposit (10-14 days) and, (3) Check by Mail (6-8 weeks). The fees for the various options were not disclosed, so KH asked the tax preparer if she had a fee schedule. The preparer told her that a fee schedule was not available, but all of the fees would be broken down for her once the return had been prepared. KH declined to choose a refund option and told her preparer that she wanted to wait to see what the fees would be before making a decision.

Poor Quality Tax Preparation Services

The preparer then began completing KH's return. As a student, KH qualified for several education tax credits. The tax preparer, however, was unfamiliar with these credits. When the preparer asked her supervisor about KH and her husband's tuition expenses, he told her that she could claim "Hope Credit, Lifetime Learning Credit, or tuition deduction." He mentioned that the Hope Credit is only available for two years. The preparer asked KH if she had taken the Hope Credit previously, and KH replied that she had not, but her husband had, and she was fairly certain that her parents had taken the Hope Credit for her when she was an undergraduate. Instead of investigating or explaining the different options, the preparer prepared the return with a tuition deduction.

She also failed to deduct KH's student loan interest. In the end, the preparer's omission of this deduction did not cause KH to suffer financially because she had zero tax liability for the year. For some people, however, this omission would have made a difference in tax liability, and KH did not get the impression that her preparer understood that it did not matter in her case.

Failed to Explain Refund Options and Failed to Explain that a RAL is a Loan

After the preparer finished completing the return, she turned her computer screen around to show KH the options for receiving her refund. The screen displayed two options: a RAL and a "Refund Deposit" option. The "Check by Mail" option that had been listed on the form that was initially presented to KH when she entered the store was not included on this screen, and the preparer did not mention it as an option.

KH's federal tax refund was \$1392, and her state refund was \$302. With a RAL, KH would receive \$915.25 through direct deposit within 24-48 hours, and a \$302 state refund direct deposit. With the "Refund Deposit" option, she would receive \$950.05 within 10-14 days, and a \$302 state refund direct deposit. At no point did the preparer show the total fee amount for these options; the fees were always disaggregated in a long list of various charges. When KH asked for the total fee amount, the preparer used a calculator to add all the charges. In the end, the total fees for a RAL were \$486.75; the total fees for the "Refund Deposit" option were \$451.95, a difference of \$34.80.

The preparer always referred to the RAL, or refund anticipation loan, option by using the acronym "RAL." She never described it as a loan. The computer screen displaying the refund options did include the word "loan," but only once and in small print. When KH directly asked the preparer what a "RAL" was, the preparer told her, "It's the way you get your money faster." The RAL, of course, is a loan, which carries a higher risk than the "Refund Deposit" option because it must be paid back with interest even if the borrower does not receive a full refund back from the IRS. The interest for the RAL offered to KH was disclosed as an estimated 85.1% APR.

The "Refund Deposit" was not simply a direct deposit of KH's refund from the IRS to her bank account. Instead, with the "Refund Deposit" option, the preparer would arrange to

have KH's refund deposited into a "dummy" bank account at Santa Barbara Bank & Trust (SBBT). Once the IRS deposits the refund into the account, the bank deducts its fees for the account and the preparer's tax preparation fees. The remainder of the refund would then be deposited to KH's bank account. A much cheaper option would have been for KH to pay the tax preparation charges up front and have the IRS electronically deposit her refund directly into her own bank account. The preparer, however, never informed KH of this option.

KH agreed to the RAL option and took out a refund anticipation loan. She was never shown, and she did not sign, the loan application and agreement. A copy was provided to her along with her federal and state tax forms at the end of the session. The only documents she signed were (1) a release allowing Instant Tax Service to use an electronic PIN (personal identification number) to electronically file her return, and (2) a "Bank Product Information" schedule of fees.

Poor Privacy Protection

During the course of her session with tax preparer, KH noticed Instant Tax Service compromised the security of its clients' sensitive information. Each tax preparer keeps a file folder with the name and Social Security number of each client who is scheduled to return to pick up a refund or RAL check. These files are prominently displayed behind the desk of each associate. The names and Social Security numbers can easily be read by anyone in the office.

Summary of "Mystery Shopper" Visit to Quick Refund Income Tax March 18, 2008

Mystery Shoppers: EF
Student
Total Income: \$11674
Qualifies for: EITC, Tuition Deduction

Store: Quick Refund Income Tax 4249 Walnut Street in Philadelphia
Bank Partner: J.P. Morgan Chase Bank, N.A.

Total Charges: \$ 148.46 in fees
61%: Percentage of EITC lost due to fees: (148.26/242)
13%: Percentage of refund lost due to fees (148.46/1146)

Breakdown of Charges:

\$ 60.00 tax preparation fees
\$ 25.00 document preparation fee to Quick Refund
\$ 10.00 transmitter fee
\$ 10.00 technology access fee to Chase
\$ 11.46 refund anticipation loan fee (disclosed as **33.157% APR**)
\$ 32.00 "dummy bank account" fee for federal return

Summary of Visit:

EF visited the Quick Refund Income Tax tax preparation site at 4249 Walnut Street in Philadelphia on March 18, 2008.

Disclosed Tax Preparation Charges Up Front

Prior to arriving at the site, EF called Quick Refund Income Tax to inquire about its price schedule and to set up a time to have his taxes prepared. Over the phone he was quoted a price of \$55 to prepare a federal return and \$15 for each additional state return prepared. When he arrived at the office he saw the same price schedule for preparation displayed prominently in large type at the entrance and also posted on a wall of the office.

Poor Quality Tax Preparation

EF was assigned a tax preparer, who asked him for his W-2 forms, which EF provided along with his 1098-T form for tuition expenses. The preparer did not follow this with any inquiry into EF's savings, financial resources, alternate sources of income, public benefits, student loan interest (despite being told EF was a student), or any further inquiry. The only questions EF was asked was his birthdate, SSN, where he lived, and if he had claimed an education credit in the last four years.

EF felt that his preparer's understanding of the Hope Credit and Lifetime Learning Credit left much to be desired. The preparer mistakenly told EF that the Hope Credit could be taken only four times, as opposed to two, and then conflated this requirement with the Lifetime Learning Credit. Ultimately, the preparer told EF that he was ineligible for both education credits. Instead, he prepared EF's return with a tuition deduction. The tuition deduction did yield a higher return for EF than a Lifetime Learning Credit would have, but unfortunately the preparer proceeded to use the wrong figure for EF's Adjusted Gross Income (AGI). Specifically, the preparer incorrectly calculated the qualified education expenses by treating a taxable education award as though it were an exempt scholarship. This mistake resulted in an additional tax liability of \$66 and a loss of \$134 worth of EIC. Ultimately, EF had to file an amended return.

Failed to Disclose the E-File, Direct Deposit 8-15 Day Refund Option;

The preparer completed EF's federal tax return, and two state returns for a total charge of \$85. After completing his calculations, the preparer told EF that he was due a refund of \$1,146 for his federal income tax and \$155 from my state taxes. He was then told that he had three options:

1. If he paid an additional \$48 he would receive my refund tomorrow.
2. He could pay \$42 and receive his refund in two weeks.
3. He could pay nothing, other than the tax preparation charges, and receive the refund in six weeks.

As EF explained:

At no time did he refer to this as a loan. One could easily have thought he was just charging an extra fee for expedited service. At this point I asked what the total cost would be, including preparation. While he was rattling off the numbers he listed a \$53.46 fee to Chase. I then asked what Chase had to do with anything. He finally said that they were the bank that would be backing my Refund Anticipation Loan. I asked if the \$48 was pre-paid interest and he said "yes." He made no mention of the interest rates for these two refund loans, nor did he present me with the terms. To his credit, he did not push the 24 hour refund. Instead, he told me that unless I was really in a bind for money I would be better off to wait.

The tax preparer never informed EF that he could pay his tax preparation fees up front, and then electronically file her taxes and receive her refund in her own bank account within 8-15 days.

Misquoted RAL Fee and RAL Terms

EF chose to apply for the refund anticipation loan. The preparer proceeded to print all of the tax forms and had EF sign his 1040 and state filings. EF explained:

The last thing I signed was the loan agreement. I began to read it over and he seemed anxious for me to just sign it and several times made comments to the effect that it was just paperwork laying out what we'd already discussed. The "contract" I signed is titled "Bank Product Information," is extremely vague, and does not explicitly list the terms of the contract being entered into. I thought I remembered signing a contract with at least some more boilerplate language in it, but if I did it was not included in the packet he handed over to me. Furthermore, as opposed to the \$48 figure I had been quoted, the actual bank fee was \$63—with no explanation from [the preparer] as to the disparity between the two figures. Of course, only \$11 of this consisted of pre-paid interest with the rest consisting of various processing charges.

EF then asked if he would be responsible for any additional fees if the refund fell short of what he had projected. The preparer assured EF that he wouldn't be responsible for any fees because, "We deal with the government for you." The preparer's statement is false, as RAL borrowers are required to pay back the lender regardless of the amount of refund that the borrower ultimately receives from the IRS. EF was never provided with a copy of his loan application and agreement that would have disclosed those terms.

Summary of "Mystery Shopper" Visit to Jackson Hewitt February 6, 2008

Mystery Shoppers: A&VS
North Philadelphia Residents
2 Children
Total Income: \$24,763
Qualifies for: EITC, Add'l Child Tax Credit

Store: Jackson Hewitt at Broad and Allegheny in Philadelphia
Bank Partner: Santa Barbara Bank and Trust (SBBT)

Total Charges: \$ 433.95 in fees
16%: Percentage of EITC lost due to fees: (433.95/3898)
8%: Percentage of refund lost due to fees: (433.95/5669)

Breakdown of Charges:

\$298.00 tax preparation fees
\$ 95.00 refund anticipation loan fee (disclosed as **56.5% APR**)
\$ 30.95 "dummy bank account" fee for federal return
\$ 10.00 "dummy bank account" fee for state return

Summary of Visit:

A&VS visited the Jackson Hewitt tax preparation site at 1818 E. Allegheny (Kensington and Allegheny) in Philadelphia on February 6, 2008.

Failure to Disclose Price

Upon entering the store, A&VS noticed that there were no prices posted regarding the cost of tax preparation services. Once they were assigned a tax preparer, they asked how much Jackson Hewitt would charge them for preparing their taxes. The preparer explained that she would not know the total cost until she had completed the interview and forms. A&VS agreed to go forward, and the preparer began reviewing their W-2s and other tax documents.

Poor Quality Tax Preparation Services

As the preparer began completing their tax forms, it became increasingly clear that she was inexperienced. She often would have to stop and ask her colleagues in the store how to handle certain issues. For example, the preparer had never before seen a Mortgage

Interest Statement, Form 1098, and her colleagues had to inform her that it would be relevant if A&VS chose to itemize their tax deductions.

Unfortunately, her inexperience appears to have caused her to make mistakes on the tax forms she prepared and filed for A&VS. Mr. S. had received approximately \$3500 in unemployment compensation during the year, which should have been included with A&VS' other earned income when calculating their total income for the year. The preparer, however, failed to include the unemployment compensation as income, and instead erroneously categorized it as "repaid benefits." In addition, she failed to include the \$25 in interest income A&VS had earned even though A&VS had provided her with the 1099 tax form from their bank regarding the interest income. A&VS did not catch these errors while they were in the store and prior to the preparer filing their return. The preparer's mistakes caused the A&VS's return to understate their income for the year, and overstate their refund by \$600! As a result, they had to file an amended return.

Failed to Explain Refund Options and Failed to Explain that a RAL is a Loan

The tax preparer also failed to fully and adequately explain their options for receiving their refund and for obtaining a loan based on their refund.

After she finished filling out their tax forms and calculating their refund, the preparer told A&VS that they had four options for receiving their refund:

1. They could receive their refund directly from the IRS in the form of a check, which would take about 21-28 days, but A&VS would have to pay an up-front tax preparation fee;
2. They could get their refund in about 8-15 days for approximately \$338;
3. They could get a "RAL" and get their money the next day for approximately \$433; or
4. They could get a Money Now Loan and receive money in about an hour.

A&VS noticed that the preparer was reading these options from a chart that appeared on her computer screen, but they had difficulty reading the screen from the other side of the desk. The preparer did not provide them with any written materials about their refund options, and her oral presentation of the options included several omissions.

First, she failed to tell A&VS that they could receive their refund directly from the IRS in 8-15 days by paying an up-front fee for tax preparation, filing electronically and having their refund deposited directly into their bank account. Instead, the preparer lead A&VS to believe that they would have to wait 21-28 days to receive a paper check directly from the IRS. The only 8-15 day option that the preparer presented would have required A&VS to pay an additional \$40.95 for a "dummy" bank account at Santa Barbara Bank & Trust (SBBT).

Second, the preparer did not explain that the "RAL"/one day option was a loan. The preparer always referred to the option of taking out a refund anticipation loan by using its

acronym, "RAL," and never once used the word "loan" to describe it. This omission is troubling because the fact that a RAL is a loan, and not simply a rapid refund, poses a risk to low-income individuals who use RALs for their immediate financial needs. If the IRS denies part of the refund, seizes it to pay a student loan obligation or child support obligation, or temporarily holds it for an audit, the consumer is still responsible for the full amount of the loan at an extremely high interest rate. In the case of A&VS, the interest rate for the RAL was 56.6% APR. While the documents presented to A&VS for their signature at the end of the tax preparation session do indicate that a RAL is a loan, the preparer failed to explain this important fact.

Summary of "Mystery Shopper" Visit to Jackson Hewitt February 27, 2008

Mystery Shoppers: TM
3 Children
Total Income: \$29,538
Qualifies for: EITC, Child Tax Credit, Add'l Child Tax Credit

Store: Jackson Hewitt at 5137 Chestnut Street in Philadelphia
Bank Partner: Santa Barbara Bank and Trust (SBBT)

Total Charges: \$ 433.95 in fees
25%: Percentage of EITC lost due to fees: (433.95/1739)
8%: Percentage of refund lost due to fees (433.95/5476)

Breakdown of Charges:

\$298.00 tax preparation fees
\$ 95.00 refund anticipation loan fee (disclosed as **58.582% APR**)
\$ 30.95 "dummy bank account" fee for federal return
\$ 10.00 "dummy bank account" fee for state return

Summary of Visit:

TM visited the Jackson Hewitt tax preparation site at 5137 Chestnut Street in West Philadelphia on February 27, 2008.

Failure to Disclose Price

When she arrived at the store, TM was greeted by a receptionist who asked her to fill out a form with information regarding her income and expenses. Brochures were displayed at the sign-in table regarding the Jackson Hewitt debit card and the company's "Gold Guarantee" product, but there were no prices posted regarding the cost of tax preparation services.

After she was assigned to a tax preparer, TM inquired about the cost. The representative told TM that she would not know the total cost until the taxes were completed.

The preparer told TM that she did not want to keep her at Jackson Hewitt for too long, and she'd work to get her out of the office quickly. TM asked if she was being charged by the minute. The preparer cryptically answered, "Yes and no." She stated that there

was not a per-minute charge, but the system tracks how long it takes to complete the taxes and she indicated that the fees were "time-based."

The preparer then began asking her questions to prepare the return.

Failed to Explain Refund Options

Once the preparer finished the return, the tax preparer failed to clearly and accurately explain the options for receiving the refund and for obtaining a loan based on the refund. Instead of providing TM with an explanation of her filing options, the tax preparer asked her how quickly she wanted to receive her tax refund. When TM responded by asking about the different options, the preparer said she could choose between getting her refund now or in 8-15 days. Initially, the preparer did not explain that by getting money now, TM actually would be getting a loan based on her refund, and not the actual refund.

On the desk, next to the preparer, was a color-coded, laminated chart that appeared to outline various refund, bank and loan product options. The preparer, however, never referred to this chart to help TM understand her options.

TM asked the preparer what the fees would be for the two options presented. The preparer then made a series of mistakes in disclosing the prices, which made it difficult for TM to understand the cost associated with the various options.

At first, the preparer said that it would cost \$897 just for tax preparation fees. TM was surprised by the cost. The preparer turned her computer screen toward TM to display the options. She never explained to TM precisely what she was looking at, but the screen appeared to be displaying a chart that identified TM's expected state and federal refunds as well as the various refund options and bank products including their costs. After examining the screen, TM pointed out that the preparer was looking at the wrong figure on the screen for the tax preparation fees. The preparer agreed and corrected herself, noting that the tax preparation fees would be \$298, not \$897.

At that point, the preparer began to explain more of the refund options to TM. She quickly noted that TM could get a check from the IRS directly, but disparaged that option because TM would have to pay the tax preparation fees up front. She said other options included getting a Money Now loan for money within an hour, a RAL for money the next day, or she could wait 8-15 days. She told TM that she did not recommend the Money Now loan because she would not be able to get any money until the next day because it was after 5 p.m. TM asked about the difference in price between the other options. The preparer erroneously told her that the fees for getting a RAL the next day or for waiting 8-15 days for the refund were the same. Based on the documents provided to TM when the session was completed, it is clear that the RAL would cost at least an additional \$95 from Jackson Hewitt's 8-15 day "Assisted Refund."

TM agreed to the RAL option. She asked the preparer if she could have the RAL put on the Jackson Hewitt *I Power* card, but the preparer told her the card was no longer available and that she would have to pick up her RAL check the next day.

TM also inquired about having her state refund deposited directly into her bank account. The preparer told her that because she had agreed to a RAL, the state tax return also had to be sent via the bank that made the refund anticipation loan. She would be charged another \$10 for that process and would have to pick up the proceeds in a check at Jackson Hewitt.

Summary of "Mystery Shopper" Visit to H&R Block March 18, 2008

Mystery Shoppers: AR
Student
Total Income: \$7,770
Qualifies for: EITC

Store: H&R Block 1517 Chestnut Street in Philadelphia
Bank Partner: HSBC Bank USA, N.A.

Total Charges: \$ 242.93 in fees
66%: Percentage of EITC lost due to fees: (242.93/368)
29%: Percentage of refund lost due to fees (242.93/837)

Breakdown of Charges:

\$184.00 tax preparation fees
\$ 8.98 refund anticipation loan fee (disclosed as **35.986% APR**)
\$ 29.95 "dummy bank account" fee for federal return
\$ 20.00 check fee for refund anticipation loan check

Summary of Visit:

AR visited the H&R Block tax preparation site at 1517 Chestnut Street in Philadelphia on March 18, 2008.

Failure to Disclose Price Up Front; High Fees for EITC Forms

AR arrived at the store around 12:30 p.m. She asked the receptionist how much it would cost for her to get taxes done. The receptionist explained that there is a flat rate of \$87 and then the price could go up from there, depending on how much paperwork was completed. AR asked how high the price could go. The receptionist then asked AR if she was single and/or had any dependents. Upon hearing AR's response that she is single without dependents, the receptionist told her that it would not be too high.

Once AR was assigned to a tax preparer, she asked the preparer how much H&R Block would charge her for services. The preparer said that the rate for filing federal taxes was about \$87 and then it goes up with state return. She assured AR that because she was single and without dependents, it would not be too high.

The preparer had her sign a lot of paperwork about its services. The preparer offered, but did not specifically recommend, a \$30 service for the extra "Peace of Mind," a product which would provide her with some liability protection if the preparer were to make an error that was discovered in an audit.

The preparer then reviewed all of AR's tax documents and entered her information into a computer program. Her refund was calculated to be: \$837 on her federal return (\$469 for withholding and \$368 for the earned income credit) and \$87 on her state return.

The preparer then calculated the H&R Block fees, which totaled \$184. She showed AR the breakdown of how the fees accumulated. AR asked her if she would be receiving a copy of the breakdown. The preparer told her that she would not get this breakdown, just a total bill for \$184, but she did allow AR to write down the charges which were as follows:

Filing Fee for 1040	\$74.50
W-2	\$3.25
Earned Income Eligibility	\$34.75
Earned Income Worksheet	\$16.25
Interest/Dividends	\$7.25
PA-40	\$37.25
Forgiveness	\$11.50
Total	\$184.75, rounded down to \$184

The fees associated with the Earned Income Tax Credit forms made up 38% of the cost of the charges for preparing AR's federal return.

Failed to Disclose the E-File, Direct Deposit 8-15 Day Refund Option

After calculating AR's refund, the preparer told AR that she had four options for obtaining her refund:

1. She could pay \$184 for tax preparation up front and wait approximately 6 weeks for a refund check directly from the IRS.
2. She could have \$623 direct deposited into her checking account from H&R Block in 8-15 days for an additional \$30 fee (\$837 refund - \$184 tax preparation fees - \$30 account fee = \$623).
3. She could get a \$603 check in 8-15 days from H&R Block for an additional \$50. \$30 + \$20 check fee (\$837 - \$184 tax preparation fees - \$30 account fee - \$20 check fee = \$603).
4. She could get a \$594 check the next day (\$837 - \$184 tax preparation fees - \$30 account fee - \$20 check fee - \$9 RAL Fee = \$594).
5. Or, she could receive \$493 immediately through a Mastercard.

The preparer discussed with AR the pros and cons of each option. However, she never informed AR that she could pay her tax preparation fees up front, and then electronically file her taxes and receive her refund in her own bank account within 8-15 days. AR also could have avoided paying a \$20 check fee if she took out a refund anticipation loan and put the loan proceeds on an H&R Block debit card, but the preparer did not encourage her to use the debit card option.

Ultimately, AR told the preparer that she would prefer not to pay any amount up front. The preparer encouraged AR to take out refund anticipation loan, since it would only cost an additional \$9 to receive money the next day instead of waiting 8-15 days. AR agreed to the loan. The interest rate of the loan was disclosed as 35.986% APR. After reviewing that figure, AR reports, "I asked her if that was high, and she said that I wouldn't need to worry about it, that's just if the refund doesn't come through from the IRS and if it turns out that I owe money." Of course, that is simply not true, as AR paid that 36% APR in prepaid interest even though her refund came through without any problems from the IRS.

ATTACHMENT 2
SUMMARY OF TEST RESULTS

Tester	EITC	Preparer	Bank	Refund amount	Tax Prep fee	RAL Fee (incl. account fee)	APR (incl. account fee)	RAC Fee	Doc/App E-file Fee	Transmi	Other Fee	Description	Total Fee	Disclosed RAL as loan
Durham														
SH	Y	H&R Block	HSBC	\$1,921.00	\$189.00	\$50.56	98%				\$20.00	Check Fee	\$259.56	Y - but felt confused re fees
MA	Y	H&R Block	HSBC	\$503.00	\$185.00	\$35.34	276%				\$20.00	Check Fee	\$240.34	Y
BK	Y	Liberty Tax	SBBT	\$2,846.00	\$173.00	\$102.10	136%						\$275.10	N
OH	Y	Liberty Tax	SBBT	\$5,300.00	\$281.00	NA	NA	\$30.95				State RAC	\$321.95	Y
DL	N	Jackson Hewitt	SBBT	\$3,103.00	\$355.00	\$108.53	132%					Gold Guar	\$501.53	Y
BM	N	Independent	Republic	\$1,682.00	\$180.00	NA		NA					\$180.00	NA
RH	Y	Independent	Chase	\$2,026.00	\$75.00	\$52.26	176%		\$25.00	\$6.00	\$10.00	Technology	\$168.26	Y
								Unclear if received RAC						
GC	Y	Independent	Chase	\$3,592.00	\$75.00	NA	NA						\$75?	Y
TR	Y	Jackson Hewitt	SBBT	\$1,999.00	\$194.00	\$80.93	154%						\$274.93	N-but saw watermark
DC	N	Jackson Hewitt	SBBT	\$268.00	\$208.00	NA	NA	\$30.95					\$238.95	N
JS	NA	Independent	Republic	NA	\$135.00	NA	NA						\$170-if had filed	NA
JC	Y	Independent	Chase	\$1,070.00	\$93.00	NA	NA	\$47.00	\$40.00	\$35	\$5.00	State Efile	\$185.00	Y
Philadelphia														
		Instant Tax Service												
KH	Y		SBBT	\$1,392.00	\$87.00	\$65.75	300% (inc doc prep) 268% (incl. doc prep and tech fee)	\$10 (for state)	\$40.00	\$149.00	\$15.00	Service Bu	\$486.75	N
EF	Y	Quick Refund Income Tax	Chase	\$1,146.00	\$60.00	\$43.46			\$25.00		\$10.00	Technology	\$148.46	Y - only after questioning
A&VS	Y	Jackson Hewitt	SBBT	\$5,669.00	\$298.00	\$125.95	83%	\$10 (for state)					\$433.95	N
TM	Y	Jackson Hewitt	SBBT	\$5,476.00	\$298.00	\$125.95	86%	\$10 (for state)					\$433.95	Y - only after questioning
														Y - but misinformed about nature of interest
AR	Y	H&R Block	HSBC	\$837.00	\$184.00	\$38.93	178%				\$20.00	Check Fee	\$242.93	rate