

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION LAWSUIT

***THIS NOTICE AFFECTS YOUR RIGHTS AND YOU COULD BE ENTITLED TO MONEY
PLEASE READ IT CAREFULLY***

I. PURPOSE OF THIS NOTICE

You are receiving this Notice because you are a settlement class member in a lawsuit which is pending in the Superior Court for the State of California, County of Santa Barbara, called *Hood v. Santa Barbara Bank and Trust*, Case No. 1156354 (the "Action"). The purpose of this Notice is to advise you of the Action and the proposed Settlement discussed below. Please read this Notice carefully. It provides information you will need to decide whether you want to object to or seek exclusion from the Settlement. If you wish to participate in the Settlement, you do not need to take any action.

II. THE LAWSUIT

Plaintiff Canieva Hood filed the Action on March 18, 2003 against Pacific Capital Bank N.A. and its division, Santa Barbara Bank & Trust (collectively, "Santa Barbara"), and Jackson Hewitt Tax Service Inc., Jackson Hewitt, Inc., and Tax Services of America, Inc. d.b.a. Jackson Hewitt Tax Service (collectively, "Jackson Hewitt" and together with Santa Barbara Bank & Trust, "Defendants".) On October 12, 2004, Santa Barbara Bank & Trust filed a cross-complaint against Cross-Defendants Household Bank, F.S.B., individually and as successor to Beneficial National Bank; Household Tax Masters, Inc., now known as HSBC Taxpayer Financial Services, Inc.; Bank One, N.A. (Ohio), now known as JPMorgan Chase Bank, N.A.; First Bank of Delaware, aka Republic First Bank of Delaware; Republic First Bank d.b.a. First Republic Bank of Philadelphia, Pennsylvania, individually and as successor to County Bank; First Security Bank of Mackinaw, Illinois; Republic Bank & Trust Company; and River City Bank, Inc., aka River City Bank (collectively, "Cross-Defendants"). On June 6, 2008, the Lawsuit was amended to add Plaintiff Tyree Bowman as an additional Plaintiff. Canieva Hood and Tyree Bowman are referred to herein as "Plaintiffs".

Plaintiffs had their taxes prepared at a Jackson Hewitt office and applied for a Refund Anticipation Loan ("RAL") from Santa Barbara, which is a short-term loan, the repayment of which comes from a consumer's federal tax return. Plaintiffs' RAL applications were denied and they did not receive a RAL. Instead, their federal tax refunds were collected by Santa Barbara to pay an alleged debt Plaintiffs owed to one of the Cross-Defendants or to Jackson Hewitt. Plaintiffs contend that in collecting their refunds to pay this alleged debt, SBBT and Jackson Hewitt failed to provide proper notices and collected monies from their refunds.

Defendants and Cross-Defendants expressly have denied and continue to deny each and all of the claims and contentions alleged by the Plaintiffs of wrongdoing or liability against them arising out of any of the conduct alleged in this litigation.

After several years of litigation, the parties have reached a settlement of the Lawsuit on behalf of the Proposed Class, subject to Court approval. The settlement also resolves a separate case entitled *Hood v. Cendant Corporation, et al.*, filed in the Montgomery County Court of Common Pleas in the State of Ohio ("Ohio Action"). The Court has preliminarily approved the Settlement and authorized this Notice.

The Court has not ruled on the merits of Plaintiffs' claims or Defendants' or Cross-Defendants' denials or defenses and does not express an opinion on the claims. Nothing in this Notice is to be construed as an expression of any view or opinion by the Court concerning any of the claims, allegations, denials or defenses in the Action.

Plaintiffs and their counsel have conducted an investigation into and have engaged in discovery with respect to the facts and law applicable to this lawsuit. Plaintiffs and their counsel have concluded that resolving the dispute by agreeing to the Settlement Agreement on file with the Court is in the best interests of the Class Members.

III. HOW SETTLEMENT MAY IMPACT CLASS MEMBERS

A. You Are a Member of the Class Unless You Opt Out.

The Court has not yet approved the case as a class action and is being asked by the parties to do so as part of the settlement approval process. The proposed Settlement Class consists of individuals who, at any time during the period from March 18, 1999 to September 1, 2008 satisfy all of the following criteria: (1) they have applied for a Refund Anticipation Loan (RAL) from Santa Barbara through Jackson Hewitt; (2) they have had their RAL applications denied; and (3) they have had any portion of their federal tax refunds collected by Santa Barbara to repay a debt allegedly owed to a Cross-Defendant or to Jackson Hewitt.

The names and addresses of individuals who meet this definition have been identified from Defendant Santa Barbara's computer records and included on a list of class members. You have received this Notice because your name is on that list.

B. How Does the Settlement Benefit Class Members Who Participate?

1. Business Practices to Be Followed

Under the terms of the Settlement, Defendant Santa Barbara and Cross-Defendants agree not to engage in any collection of prior RAL debts on behalf of other entities during the 2009 calendar year.

For future years in which collection of prior RAL debts on behalf of Santa Barbara or Cross-Defendants may occur, Defendants agree to provide a notice to RAL applicants regarding collection of taxpayer refunds to pay prior RAL debts. The notice will state that if taxpayers owe an outstanding RAL debt and choose to proceed with their RAL application, the RAL will be denied and their refund withheld to pay that outstanding debt.

2. Monetary Relief

Defendants will pay a total of \$8,500,000 into a Class Settlement Fund. That amount will be used to (1) pay Class Members; (2) pay the two class representatives a service award; (3) pay the costs of administering the Settlement; and (4) pay Plaintiffs' Counsel's fees and costs. The specific amounts are as follows:

a. What Will Each Class Member Be Paid?

Each Class Member will receive \$30, which reflects the average amount of fees paid by Class Members to Santa Barbara relating to the RAL application process. 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 and paid to a Cross-Defendant or Jackson Hewitt. For example, if you had \$20.00 of your tax refund collected and paid to a Cross-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%)). The amount may be more than 5.5% if the number of class members that can be located is less than expected.

Class Members do not need to complete any paperwork to participate in the Settlement. If a Class Member fails to cash a check for payment under this Settlement within 90 days, then the check will be void and the Class Member will not be eligible for any further relief.

b. What Are the Class Representatives Getting From the Settlement?

The law allows a representative plaintiff in a class action lawsuit to receive an additional monetary award as recognition for the time and service to the class in filing and prosecuting the action. In this case, if the Settlement is approved, Ms. Hood will receive a payment of \$15,000 and Mr. Bowman will receive a payment of \$10,000, based upon the facts that they actively participated in the case, worked with their attorneys in prosecuting and settling the case, appeared for and had their deposition taken, and responded to written questions (interrogatories) under oath.

c. How Will the Costs of Administering the Settlement Be Paid?

In order to process the payments to all Class Members, a Settlement Administrator will be used. The Settlement Administrator for this case is Gilardi & Co. LLC, a company based in San Rafael, California. The cost of administering the settlement will not exceed \$210,000.

d. How Will the Plaintiffs' Attorneys Be Compensated?

Under the Settlement, Plaintiffs' attorneys are entitled to an award of attorneys' fees and costs from Defendants and Cross-Defendants, based on the number of hours they worked on the case and each attorneys' hourly rate. The total amount of attorneys' fees and costs is estimated to be, and will not exceed, \$2.5 million and is subject to final approval by the Court. Class Members will have the right to object to the amount of the fees and costs requested by counsel. The Court's consideration of the counsel's request for fees and costs, and any objections to that request, will take place at the Final Approval Hearing described below. The attorneys' fees will be divided among five law firms: the Sturdevant Law Firm and the National Consumer Law Center, who represented Plaintiffs in this Action, and the Equal Justice Foundation, Graham & Graham, and the Law Office of Ronald L. Burge, who represented Ms. Hood in the Ohio Action.

e. Donations to Charitable Organizations

Any remaining amount of the Class Settlement Fund once all of the above amounts have been paid, such as from uncashed checks, will be donated to one or more charitable organizations, subject to approval by the Court.

C. By Participating in this Settlement, You Release Your Right to Sue These Defendants Individually Regarding the Subject of This Lawsuit.

By the settlement, Plaintiffs and each member of the Settlement Class, and their heirs, administrators, executors, assigns, spouses, agents, affiliates, and successors shall be deemed to have jointly and severally released and discharged each of the Defendants and Cross-Defendants, and each of their past, present and future parents (including intermediate and ultimate parents), subsidiaries, predecessors, franchisees, successors and assigns, and each of their respective past, present and future officers, directors, employees, representatives, attorneys, heirs, administrators, executors, insurers, predecessors, successors and assigns, or any person or entity acting on their behalf or at the direction of them, from any and all claims arising out of the same factual predicate as the settled conduct and that occurred prior to December 23, 2008. Excluded from the release are any claims based solely on allegations that a tax preparer failed to properly prepare a return.

Defendants and Cross-Defendants shall have the right to enforce this release against the Plaintiffs individually and against each Class Member. This release extends to all unknown or unsuspected claims arising out of the same factual predicate as the settled conduct and that occurred prior to December 23, 2008. To this end, the rights provided under California Civil Code Section 1542 and similar statutes in other states are expressly waived. Section 1542 reads as follows:

SECTION 1542. GENERAL RELEASES; EXTENT. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The waiver of rights under Section 1542 pertains only to claims that are directly related to Cross-Collection or collection of debts owed to a Third-Party Creditor and that arose out of the same factual predicate as the settled conduct and that occurred prior to December 23, 2008.

IV. SETTLEMENT APPROVAL AND OPT OUT PROCEDURES

A. When Will the Court Consider Approving the Settlement?

The process for approving or disapproving the Settlement Agreement includes a Fairness Hearing, also called a Final Approval Hearing. The hearing is conducted by the Judge presiding over the case, who will consider all of the timely objections to the settlement

agreement submitted by Class Members as well as the arguments made by the parties for approving the settlement. As a Class Member, you have a right to attend this hearing.

If you decide to remain a member of the Class for purposes of the Settlement, but do not wish to be represented by class counsel, you may personally appear at the hearing or appear through your own attorney. To do so, you must file an Entry of Appearance with the Clerk of the Court at Santa Barbara County Superior Court, 1100 Anacapa Street, Santa Barbara, California, 93101 and mail copies to the addressees in Section IV.B.1. below by no later than April 9, 2009 (20 days before the hearing date). You will continue as a Class Member if you do so. However, if you hire your own attorney to represent you, unless the Court orders otherwise, you will be solely responsible for the fees, expenses, and costs of your attorney.

The 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.

B. What Should You Do if You Object to the Settlement or Do Not Want to Participate?

1. Objecting to the Settlement:

You may object to the fairness, reasonableness or adequacy of this proposed settlement, or any aspect of the settlement, including attorneys' fees, on your own or through an attorney, by (1) filing a written objection with the Clerk of Court at Santa Barbara County Superior Court, 1100 Anacapa Street, Santa Barbara, California, 93101, and (2) mailing a copy of the written objection to the addressees below within 45 days of the date of this notice.

Attn: Hood Settlement
The Sturdevant Law Firm
354 Pine Street, Fourth Floor
San Francisco, CA 94104

D. Ronald Ryland, Esq.
Sheppard Mullin Richter & Hampton, LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111

Stephen J. Newman, Esq.
Stroock & Stroock & Lavan, LLP
2029 Century Park East
Los Angeles, CA 90067

John F. Dienelt, Esq.
DLA Piper, LLP (US)
500 8th Street, N.W.
Washington, DC 20004

Your written objection must clearly (a) state your full name and address, and if you are represented by counsel, the name and contact information for your counsel, (b) state the basis for your objection, and (c) include any papers or evidence you wish to have considered by the Court regarding your objection.

Objections must be mailed to the Court and the addressees above and postmarked no later than March 27, 2009.

The Court will not consider the objections of any Class Members who do not follow the procedures outlined above, or who submit late objections. Any Class Member who does not make his or her objection in the manner described herein will be considered to have waived any such objections. If you hire an attorney to represent you, your attorney must file with the Court and serve upon the addressees above a notice of appearance no later than twenty (20) days prior to the Fairness Hearing.

The filing of an objection will not exclude you from the Class or preclude you from receiving the benefits of the settlement. If the Court overrules your objection, you will be bound by the Settlement. To exclude yourself from the Class, you must instead request exclusion in accordance with the procedure outlined in Section IV.B.2, below.

2. Requesting Exclusion from the Settlement:

If you do not wish to be bound by the terms of the Settlement Agreement or receive the financial benefits of the Settlement Agreement, then you must "opt out" of the Settlement by mailing a written request for exclusion to:

The Hood Settlement
c/o Gilardi & Co. LLC
P.O. Box 6002
Larkspur, CA 94977-6002
Phone: 1-888-872-9187

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.

Requests for exclusion must be sent to the Settlement Administrator and postmarked no later than March 27, 2009.

If you elect to exclude yourself from the Class and you do so in the time required above, you will not receive any settlement benefits described in this Notice, including any monetary benefit, you will not be bound by the terms of this Settlement Agreement, and you will not have released your claims against the Defendants or Cross-Defendants. You will instead retain the right to bring your own lawsuit respecting the matters alleged in the Action. However, if you do not submit an exclusion request that is postmarked before the deadline, and if the Settlement is approved, you will release all claims against Defendants and Cross-Defendants, as stated in this Notice.

A Class Member who wishes to exclude himself or herself from the Settlement by opting out must do so himself or herself. No Class Member or any person acting on behalf of that Class Member, may exclude any other Class Member from the Class.

C. What Happens if You Participate in the Settlement?

Any Class Member who does not submit a timely written exclusion request in compliance with all of the requirements described in Section IV.B.2. above will receive the monetary relief provided to members of the Class under the terms of the Settlement, and will be bound by the Settlement Agreement and the release. In other words, if you do not opt out of the settlement, you will not be able to bring your own lawsuit based upon the same facts and will be limited to the relief provided by the Settlement Agreement.

D. What Happens if the Court Does Not Approve the Settlement?

If the Settlement is not approved by the Court, the case will proceed as if no Settlement had been reached. Absent the Settlement, there is no assurance that a class will be certified, or that the proposed class will recover anything from Defendants or Cross-Defendants at all.

V. HOW YOU CAN GET MORE INFORMATION?

For more information about the Settlement, you may contact the Settlement Administrator at:

The Hood Settlement
c/o Gilardi & Co. LLC
P.O. Box 8060
San Rafael, CA 94912-8060
Phone: 1-888-872-9187

A copy of the Settlement Agreement, Proposed Final Judgment and Order, and all other papers filed in this action are available for your review at the office of the Clerk of the Superior Court of the State of California, County of Santa Barbara, at the address listed above. A copy of the Settlement Agreement and proposed Final Order and Judgment are available at www.nclc.org.

DO NOT ADDRESS QUESTIONS ABOUT THE SETTLEMENT TO THE CLERK OF THE COURT OR THE JUDGE.

If you have any questions about this Notice or the Lawsuit, you may examine the Court file or call the Settlement Administrator.

Date: _____

The Honorable James Brown
Judge of the Superior Court