

**Statement Of
NILA GRANT
before the
U. S. Senate Permanent Subcommittee on Investigations
St. Paul, Minnesota Field Hearing
Hearing On
*Tax Related Financial Products Can Be Costly***

April 15, 2005

Good afternoon Senator Coleman, my name is Nila Grant. I am presently employed as an associate analyst for United Healthcare Group. In 2003 and 2004, I worked as a tax preparer for Jackson Hewitt at the Uptown and North Broadway offices. I found my employment with Jackson Hewitt to be a rewarding experience. They provided excellent training that fully prepared me for my tax preparation responsibilities.

I always walked my clients through the tax preparation process using Jackson Hewitt's tax preparation software. If my client was entitled to a refund, I explained the different options available for receiving the refund including the time that would be required and the associated costs of each option. The options included a direct deposit or check from the IRS, a refund anticipation loan or a Money Now loan, and a refund anticipation check which was referred to as Assisted Direct Deposit or an Assisted Check Refund. I did not push my clients towards any of these options and Jackson Hewitt management did not encourage or use pushy sales tactics to encourage clients to get a RAL or any other product offered by Jackson Hewitt.

Most of my clients were low income individuals or couples who specifically came to Jackson Hewitt to obtain a refund anticipation loan. Many of my clients inquired about a refund anticipation loan before it was even presented to them. For example, Jackson-Hewitt advertised the Money Now product on its office windows and people came in to ask how it worked. We could not guarantee that they would be approved for the loan or how much the total cost would be until we input their tax information into the computer because the rates varied based on the amount of the loan.

I would always inform the client that they had the option to change their mind at the end of the process, but they would be charged a fee of \$20 for my time. Some clients would ask if it was expensive, and I would inform them that the average cost for a RAL was about \$300. Many did not ask at all, but all of my clients had the option to change their minds at the end of the process before signing any forms.

I believe many people would have liked to use the other options, but could not because they could not pay the tax preparation fee of \$135.00 up front. Many simply did not have the funds to do that. Because the RAL deducts the fees from the anticipated refund, it made it easier to sell the RAL. At the end of the process, a few complained about the fees but mostly all took the loan if they qualified.

My clients also had to sign forms stating that I had informed them about the loan and providing a break down of the actual fees associated with the loan. They also received copies of these forms. I have no doubt that my clients understood they were taking out a loan. Frankly, they did not care that it was a loan. They wanted money as soon as they could get it. I realize that these loans have very high costs but if my client was receiving a \$3,500 refund they did not mind paying about \$300.00 in tax preparation fees, finance charges, account set up and administration fees.

In the store where I worked, we also did not receive special recognition or other benefits for selling Jackson Hewitt's financial products. I was told about the \$5 commission for every Gold Guarantee sold, but it was not aggressively pushed on me to sell it, nor did I aggressively push it on my clients. I did offer it, but most people declined it. We did receive a bonus at the end of tax season that was based entirely on the total number of tax returns we prepared.

Upon occasion, I would recommend to clients that they visit a free tax preparation site if it would not be in their best interest to use our services for their tax preparation. When clients' income was below \$10,000, I informed them of the free tax services and gave them contact information because the fees would probably have cost them half or more of their tax refund. I believe most clients are aware that they can get their taxes prepared and filed for free but chose to get them done faster because they did not want to wait and wanted money as soon as they could get it.

In summary, there was no pressure or suggestive sales tactics. We didn't have to use them. The clients wanted money as soon as they could get it and many came to us solely for that purpose.

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