

Statement Of
MAERINE HENDERSON
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 Maerine Henderson. I am a working mother with four children. This year I had my taxes prepared by Jackson Hewitt at 927 West Broadway in Minneapolis. I would like to tell you about my experience in having my taxes prepared.

I made an appointment with someone in Jackson Hewitt's office in January 2005 to have my taxes prepared. The agent asked if I wanted to apply for "same day funds". I asked, "What exactly does that mean?" She responded by saying, "You can get your money the same day if you qualify." I told the agent that I had gone to H & R Block in the past, but never qualified for same day funds. She said she would try it anyway. After asking a series of personal questions, she said that I qualified for the RAL which I later found out was a Refund Anticipation Loan.

I told her yes I wanted same day funds because who does not want their money back the same day if you can get it? This is especially true when you are a single mother with four kids who has waited a whole year to file.

I asked if there was direct deposit for that transaction. She said no, not for the RAL but if I wanted the RAC (Refund Anticipation Check) that would take from 14 to 21 days. She also told me that if I chose to go the RAL route I could receive a Master Card. She convinced me that the Master Card would cut down on my standing in long lines and avoid check cashing fees at the bank and other check cashing facilities. She told me how to activate the card and that the funds would be on the card within twenty-four to forty-eight hours. She went on to say that in the past others had gotten their funds within an hour after processing. She said that I could even use their phone to call and have the card activated while in Jackson Hewitt's office.

After leaving their office, I tried calling the activation number for the Master Card and a third of funds were there. The balance was added the next day. After checking the balance, the agent called the same day and said that I should check the balance because I should have the funds on the card. She also said that my state refund would go onto the Master Card, but that did not happen. I received a check in the mail from the State of Minnesota two to three days later.

The total cost charged to me was **\$386.00**. I wasn't told the total amount until after my information had gone into Jackson Hewitt's computer system and the loan had been approved for same day cash. The paperwork was printing and awaiting my signature and I was under the impression that having made my choice it was too late to back out of it. And the agent never said I could back out of it.

Since then, I have tried the Master Card at a gas station to utilize the balance on the card. The transaction was denied because the card was unreadable. They did not tell me that the card expired in three months and that I could not put more funds onto the card.

I always thought or was under the impression that tax preparers are supposed to serve their clients by finding the maximum benefits and credits for their clients, including the best refund method. They are the experts but they gave me no personal advice as to what would be best for me. They charged me a lot of money for their service but frankly I don't think I got my money's worth. After this experience, I would rather wait a month than pay three hundred eighty-six dollars ever again to gain fast money. Like they say, "Everything that sounds good is not always good."

Thank you Senator Coleman and I would be pleased to answer any questions that you have.

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