

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION
OFFICE OF ADMINISTRATIVE LAW JUDGES**

In the matter of

H&R BLOCK INC.,
a corporation,

HRB DIGITAL LLC,
a limited liability company, and

HRB TAX GROUP, INC.,
a corporation.

**DOCKET NO. 9427
PUBLIC VERSION**

**ANSWER AND AFFIRMATIVE DEFENSES OF RESPONDENTS H&R BLOCK, INC.,
HRB DIGITAL LLC, & HRB TAX GROUP, INC.**

Pursuant to Rule 3.12 of the Commission’s Rules of Practice, 16 C.F.R. § 3.12, Respondents H&R Block, Inc., HRB Digital LLC (“HRB Digital”), and HRB Tax Group, Inc. (collectively, “Respondents”) by and through their attorneys, hereby answer the Administrative Complaint served by the Federal Trade Commission on February 27, 2024 in the above-captioned matter and assert affirmative and other defenses:

RESPONSE TO THE SPECIFIC ALLEGATIONS IN THE COMPLAINT

Except to the extent specifically admitted herein, Respondents deny each and every allegation contained in the Complaint.¹

1. Respondents admit that H&R Block, Inc. is a Missouri corporation with its principal office or place of business at One H&R Block Way, Kansas City, MO 64105. Respondents otherwise deny the allegations in Paragraph 1.

¹ The Complaint contains section titles and organizational headings to which no response is required. To the extent that the headings may be construed to contain allegations of fact as to which a response is required, Respondents deny all such allegations.

2. Respondents admit the allegations in Paragraph 2.
3. Respondents admit the allegations in Paragraph 3.
4. Respondents admit the allegations in Paragraph 4 as to HRB Digital, but otherwise deny the allegations in Paragraph 4.
5. Paragraph 5 purports to set forth legal conclusions as to which no response is required. To the extent a response is required, Respondents deny the allegations in Paragraph 5.

SUMMARY OF THE CASE

6. HRB Digital admits the allegations in Paragraph 6. The allegations in Paragraph 6 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 6 purportedly directed to them.

7. HRB Digital denies the allegations in Paragraph 7. The allegations in Paragraph 7 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 7 purportedly directed to them.

8. HRB Digital denies the allegations in Paragraph 8. The allegations in Paragraph 8 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 8 purportedly directed to them.

9. HRB Digital denies the allegations in Paragraph 9. The allegations in Paragraph 9 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc.,

and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 9 purportedly directed to them.

10. Paragraph 10 purports to set forth legal conclusions as to which no response is required. To the extent a response is required, HRB Digital denies the allegations in Paragraph 10. The allegations in Paragraph 10 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 10 purportedly directed to them.

BUSINESS ACTIVITIES

I. H&R Block's Alleged Downgrade Policies

11. Respondents admit that HRB Tax Group, Inc. offers assisted in-person or virtual tax preparation services and that HRB Digital offers tax preparation software that can be purchased in stores or downloaded and “do it yourself” online tax preparation products (i.e., the Online Products). H&R Block, Inc. is a holding company that does not conduct, solicit, or advertise tax preparation services. Respondents otherwise deny the allegations in Paragraph 11.

12. HRB Digital admits the allegations in Paragraph 12. The allegations in Paragraph 12 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 12 purportedly directed to them.

13. HRB Digital admits that it offers Free, Deluxe, Premium and Self-Employed Online Products. Of those, the Free Online Product covers the least number of tax forms and schedules (including subsections of those forms and schedules), with Deluxe covering everything

included in Free Online plus additional forms, schedules and features, Premium covering everything included in Deluxe plus additional forms and schedules, and Self-Employed covering everything included in Premium plus additional forms and schedules. HRB Digital also offers Plus Online which includes the tax forms and schedules available in the Free Online Product and additional non-tax form features. HRB Digital otherwise denies the allegations in Paragraph 13. The allegations in Paragraph 13 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 13 purportedly directed to them.

14. HRB Digital admits that consumers may choose to begin preparing their tax return in any of the Online Products and that some consumers may be prompted to upgrade to a more expensive product partway through the process. HRB Digital otherwise denies the allegations in Paragraph 14. The allegations in Paragraph 14 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 14 purportedly directed to them.

15. HRB Digital admits that, if a consumer downgrades, the information they entered prior to the downgrade will not be transferred to the downgraded product, and the consumer will have to start over. HRB Digital otherwise denies the allegations in Paragraph 15. The allegations in Paragraph 15 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 15 purportedly directed to them.

16. HRB Digital admits that consumers can downgrade by contacting customer service by telephone or chat, and that consumers who can authenticate their account by providing basic identifying information are also able to downgrade directly through the Interactive Voice Response (“IVR”) without talking to a customer service representative. HRB Digital otherwise denies the allegations in paragraph 16. The allegations in Paragraph 16 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 16 purportedly directed to them.

17. HRB Digital admits that during Tax Season 2014, consumers had to call customer service and be escalated to a { } customer service agent to complete the downgrade process and, by or before 2019, { } customer service agents were able to complete downgrades for consumers. Paragraph 17 further purports to quote portions of a document HRB Digital produced to the FTC. HRB Digital admits that the document contains the quoted language but denies any characterization of the quoted language or the referenced document. On that basis, HRB Digital denies the remaining allegations of Paragraph 17. The allegations in Paragraph 17 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 17 purportedly directed to them.

18. HRB Digital admits the allegations in Paragraph 18. The allegations in Paragraph 18 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 18 purportedly directed to them.

19. Paragraph 19 purports to summarize and quote portions of a document HRB Digital produced to the FTC. HRB Digital admits the document contains the quoted language but denies any characterization of the quoted language or the referenced document. On that basis, HRB Digital denies the remaining allegations of Paragraph 19. The allegations in Paragraph 19 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 19 purportedly directed to them.

20. Paragraph 20 purports to quote and draw conclusions from documents HRB Digital produced to the FTC. HRB Digital admits that the documents contain the quoted language but is without knowledge as to whether the assertions therein are true and denies any characterization of the quoted language or referenced documents. On that basis, HRB Digital denies the remaining allegations in Paragraph 20. The allegations in Paragraph 20 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 20 purportedly directed to them.

21. HRB Digital is without knowledge or information sufficient to form a belief as to the truth of the actions described in Paragraph 21, and, on that basis, denies the allegations therein. The allegations in Paragraph 21 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 21 purportedly directed to them.

22. HRB Digital is without knowledge or information sufficient to form a belief as to the truth of the actions described in Paragraph 22 and, on that basis, denies the allegations therein. The allegations in Paragraph 22 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 22 purportedly directed to them.

23. HRB Digital admits that, if a consumer downgrades, the information they entered prior to the downgrade will not be transferred to the downgraded product, and the consumer will have to start over. HRB Digital otherwise denies the allegations in Paragraph 23. The allegations in Paragraph 23 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 23 purportedly directed to them.

24. Paragraph 24 purports to quote and draw conclusions from portions of a document HRB Digital produced to the FTC. HRB Digital admits the document contains the quoted language but denies any characterization of the quoted language or the referenced document. On that basis, HRB Digital denies the remaining allegations in Paragraph 24. The allegations in Paragraph 24 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 24 purportedly directed to them.

25. Paragraph 25 purports to quote and draw conclusions from a document HRB Digital produced to the FTC. As to the first bullet point of Paragraph 25, HRB Digital admits that the

document contains the quoted language but is without knowledge as to whether the assertions therein are true, and, on that basis, HRB Digital denies those allegations. As to the second bullet point of Paragraph 25, HRB Digital is without knowledge as to the source or truth of the language contained therein, and, on that basis, HRB Digital denies those allegations. HRB Digital otherwise denies the allegations in Paragraph 25. The allegations in Paragraph 25 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 25 purportedly directed to them.

26. Paragraph 26 purports to quote from a document HRB Digital produced to the FTC. HRB Digital admits that the document contains the quoted language but is without knowledge or information sufficient to form a belief as to whether the assertions therein are true. On that basis, HRB Digital denies the remaining allegations in Paragraph 26. The allegations in Paragraph 26 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 26 purportedly directed to them.

27. Paragraph 27 purports to summarize and quote from a document HRB Digital produced to the FTC. HRB Digital admits that the document contains the quoted language but is without knowledge or information sufficient to form a belief as to whether the assertions therein are true. On that basis, HRB Digital denies the remaining allegations in Paragraph 27. The allegations in Paragraph 27 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the

extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 27 purportedly directed to them.

28. Paragraph 28 purports to summarize and quote from portions of documents HRB Digital produced to the FTC. HRB Digital admits the documents contain the quoted language but denies any characterization of the quoted language or the referenced documents. On that basis, HRB Digital denies the remaining allegations in Paragraph 28. The allegations in Paragraph 28 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 28 purportedly directed to them.

29. Paragraph 29 purports to quote and draw conclusions from portions of a document HRB Digital produced to the FTC. HRB Digital admits the document contains the quoted language but denies any characterization of the quoted language or the referenced document. On that basis, HRB Digital denies the remaining allegations in Paragraph 29. The allegations in Paragraph 29 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 29 purportedly directed to them.

30. HRB Digital admits that during 2019 {

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] } HRB Digital otherwise denies the allegations in

Paragraph 30. The allegations in Paragraph 30 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 30 purportedly directed to them.

31. Paragraph 31 purports to summarize portions of documents HRB Digital produced to the FTC. HRB Digital admits that { [REDACTED] } HRB Digital denies the characterization of the other information purportedly summarized in Paragraph 31. On that basis, HRB Digital denies the remaining allegations in Paragraph 31. The allegations in Paragraph 31 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 31 purportedly directed to them.

32. Paragraph 32 purports to summarize portions of a document HRB Digital produced to the FTC. HRB Digital admits the document states { [REDACTED] } HRB Digital also admits that { [REDACTED] } HRB Digital denies any characterization of the referenced document or language therein. On that basis, HRB Digital denies the remaining allegations in Paragraph 32. The allegations in Paragraph 32 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 32 purportedly directed to them.

33. Paragraph 33 purports to summarize and quote from portions of documents HRB Digital produced to the FTC. HRB Digital admits the second 2019 { } referenced in Paragraph 33 contains the quoted language but denies any characterization of the quoted language or the referenced documents. On that basis, HRB Digital denies the remaining allegations in Paragraph 33. The allegations in Paragraph 33 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 33 purportedly directed to them.

34. HRB Digital denies the allegations in Paragraph 34. The allegations in Paragraph 34 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 34 purportedly directed to them.

II. H&R Block's Alleged Marketing of its Free Online Product

35. HRB Digital admits the allegations in Paragraph 35. The allegations in Paragraph 35 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 35 purportedly directed to them.

36. HRB Digital admits that some of its advertisements promote the Free Online Product. HRB Digital admits that Paragraph 36 purports to include screenshots from a Tax Season 2022 video advertisement containing text that says, "File for nada.", "File for zip.", "File for zilch.", "File for free.", "H&R Block Help is here." HRB Digital admits that each of the five frames states "Simple returns only when filing with H&R Block Free Online." HRB Digital admits that

“Simple return” is not defined further in the ad itself, however, the tax situations that qualify as a simple return are clearly and conspicuously set forth on the [hrblock.com](https://www.hrblock.com) website, which consumers must visit in order to use the Online Products. The remaining allegations of Paragraph 36 purport to describe HRB Digital’s advertisements but do not provide sufficient information to identify the advertisements being discussed. On that basis, HRB Digital denies the remaining allegations in Paragraph 36. The allegations in Paragraph 36 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 36 purportedly directed to them.

37. Paragraph 37 purports to describe an advertisement on the [hrblock.com](https://www.hrblock.com) website from Tax Season 2022. HRB Digital admits the referenced advertisement contains the quoted language and that “simple return” is not defined further in the included screenshot but denies any characterization of the referenced advertisement. On that basis, HRB Digital denies the remaining allegations in Paragraph 37. The allegations in Paragraph 37 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 37 purportedly directed to them.

38. Paragraph 38 purports to describe HRB Digital’s advertisements. HRB Digital admits that the purported screenshot of the advertisement from Tax Season 2023 included in Paragraph 38 contains the text “Simple returns file free” and “Not all taxpayers qualify. See [hrblock.com](https://www.hrblock.com) for details” but denies any characterization of the referenced advertisement. On that basis, HRB Digital denies the remaining allegations relating to the screenshot of the advertisement in Paragraph 38. The remainder of Paragraph 38 does not provide sufficient information to identify

the advertisements being discussed, and, thus, HRB Digital is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 38. On that basis, HRB Digital denies the remaining allegations in Paragraph 38. The allegations in Paragraph 38 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 38 purportedly directed to them.

39. HRB Digital denies the allegations in Paragraph 39. The allegations in Paragraph 39 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 39 purportedly directed to them.

40. Paragraph 40 purports to quote and draw conclusions from a document HRB Digital produced to the FTC. HRB Digital admits that the document contains the quoted language but is without knowledge or information sufficient to form a belief as to whether the assertions therein are true, and denies any characterization of the quoted language or referenced document. On that basis, HRB Digital denies the allegations in Paragraph 40. The allegations in Paragraph 40 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 40 purportedly directed to them.

41. HRB Digital admits that, for Tax Seasons 2018 through 2022, the webpage <https://www.hrblock.com/online-tax-filing/> did not display the full list of tax forms and schedules

included in the Free Online Product but states that a link to the full list of forms and schedules supported by each Online Product was accessible via each product-specific page. HRB Digital otherwise denies the allegations in Paragraph 41. The allegations in Paragraph 41 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 41 purportedly directed to them.

42. HRB Digital admits that consumers can access a full list of forms and schedules supported by the Free Online Product via a link on the Free Online Product's specific page. HRB Digital otherwise denies the allegations in Paragraph 42. The allegations in Paragraph 42 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 42 purportedly directed to them.

43. HRB Digital admits that for Tax Seasons 2018 through 2022, the webpage <https://www.hrblock.com/online-tax-filing/> displayed information about each Online Product, including descriptions of tax situations covered by each product. That webpage also displayed a product selector tool to help consumers start their tax return in a product that would support their tax situation. HRB Digital otherwise denies the allegations in Paragraph 43. The allegations in Paragraph 43 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 43 purportedly directed to them.

44. HRB Digital admits that consumers were not required to make any selections in the product selector tool to use an Online Product and that consumers could choose any product to begin online DIY tax preparation. HRB Digital admits that during Tax Seasons 2018 through 2023, a link to the full list of forms and schedules supported by each Online Product was accessible via each product-specific page. HRB Digital otherwise denies the allegations in Paragraph 44. The allegations in Paragraph 44 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 44 purportedly directed to them.

45. HRB Digital admits that during Tax Seasons 2018 through 2023, consumers could access a full list of forms and schedules supported by the Free Online Product via a link on the Free Online Product's specific page. HRB Digital otherwise denies the allegations in Paragraph 45. The allegations in Paragraph 45 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 45 purportedly directed to them.

46. HRB Digital admits that during Tax Seasons 2018 through 2023, consumers could access a full list of forms and schedules supported by the Free Online Product via a link on the Free Online Product's specific page. HRB Digital otherwise denies the allegations in Paragraph 46. The allegations in Paragraph 46 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 46 purportedly directed to them.

47. HRB Digital admits that during Tax Seasons 2018 through 2023, consumers could access a full list of forms and schedules supported by the Free Online Product via a link on the Free Online Product's specific page. HRB Digital otherwise denies the allegation in Paragraph 47. The allegations in Paragraph 47 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 47 purportedly directed to them.

48. HRB Digital admits it provides consumers with a link to the full list of forms and schedules supported by each Online Product on each product-specific page. HRB Digital otherwise denies the allegations in Paragraph 48. The allegations in Paragraph 48 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 48 purportedly directed to them.

49. HRB Digital admits that in Tax Season 2023, the description of the Free Online Product on the webpage <https://www.hrblock.com/online-tax-filing/> included a footnote after the phrase "Simple returns." The footnote linked to a description that included a direct link to the full list of forms and schedules supported by the Free Online Product. HRB Digital otherwise denies the allegations in Paragraph 49. The allegations in Paragraph 49 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 49 purportedly directed to them.

50. HRB Digital admits that in Tax Season 2023, the description of the Free Online Product on the webpage <https://www.hrblock.com/online-tax-filing/> included a footnote after the

phrase “Simple returns.” The footnote linked to a description that included a direct link to the full list of forms and schedules supported by the Free Online Product. HRB Digital otherwise denies the allegations in Paragraph 50. The allegations in Paragraph 50 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 50 purportedly directed to them.

51. HRB Digital admits that the footnote quoted in Paragraph 51 states: “H&R Block Free Online is for simple returns only. All tax situations are different. Additional fees may apply. See available forms.” HRB Digital also admits that the phrase “See available forms,” is a hyperlink, which, if clicked, opens the full list of forms and schedules supported by the Free Online Product. HRB Digital otherwise denies the allegations in Paragraph 51. The allegations in Paragraph 51 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 51 purportedly directed to them.

52. HRB Digital denies the allegations in Paragraph 52. The allegations in Paragraph 52 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 52 purportedly directed to them.

53. Paragraph 53 purports to quote and draw conclusions from a document HRB Digital produced to the FTC. HRB Digital admits the document contains the quoted language but is without knowledge or information sufficient to form a belief as to whether the assertions therein

are true, and, on that basis, HRB Digital denies the allegations in Paragraph 53. The allegations in Paragraph 53 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 53 purportedly directed to them.

54. Paragraph 54 purports to quote and draw conclusions from a document HRB Digital produced to the FTC. HRB Digital admits the document contains the quoted language but is without knowledge or information sufficient to form a belief as to whether the assertions therein are true, and, on that basis, HRB Digital denies the allegations in Paragraph 54. The allegations in Paragraph 54 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 54 purportedly directed to them.

55. HRB Digital admits that some advertisements for its Free Online Product link to the hrblock.com website. HRB Digital otherwise denies the allegations in Paragraph 55. The allegations in Paragraph 55 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 55 purportedly directed to them.

COUNT I – CUSTOMER SERVICE CONTACT REQUIREMENT

56. HRB Digital denies the allegations in Paragraph 56. The allegations in Paragraph 56 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is

required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 56 purportedly directed to them.

57. Paragraph 57 purports to set forth legal conclusions to which no response is required. To the extent a response is required, HRB Digital denies the allegations in Paragraph 57. The allegations in Paragraph 57 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 57 purportedly directed to them.

COUNT II – DATA-WIPING PRACTICE

58. HRB Digital denies the allegations in Paragraph 58. The allegations in Paragraph 58 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 58 purportedly directed to them.

59. Paragraph 59 purports to set forth legal conclusions to which no response is required. To the extent a response is required, HRB Digital denies the allegations in Paragraph 59. The allegations in Paragraph 59 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 59 purportedly directed to them.

COUNT III – ADVERTISEMENTS

60. HRB Digital admits that it has truthfully represented that certain consumers can file their taxes for free using the Free Online Product. The last sentence of Paragraph 60 purports to set forth legal conclusions as to which no response is required. To the extent a response is required,

HRB Digital denies the remaining allegations in Paragraph 60. The allegations in Paragraph 60 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 60 purportedly directed to them.

61. HRB Digital admits that some taxpayers may not qualify for the Free Online Product. HRB Digital otherwise denies the allegations in Paragraph 61. The allegations in Paragraph 61 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 61 purportedly directed to them.

62. Paragraph 62 purports to set forth legal conclusions as to which no response is required. To the extent a response is required, HRB Digital denies the allegations in Paragraph 62. The allegations in Paragraph 62 concern the operations of an indirect subsidiary of H&R Block, Inc. and HRB Tax Group, Inc., and, therefore, no response is required from those Respondents. To the extent a response is required, H&R Block, Inc. and HRB Tax Group, Inc. deny any allegations in Paragraph 62 purportedly directed to them.

ALLEGED VIOLATIONS OF SECTION 5

63. Paragraph 63 purports to set forth legal conclusions as to which no response is required. To the extent a response is required, Respondents deny the allegations in Paragraph 63.

NOTICE OF CONTEMPLATED RELIEF

Respondents deny that any of the relief set forth in the Complaint's Notice of Contemplated Relief, or the subparts thereto, is justified by fact or law, or in equity.

FURTHER DEFENSES

The inclusion of any defense within this section does not constitute an admission that Respondents bear the burden of proof on each or any of the issues and does not excuse complaint counsel from establishing each element of its purported claim for relief.

First Defense

The Complaint fails to comply with Section 5(b) of the Federal Trade Commission Act, 15 U.S.C. § 45(b), because the issuance of the Complaint and the contemplated relief are not in the public interest.

Second Defense

The Complaint fails to comply with the Federal Trade Commission Act, 15 U.S.C. § 45(b), because, to the extent HRB Digital has discontinued activities that form the basis for the Complaint, the Complaint alleges no cognizable danger of recurrent violation.

Third Defense

The FTC administrative proceedings are invalid because the structure of the Commission as an independent agency that wields significant executive power, while limiting the ability of the head of the executive branch to remove the Commissioners and other FTC officials, violates the doctrine of separation of powers.

Fourth Defense

The FTC's administrative proceedings are invalid because adjudication of the Complaint by an Administrative Law Judge and the Commission itself violates Article III of the United States Constitution and the doctrine of separation of powers.

Fifth Defense

The FTC administrative proceedings violate Respondents' Fifth Amendment Due Process right to adjudication before a neutral arbiter because of prejudgment on the merits.

Sixth Defense

The FTC Act and other information provided by the FTC failed to provide Respondents with fair notice that the alleged conduct was in violation of the law, in contravention of Respondents' due process rights.

Seventh Defense

The FTC administrative proceedings are invalid because the structure of the administrative proceedings, in which the Commission both initiates and finally adjudicates the Complaint against Respondents, violates Respondents' Fifth Amendment Due Process right to adjudication before a neutral arbiter.

Eighth Defense

The requested injunctive relief is overly broad and impermissibly vague because it: 1) exceeds the scope of the allegations of the Complaint, 2) does not provide guidance as to permissible representations regarding free products, downgrade processes, or instructions on the downgrade process, and 3) generically prohibits both "complicated or burdensome" downgrade processes and misrepresentations of any material fact.

RESERVATION OF RIGHTS TO ASSERT ADDITIONAL DEFENSES

Respondents have not knowingly or intentionally waived any applicable defenses. Respondents reserve the right to assert and rely upon other applicable defenses as they become available or apparent to Respondents throughout the course of this action. Respondents reserve the right to amend, or seek to amend, their answer or affirmative defenses.

* * *

Wherefore, Respondents respectfully request that the Commission (i) dismiss the Complaint in its entirety with prejudice, (ii) deny the relief contemplated in the Complaint, (iii) award their costs of defending this action, including attorneys' fees and expenses, and (iv) award

such other and further relief as the Commission may deem just and proper.

Dated: March 12, 2024

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Respectfully submitted,

By: /s/ Antonio F. Dias

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CERTIFICATE OF SERVICE

I hereby certify that on March 12, 2024, I filed the foregoing document electronically using the FTC's E-Filing system, which will send notification of such filing to:

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The Honorable Jay L. Himes
Administrative Law Judge
600 Pennsylvania Ave., NW, Rm. TBD
Washington, DC 20580
oalj@ftc.gov

I further certify that on March 12, 2024, I caused the foregoing document to be served via email to:

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Administrative Law Judge
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Washington, DC 20580
oalj@ftc.gov

Dated: March 12, 2024

Respectfully submitted,

By: /s/ Erika Whyte
Erika Whyte

EXHIBIT A

Exhibit A

Filed Under Seal

Exhibit A

Filed Under Seal

Exhibit A

Filed Under Seal

Exhibit A

Filed Under Seal

EXHIBIT B

Exhibit B

Filed Under Seal

Exhibit B

Filed Under Seal

Exhibit B

Filed Under Seal

Exhibit B

Filed Under Seal