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Feldman Shepherd Files National Class Action Against Income Tax Software Industry Cartel for Billions



Lawsuit Alleges Government Outsourcing to Tax Software and e-Filing Companies Wrongfully Privatized Tax Return E-Filing - Charged Billions in Unlawful Fees

PHILADELPHIA, Nov. 14 /PRNewswire/ -- In a case of unchecked government outsourcing, the law firms Feldman Shepherd Wohlgerlinter Tanner & Weinstock and Cooley & Handy, this week filed a class action suit against a group of income tax software companies that are part of a cartel known as the Free File Alliance LLC. The suit, brought by Philadelphia resident Stacie Byers, alleges that cartel members including H&R Block and Intuit unlawfully charged millions of U.S. taxpayers excessive e-filing fees. Damages are estimated in the billions of dollars.

"This amounts to a tax on e-filing tax returns. Hardworking taxpayers deserve better," said Feldman Shepherd partner Thomas More Marrone. "This is government outsourcing at its worst."

The complaint, filed in the U.S. District Court for the Eastern District of Pennsylvania, asserts that the IRS contracted with the cartel to collect e- filed federal tax returns on its behalf. As agents of the IRS, federal law required cartel members to set "fair and uniform" fees for e-filing. But cartel members set their fees based solely on profit, the complaint states.

"The private tax software companies have used the 'Free File' arrangement to push commercial products they sell, and until recently tried to get taxpayers to buy high-rate 'refund anticipation loans,' said Alan M. Feldman, Managing Partner of Feldman Shepherd.

"The name 'Free File Alliance' is clearly misleading," Marrone said. "E- filing has become an enormous profit center for cartel members."

The class action seeks a full refund of all fees paid for e-filing, as well as injunctive relief. Defendants include all members of the cartel which charged fees to electronically file federal tax returns. Cooley & Handy partner Kevin Handy said, "The U.S. should join other civilized nations in allowing its citizens to e-file tax returns for free. The truth is it costs the government less to process an e-filed return than a paper one."

Feldman Shepherd represents plaintiffs in significant personal injury, consumer class actions, and other complex civil litigation. Clients include victims of medical malpractice, defective products, unsafe workplaces, motor vehicle accidents, professional malpractice and insurer misconduct. For information, go to <http://www.feldmanshepherd.com>.

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