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IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

CHRISTINE DIAZ and MICHELLE
FUGATT, on behalf of themselves and all
others similarly situated,

Plaintiffs,

v.

INTUIT, INC., and DOES 1 through 100,
inclusive,

Defendants.

Case No.:

CLASS ACTION COMPLAINT

1. Violation of California Unfair Competition Law (Cal. Bus. & Prof. Code § 17200);
2. Violation of California Customer Records Act (Cal. Civ. Code §§ 1798.81.5, 1798.82);
3. Aiding and Abetting Fraud;
4. Negligent Enablement of Imposter Fraud;
5. Negligence;
6. Breach of Contract

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9 **Pro Hac Vice* Applications to be submitted

10 Attorneys for Plaintiffs and the Putative Classes

1 **PLAINTIFFS' CLASS ACTION COMPLAINT AND JURY DEMAND**

2 Plaintiffs Christine Diaz and Michelle Fugatt (collectively, "Plaintiffs") bring this action against
3 Defendant Intuit, Inc., (hereinafter "Defendant" or "Intuit") by and through their attorneys, individually
4 and on behalf of all others similarly situated, and allege as follows:

5 **INTRODUCTION**

6 1. TurboTax is a tax preparation software, owned and manufactured by Intuit, that is
7 utilized to file an estimated 30 million tax returns for American taxpayers every year when filing their
8 income tax returns with both the United States Internal Revenue Service ("IRS") and individual states.
9 TurboTax is designed to guide users through the process of filling out their tax returns. TurboTax
10 customers may opt for premium services at an additional cost or they may use a free version.

11 2. TurboTax's software can be utilized through its website or installed directly on the
12 customer's personal computer. Regardless of which version of TurboTax used by customers, they will
13 be required to enter their most sensitive and personal information into TurboTax as is necessary for
14 filing tax returns.

15 3. One of the main benefits of using TurboTax is the ability to electronically file tax
16 returns. This not only results in convenience at the time of filing, but refunds for electronic filings are
17 processed more quickly than for hard copy filings. Based on information and belief, Defendant is a
18 participant in the IRS e-file program. To facilitate electronic filing, for a fee the customer submits her
19 tax return for electronic filing through the TurboTax program. The tax return then is forwarded to
20 Intuit's Electronic Filing Center where Intuit converts it to a standard format and transmits it to the
21 applicable federal and/or state authority. In connection with e-filing for customers, Intuit is required to
22 obtain and transmit the IP address of the computer from which the return originated.

23 4. Another benefit offered through TurboTax is the Refund Processing Service, in which
24 the customer provides Intuit their bank account information, and TurboTax facilitates, through a third-
25 party, direct deposit of a tax refund. Fees incurred in e-filing are taken directly from the bank account
26 at the time of the refund rather than by the customer paying the fees up front to TurboTax.
27 Additionally, Intuit offers its TurboTax customers the option to receive their tax refund on a NetSpend
28 Premier Visa Prepaid debit card.

1 5. Businesses such as Intuit, which provide services online or through software that
2 actively engage in collecting and storing personal data about customers have an affirmative duty to
3 safeguard that information. In doing so, such businesses must be able to ensure their customers that
4 their personal data is, and will remain, secure and private. When a corporation, such as Intuit keeps and
5 stores highly private and sensitive information and data such as social security numbers, birth dates,
6 residential addresses, email addresses, account numbers, and other financial information belonging to
7 its customers, this duty becomes even more important. Intuit recognizes this obligation on its web site,
8 in which it represents “All TurboTax platforms offer a secure, easy-to-use experience.”¹

9 6. The data collected and stored by tax preparation software and websites is among the
10 most highly sensitive and personal information a person has to his or her name. When a tax preparation
11 software company such as Intuit’s TurboTax avails itself to a type of business that requires customers
12 to entrust their most sensitive personal information, that company in turn, has a duty to maintain such
13 sensitive data from compromise, theft, and fraud.

14 7. In addition, businesses such as Intuit must be diligent in recognizing fraud and abuse,
15 reporting it to the IRS and others, and preventing the fraud by undertaking reasonable activities and
16 safeguards that will prevent fraudulent returns. The Internal Revenue Service considers a “fraudulent
17 return” to include a return in which the individual is attempting to file using someone else’s name or
18 Social Security number on the return. As such, Defendant owes a duty to non-customers who will be
19 foreseeably damaged should these safeguards not be imposed and one of TurboTax’s customers files a
20 fraudulent return using that third-party’s name and Social Security number. In light of the recent crises
21 in data theft and fraudulent returns, this duty has become even more paramount and critical.

22 8. This is a class action lawsuit brought by Plaintiffs on behalf of themselves and two
23 putative Classes consisting of identity theft victims, who were victimized when Defendant facilitated
24 third party imposter tax fraud. In doing so, Defendant allowed cybercriminals and fraudsters, who used
25 the personal information and data maintained by Intuit’s TurboTax to file thousands of fraudulent tax
26 returns and convert billions of dollars from the U.S. government, and as result American taxpayers as
27 such costs will eventually be passed onto them..

28

¹ See <https://turbotax.intuit.com/> last viewed 2015-04-19.

11. As such, Plaintiffs on behalf of themselves and others similarly situated allege that through its conduct Defendant violated California's Unfair Competition Law and California's Customer Records Act. Additionally, Plaintiffs assert causes of action for negligence and breach of contract. In bringing this class action, Plaintiffs and the Class seek damages, declaratory relief, restitution, injunctive relief and any other relief the Court may find just under the circumstances.

12. This Court has subject matter jurisdiction of this action pursuant to 28 U.S.C. § 1332 of the Class Action Fairness Act of 2005 because: (i) there are 100 or more class members, (ii) there is an aggregate amount in controversy exceeding \$5,000,000, exclusive of interest and costs, and (iii) there is minimal diversity because at least one plaintiff and one defendant are citizens of different States. This court has supplemental jurisdiction over the state law claims pursuant to 28 U.S.C. § 1367.

CLASS ACTION COMPLAINT
CASE No.:

1 Additionally, Defendant's corporate headquarters are located within this district in Mountain View,
2 California. Further, Defendant has advertised in this district and has also received substantial revenue
3 and profits from its sales of tax preparation software in this district. Upon information and belief, a
4 substantial portion of the Turbo Tax software application and information security policy development
5 took place within this district in Mountain View, California. Therefore, a substantial part of the events
6 and/or omissions giving rise to these claims occurred, in part, within this district.

7 14. This court has personal jurisdiction over Defendant because it has conducted substantial
8 business in this judicial district, and intentionally and purposefully placed its tax preparation software
9 into the stream of commerce within the districts of California and throughout the United States.

10 Additionally, Defendant's corporate headquarters are located within the district in Mountain View,
11 California.

12 **PARTIES**

13 15. Plaintiff Christine Diaz ("Plaintiff Diaz") is a citizen and resident of Avon, Ohio.

14 16. Plaintiff Michelle Fugatt ("Plaintiff Fugatt") is a citizen and resident of Athens,
15 Alabama.

16 17. Defendant Intuit, Inc., is a corporation that is incorporated under the laws of the State of
17 Delaware with its principal place of business in Mountain View, California.

18 18. The true names and capacities of the defendants sued herein as DOES 1 through 100,
19 inclusive, are currently unknown to Plaintiffs, who therefore sues such defendants by such fictitious
20 names. Each of the defendants designated herein as a DOE is legally responsible in some manner for
21 the unlawful acts referred to herein. Plaintiffs will seek leave of Court to amend this complaint to
22 reflect the true names and capacities of the defendants designated herein as DOES when such identities
23 become known.

24 19. Based upon information and belief, Plaintiffs allege that at all times mentioned herein,
25 each and every defendant was acting as an agent and/or employee of each of the other defendants, and
26 at all times mentioned was acting within the course and scope of said agency and/or employment with
27 the full knowledge, permission, and consent of each of the other defendants. In addition, each of the
28

acts and/or omissions of each defendant alleged herein were made known to, and ratified by, each of the other defendants.

FACTUAL ALLEGATIONS

A. Background on Intuit and TurboTax

20. Intuit was originally incorporated in California in March 1984, and later reincorporated in Delaware and completed its initial public offering in March 1993.

21. According to recent filings with the SEC, Intuit “creates business and financial management solutions that help the business of life for small businesses, consumers, and accounting professionals. As such, Intuit’s portfolio of flagship products and services include TurboTax, QuickBooks, Quicken, and Mint.

22. According to Intuit’s 2014 Annual Report to the Securities Exchange Commission (“SEC”), by the end of its 2014 fiscal year the corporation had \$4.5 billion in revenue and had approximately 8,000 employees in their major offices in the United States and abroad.

23. While originally developed in the mid-1980s by Chipsoft, in 1993 Intuit acquired TurboTax. As of today, Intuit continues to own and manufacture TurboTax, which has become one of the most widely used tax preparation software packages on the market. It has been estimated that approximately 29 million people used TurboTax last year to file their 2013 tax returns.

B. The Rise of Electronic Tax Filings

24. In recent years, the IRS has experienced a steady increase in the number of taxpayers who have opted to file their tax returns through electronic filing (“e-filing”). As such, the IRS announced that more than 122 million returns were e-filed during the 2013 tax year, a number which is expected to increase in the 2014 tax year. In fact, the IRS estimated that approximately 91 percent of all U.S. tax returns were prepared on computers using tax preparation software regardless of whether returns were prepared by individuals or prepared by tax return professionals.

25. Upon information and belief, Plaintiffs allege that Defendant controls over 60 percent of the self-preparation software market. While the precise number of taxpayers who prepare and file their tax returns through TurboTax is currently unknown to Plaintiffs and remains under Defendant’s exclusive control, Plaintiffs allege that TurboTax is by far the leader in the tax preparation software

1 market. As such, it has been estimated that while nearly 29 million customers used TurboTax for
 2 preparing their tax returns, each of its two closest competitors were purportedly used by only 7 million
 3 taxpayers in 2013.

4 **C. Identity Theft Refund Fraud**

5 26. According to data released by the Federal Trade Commission (“FTC”) regarding
 6 consumer complaints, the FTC received 332,646 consumer complaints specifically reporting incidents
 7 of identity theft in 2014. In other words, the FTC received more consumer complaints regarding
 8 identity theft than it had received in any other consumer complaint category. In fact, the FTC received
 9 more consumer complaints regarding identity theft than it had for debt collection in 2014. Further, the
 10 largest portion of these identity theft complaints were specifically related to tax identity thefts. It has
 11 even been reported that tax identity theft is and has been the largest category of identity theft for the
 12 past five years.

13 27. While e-filing has made the chore of filing tax returns an easier and more expedient
 14 process, e-filing has also, unfortunately, made it much easier for cybercriminals to generate sham tax
 15 returns to obtain money, in the form of a tax refund, before the IRS detects the fraud. As such, identity
 16 theft refund fraud has become an increasingly lucrative business for cybercriminals in the digital age.
 17 Accordingly, IRS data reveal that almost two million suspected incidents of electronic tax fraud took
 18 place in 2013, which was a huge jump from the 500,000 suspected incidents in 2010.

19 28. According to a report on identity theft and tax fraud released by the Government
 20 Accountability Office (“GAO”), it is estimated that the IRS prevented approximately \$24.2 billion in
 21 refunds secured through identity theft in 2013. However, the IRS also paid \$5.8 billion in tax refunds
 22 that it later determined were filed fraudulently. In this report, the GAO acknowledged that because of
 23 the difficulties in knowing the true amount of undetected fraud, the actual amount could far exceed
 24 such estimates.

25 29. According to the GAO, identity theft refund fraud occurs when identity thieves use a
 26 legitimate taxpayer’s identifying information to file a fraudulent tax return and then claim a refund. As
 27 such, it is on information and belief that Plaintiffs allege that identity theft refund fraud is the type of
 28 fraud that Defendant was intimately familiar with and facilitated by failing to take the steps necessary

1 to safeguard Plaintiffs' and the Classes' sensitive personal information. Further, Defendant also
 2 facilitated identity theft refund fraud as it pertained to third party non-customers, in which it allowed
 3 fraudsters to create phony TurboTax accounts so as to file fraudulent tax filings in third party non-
 4 customers' names.

5 **D. The Age of Massive Data Breaches**

6 30. Defendant's failure to take the necessary steps to safeguard its customers' extremely
 7 sensitive personal data is even more troublesome in light of the recent surge in massive data breaches
 8 experienced by large corporations such as Home Depot, Chase Bank, Target, Sony, Premera Blue
 9 Cross, and Anthem Blue Cross. As the result of these massive data breaches, companies such as
 10 Intuit's TurboTax should have known that its customers' personal data was at an even greater risk of
 11 being stolen and used for fraudulent tax returns by cybercriminals.

12 31. Over the past year alone, millions of people have fallen prey to identity theft through
 13 massive data breaches at some of the nation's largest companies. The following are examples of the
 14 largest data breaches in recent times:

- 15 a. In September 2014, Home Depot, the world's largest home improvement chain,
 16 confirmed that a total of 56 million credit and debit cards were affected by a data
 17 breach;
- 18 b. In June and July 2014, JP Morgan Chase, the nation's largest bank by assets,
 19 confirmed that it had experienced a massive data breach that affected 76 million
 20 households and 7 million small businesses;
- 21 c. In early December 2014, Sony's system was hacked, resulting in the theft of
 22 47,000 social security numbers, which subsequently appeared more than 1.1
 23 million times on 601 publicly-posted files stolen by hackers;
- 24 d. In January 2014, it was revealed that Target Corporation's holiday data breach
 25 affected up to 70 million people, who had their names, mailing addresses, phone
 26 numbers, and email addresses stolen by hackers;

e. In January 2015, it was revealed that health insurance giant Premera Blue Cross experienced a data breach involving the personal data of approximately 80 million members across the country.

f. In February 2015, Anthem, Inc., the country's second largest health insurer, announced that its systems had been compromised in a massive data breach, in which a total of 78.8 million records were stolen, including 8.8 to 18.8 million records of non-customers.

32. Yet in light of the increase in massive data breaches in recent times, at the beginning of the tax season for 2014, Intuit failed to implement stricter cyber security measures. Based on information and belief, Plaintiffs allege that Defendant's failure to implement such measures allowed cybercriminals easier access to customers' personal data, which has resulted in an extreme 3,700 percent increase in fraudulent state tax refund filings during this tax season.

E. The 2015 Spike in Fraudulent E-Filings

33. In early February 2015, just as tax season began to get underway, Intuit announced that it had heard from a "small handful of states" that noticed an increase in suspicious tax filings. As such, Defendant was forced to halt TurboTax's transmission of state e-filing tax returns for approximately 24 hours on February 5, 2015.

34. On February 5, 2015, the same day Intuit suspended its transmission of state e-filed tax returns, more than 100 tax officials from approximately 19 states participated in a conference call organized by the Federation of Tax Administrators to discuss the recent surge in fraudulent tax filings.

35. Shortly thereafter, Utah tax officials announced that a total of 19 states had identified potential fraud issues. Alabama tax officials reported identifying as many as 16,000 suspicious tax returns through TurboTax, whereas Minnesota tax officials had stopped accepting individual tax returns transmitted through TurboTax. Massachusetts and Vermont officials announced that they had temporarily stopped issuing tax refunds in order to avoid issuing fraudulent tax refunds and to ensure that the refunds reached the proper recipient. Additionally, Utah tax officials announced that *all* potentially fraudulent tax returns identified in the state had been filed through TurboTax.

1 36. Despite security experts calling upon Intuit for years to enhance the security features of
2 TurboTax by implementing a two-step authentication for customers, it was not until February 13, 2015,
3 that the company actually implemented this very basic security measure. In fact, according to security
4 experts, email and social media companies had already been utilizing a two-step authentication process
5 *for years* when Intuit finally decided to do so more than a week after it was forced to suspend its state
6 tax e-filing operations.

7 **F. SEC Whistleblower Action: Intuit Prioritizes Profits Over Security Measures**

8 37. Shortly after Defendant suspended its transmission of state e-filing tax returns, two
9 former security employees of Intuit, one of which has filed an official whistleblower complaint with the
10 SEC, reported that the company had made millions of dollars in knowingly processing state and federal
11 tax refunds filed by cybercriminals.

12 38. The first former employee to publicly allege Intuit's mishandling of fraudulent tax
13 filings was Robert Lee, a former security business partner at Intuit's consumer tax group, who left the
14 company in July 2014. In interviews with certain media outlets, Lee alleged that he and his team at
15 Intuit had developed a fraud model that would have assisted Intuit in quickly identifying accounts that
16 were being used by fraudsters to commit massive amounts of identity theft refund fraud. As reported
17 by the media, Mr. Lee stated that Intuit repeatedly refused to adopt basic cyber security policies that
18 would have made it more difficult for fraudsters to use the company's software for tax refund fraud,
19 such as blocking the re-use of the same Social Security number across a number of TurboTax accounts,
20 or preventing the same account from filing more than a small number of tax returns. Further, Mr. Lee
21 alleged that when he and his team found that millions of TurboTax accounts were used exclusively for
22 filing fraudulent returns, Intuit management expressly forbade Lee's team from either flagging or
23 turning off such TurboTax accounts. According to Mr. Lee, while Intuit used to be an industry leader
24 in alerting the IRS with regular reports regarding suspicious tax filings, he alleges that Intuit eventually
25 scaled back these reports after noticing that the overall number of fraudulent filings the IRS reported
26 was not decreasing. Mr. Lee alleged that Intuit decided to scale back its reports when it noticed that
27 fraudsters were taking their tax fraud business to TurboTax's competitors, which resulted in a decrease
28

1 in the company's revenues. According to Mr. Lee, when Intuit stopped or delayed sending the IRS its
2 fraud numbers, it noticed an increase in fraud but also realized an increase in revenues.

3 39. Additionally, Shane MacDougall, a former principal security engineer at Intuit, who had
4 just recently resigned from the company in early February 2015, filed an official whistleblower
5 complaint with the SEC. In doing so, Mr. MacDougall alleged that Intuit systematically prioritized
6 profits over ethics when it came to its processing of fraudulent tax filings. According to Mr.
7 MacDougall's SEC filing, he repeatedly raised issues with Intuit management and executives about
8 trying to rectify ongoing tax fraud, but was continuously rebuffed and told that Intuit could not do
9 anything that would "hurt the numbers."

10 **G. On-Going Investigations**

11 40. TurboTax's recent surge in fraudulent tax filings has given rise to both Federal Bureau
12 of Investigation agents and IRS criminal investigators looking into the TurboTax incident to determine
13 the extent of the fraud and how it was perpetrated. Additionally, the Senate Finance Committee has
14 launched its own investigation into the recent surge in identity theft and tax fraud. As such, Committee
15 investigators are currently interviewing tax preparation companies, state tax commissioners, and the
16 two former Intuit employees that have publicly accused Intuit of failing to report, or delaying the
17 reporting of, instances of identity theft tax fraud to the IRS. Further, in March 2015, Intuit announced
18 that it had also received inquiries from the U.S. Department of Justice and the Federal Trade
19 Commission regarding the sudden surge in fraudulent filings submitted through TurboTax.

20 **THIS CLASS ACTION**

21 41. In light of the above, this action arises from Defendant's failure to take commercially
22 reasonable measures in protecting its customers' sensitive personal and financial data. As a leader in
23 the tax preparation software market, assisting millions of American taxpayers in filing their tax returns,
24 Intuit is in the business of maintaining its customers' most private of information. Accordingly, Intuit
25 has an affirmative duty to take all reasonable measures in protecting customers' data and safeguarding
26 it from cybercriminals.

27 42. Plaintiffs allege that Intuit failed to fulfill its legal duty to protect its customers' sensitive
28 personal and financial information by allowing identity thieves to file thousands or even millions of

1 fraudulent tax filings by using Plaintiffs' and the Classes' personal data as maintained by TurboTax.
2 Additionally, Intuit also failed to detect and prevent identity compromise of third party non-customers
3 by allowing identity thieves to file fraudulent tax returns through TurboTax.

4 43. On information and belief, Plaintiffs allege that TurboTax facilitated this third party tax
5 fraud by failing to implement and then take necessary and adequate security precautions to safeguard its
6 data and data security infrastructure, and to detect and prevent identity compromise for both customer
7 and non-customer personal and sensitive information. Plaintiffs allege that Defendant's negligent
8 mishandling of fraudulent tax filings facilitated the theft of billions of tax dollars by cybercriminals to
9 file thousands of fraudulent tax returns through the use of its software.

10 44. On information and belief, Plaintiffs allege that Intuit knew or should have known that
11 cybercriminals were routinely utilizing its software to file fraudulent tax filings in the names of its
12 customer and non-customer identity theft victims.

13 45. Additionally, Plaintiffs allege that Intuit has failed to notify customers as to the fact that
14 their personal information, as maintained by Intuit, had been used to file fraudulent tax returns.
15 Further, Intuit also failed to notify non-customers as to the fact that their personal information had been
16 improperly used to file fraudulent tax returns.

17 46. The recent history of cyber security breaches and warnings that are now ubiquitous as to
18 the threat posed by data breaches have placed companies that maintain customers' personal and
19 financial data on notice of their duty to safeguard such data from cybercriminals. Intuit's TurboTax, as
20 the industry leader in tax preparation software, should have been among the first companies to
21 implement top-of-the-line cyber security measures that exceed industry standards. Certainly that is
22 what TurboTax customers expect of the company that provides the tax preparation software into which
23 they input their personal information each year for the purpose of filing their taxes.

24 47. This expectation is supported by the agreement that Intuit entered into with customers.
25 In a section entitled "Privacy and Use of Personal and Tax Return Information" in the Intuit Software
26 End User License Agreement TurboTax Desktop Software-Tax Year 2010, Intuit stated:

27 "At Intuit we place the highest importance on respecting and protecting
28 the privacy of our customers. Our most important asset is our relationship

1 with you. We want you to feel comfortable and confident when using our
 2 products and services and with entrusting your personal and tax return
 3 information to us”

4 48. Unfortunately, Intuit’s promises were not fulfilled by its conduct in failing to protect
 5 consumers’ data from foreseeable and preventable breaches, or by preventing fraudulent tax filings on
 6 behalf of its customers through TurboTax. Contrary to its express representations that it keeps data,
 7 Intuit also failed to meet customers’ reasonable expectations. Rather than protecting customers’
 8 personal and financial information by implementing stricter security measures, TurboTax has instead
 9 knowingly facilitated identity theft tax refund fraud by allowing cybercriminals easy access to its
 10 customers’ most private information.

11 **PLAINTIFFS’ EXPERIENCES**

12 **A. Plaintiff Christine Diaz’s Experience**

13 49. In or about late 2010 or early 2011, Plaintiff Diaz purchased the right to use the online
 14 version of TurboTax’s software in order to file her 2010 joint tax return with her husband.
 15 Subsequently, Plaintiff Diaz and her husband came to the conclusion that the online version was not
 16 robust enough to meet their tax filing needs. Thus, Plaintiff Diaz and her husband purchased from
 17 Intuit the right to download and use the desktop version of TurboTax in order to file her and her
 18 husband’s 2010 joint tax return.

19 50. Plaintiff Diaz then provided to Intuit through the TurboTax software the personal
 20 information necessary to file her joint tax return through TurboTax, including both her and her
 21 husband’s social security number, email address, residential address, telephone number, bank account
 22 information, date of birth, and other personal information.

23 51. In providing this highly important personal data to Intuit, Plaintiff Diaz had a reasonable
 24 expectation that Defendant would have in place reasonable and appropriate security measures to insure
 25 that her and her husband’s personal data were secure.

26 52. In 2011, Plaintiff Diaz electronically filed her 2010 state of Ohio and federal tax returns
 27 through TurboTax.
 28

1 53. In purchasing the right to use Defendant's tax preparer software to file tax returns
2 through TurboTax, Plaintiff Diaz entered into an agreement with Intuit. Based on information and
3 belief that agreement is the 2010 Tax year agreement attached as Exhibit 1. Included within that
4 agreement are the following provisions:

- 5 a. that TurboTax imposes a limit of three State e-filings per each federal return;
- 6 b. that pursuant to IRS requirements, Intuit would notify the IRS of the IP address
7 from which the return originated;
- 8 c. that Intuit places the highest importance on protecting the privacy of its
9 customers, and that customers should feel comfortable and confident that their
10 personal data is being protected by Intuit;
- 11 d. that the agreement would be governed by California law and applicable federal
12 law; and
- 13 e. That any federal court filings would be filed in the Northern District of
14 California.

15 54. Plaintiff Diaz has not utilized TurboTax since filing her joint tax returns in 2010.

16 55. In or about January 2015, Plaintiff Diaz learned that there had been fraudulent state tax
17 filings purportedly on her behalf in Michigan, Missouri, Ohio, and Oklahoma, and a federal tax filing
18 with the IRS.

19 56. In March 2015, approximately four years from the last time Plaintiff Diaz utilized
20 TurboTax, Plaintiff received a bill from TurboTax for \$242.75 for the purported e-filing of 2014 state
21 tax returns in Michigan, Missouri, Ohio, and Oklahoma, and for filing a federal home and business tax
22 return.

23 57. At the time that Plaintiff Diaz learned of the multiple fraudulent filings, she had not yet
24 submitted her tax returns for 2014. In fact, Plaintiff Diaz has not entered any information into
25 TurboTax's system since 2011.

26 58. Further investigation revealed that someone had fraudulently filed these tax returns
27 purportedly on Plaintiff Diaz's behalf through TurboTax.
28

59. On March 29, 2015, Plaintiff Diaz's husband called TurboTax about the fraudulent filings through TurboTax. He was advised by Intuit only that the fraudulent filings were made on January 26, 2015. Intuit refused to give any more information. He was advised that someone from Intuit would be in contact with him, but as of the date of this filing, no one from Intuit has contacted him.

60. As a result of this fraud through TurboTax, Plaintiff Diaz and/or her husband have spent more than 30 hours dealing with the ramifications of this fraud. Further, because of this fraud, Plaintiff Diaz is no longer eligible for electronic filing of her tax returns. The result is that tax refunds will be delayed for a significant period of time.

61. Further, because Intuit permitted fraudsters' access to her account information through lax security controls in violation of its contract with users and its obligations to secure private and sensitive data, Plaintiff Diaz is at a heightened risk of further identity theft requiring her to pay indefinitely for on-going credit monitoring.

B. Plaintiff Michelle Fugatt's Experience

62. Plaintiff Michelle Fugatt has never been a customer of TurboTax. She has not at any time provided information to TurboTax or authorized it to file any tax returns on her behalf.

63. On or about March 3, 2015, Plaintiff Fugatt learned that a fraudulent federal tax return had been filed under her name, when she received a bill from Intuit seeking payment for using the TurboTax services to file the tax return. Plaintiff Fugatt had not yet filed her 2014 tax return.

64. Since learning of the fraud, Plaintiff Fugatt has had to spend considerable time dealing with the ramifications of the fraud. Further, because of this fraud, Plaintiff Fugatt is no longer eligible for electronic filing of her tax returns. The result is that tax refunds will be delayed for a significant period of time and the delay in payment will cause considerable hardship upon her. Further, the fraudulent return was for much greater income than should have properly been claimed for Plaintiff Fugatt, and there is a reasonable concern that this could cause her to lose eligibility for certain government programs.

65. Further, because of Intuit's actions, Plaintiff Fugatt is at a heightened risk of further identity theft requiring her to pay indefinitely for on-going credit monitoring.

CLASS ALLEGATIONS

66. Plaintiffs bring this action on their own behalf, and on behalf of the following Classes pursuant to Federal Rules of Civil Procedure, Rule 23(a), 23(b)(2), 23(b)(3), and 23(c)(4). Specifically, the Classes are defined as follows:

Fraudulent Tax Return Filing Class

(Represented by Class Representative Christine Diaz and Michelle Fugatt)

All consumers and businesses in the United States who were the victim of fraudulent tax returns filed in their name through TurboTax.

(This class may be divided into sub-classes of those Plaintiffs and class members who had previously utilized TurboTax services and those who had not. This class or sub-class may proceed as a national class or be divided into sub-classes for Plaintiffs and class members of individual states.)

Data Breach Victim Class

(Represented by Class Representative Christine Diaz)

All consumers and businesses in the United States whose data was provided to Intuit through TurboTax and, while that data was being held by Intuit, subsequently accessed by unauthorized persons.

(This class or sub-class may proceed as a national class or be divided into sub-classes for Plaintiffs and class members of individual states.)

67. Together, these Classes shall be referred to herein as the “Class.” Excluded from the Class is Defendant, its affiliates, employees, officers and directors, persons or entities that purchased and utilized TurboTax services, as well as the Judge(s) assigned to this case. Plaintiffs reserve the right to modify, change, or expand the Class definition.

68. Numerosity: Upon information and belief, the Class is so numerous that joinder of all members is impracticable. While the exact number and identities of individual members of the Class are unknown at this time, such information being in the sole possession of Defendant and obtainable by Plaintiffs only through the discovery process, Plaintiffs believe, and on that basis allege, that thousands of fraudulent tax filings in Turbo Tax customers’ names were generated through TurboTax and potentially millions of TurboTax’s customers data has been accessed.

69. Existence and Predominance of Common Questions of Fact and Law: Common questions of law and fact exist as to all members of the Class. These questions predominate over the questions affecting individual Class members. These common legal and factual questions include, but are not limited to:

- a. whether Defendant failed to reasonably securely store and protect customer data provided to them through the TurboTax software program;
- b. whether TurboTax was systematically used to file fraudulent tax returns for Intuit's TurboTax customers;
- c. whether Defendant failed to reasonably prevent fraudulent opening of account for class members for the purpose of fraudulently filing tax returns in the name of these class members;
- d. whether TurboTax was systematically used to fraudulently open accounts for class members for the purpose of fraudulently filing tax returns in the name of these class members;
- e. whether Intuit customers' private data was breached;
- f. whether Defendant failed to notify customers as to fraudulent tax filings in their name;
- g. whether Defendant's facilitation of third party fraud is common to all or some of the Class members;
- h. whether Defendant knowingly failed to disclose the existence and cause of the surge in fraudulent tax filings for the 2014 tax season;
- i. whether Defendant's conduct violated the causes of action herein alleged;
- j. whether, as a result of Defendant's conduct in this case, Plaintiffs and members of the Class have suffered an ascertainable loss of monies and/or property and/or value; and
- k. whether Plaintiffs and Class members are entitled to monetary damages and/or other remedies, and, if so, the nature of any such relief.

70. Typicality: All of Plaintiffs' claims are typical of the claims of the Class they seek to represent. Furthermore, Plaintiffs and all members of the Class sustained monetary and economic injuries including, but not limited to, ascertainable losses arising out of Defendant's wrongful conduct. Plaintiffs are advancing the same claims and legal theories on behalf of themselves and all absent Class members. California law is the governing law as called for in Intuit's contract with customers.

71. Adequacy: All Plaintiffs are adequate representatives because their interests do not conflict with the interests of the Class that they seek to represent, they have retained counsel competent

1 and highly experienced in complex class action litigation, and they intend to prosecute this action
2 vigorously. The interests of the Class will be fairly and adequately protected by Plaintiffs and their
3 counsel.

4 72. Superiority: A class action is superior to all other available means of fair and efficient
5 adjudication of the claims of Plaintiffs and members of the Class. The injury suffered by each
6 individual Class member is relatively small in comparison to the burden and expense of individual
7 prosecution of the complex and extensive litigation necessitated by Defendant's conduct. It would be
8 virtually impossible for members of the Class individually to redress effectively the wrongs done to
9 them. Even if the members of the Class could afford such individual litigation, the court system could
10 not. Individualized litigation presents a potential for inconsistent or contradictory judgments.
11 Individualized litigation increases the delay and expense to all parties, and to the court system,
12 presented by the complex legal and factual issues of the case. By contrast, the class action device
13 presents far fewer management difficulties, and provides the benefits of single adjudication, an
14 economy of scale, and comprehensive supervision by a single court. Upon information and belief,
15 members of the Class can be readily identified and notified based on, *inter alia*, Defendant's customer
16 database and records of complaints.

17 73. Defendant has acted, and refused to act, on grounds generally applicable to the Class,
18 thereby making appropriate final equitable relief with respect to the Class as a whole.

19 74. This action is properly maintained as a Class Action pursuant to Rule 23(b) of the
20 Federal Rules of Civil Procedure, in that:

21 a. Without class certification and determination of declaratory, injunctive, statutory and
22 other legal questions within the class format, prosecution of separate actions by individual members of
23 the Class will create the risk of:

24 i. Inconsistent or varying adjudications with respect to individual members
25 of the Class which would establish incompatible standards of conduct for the parties opposing the
26 Class; or

27 ii. Adjudication with respect to individual members of the Class which
28 would as a practical matter be dispositive of the interests of the other members not parties to the

1 adjudication or substantially impair or impede their ability to protect their interests;

2 b. The parties opposing the Class have acted or refused to act on grounds generally
3 applicable to each member of the Class, thereby making appropriate final injunctive or corresponding
4 declaratory relief with respect to the Class as a whole; or

5 c. Common questions of law and fact exist as to the members of the Class and
6 predominate over any questions affecting only individual members, and a Class Action is superior to
7 other available methods of the fair and efficient adjudication of the controversy, including
8 consideration of:

9 i. The interests of the members of the Class in individually controlling the
10 prosecution or defense of separate actions;

11 ii. The extent and nature of any litigation concerning controversy already
12 commenced by or against members of the Class;

13 iii. The desirability or undesirability of concentrating the litigation
14 of the claims in the particular forum;

15 iv. The difficulties likely to be encountered in the management of a
16 Class Action.

17 **FIRST CAUSE OF ACTION**

18 **VIOLATION OF CALIFORNIA UNFAIR COMPETITION LAWS**

19 **(Cal. Bus. & Prof. Code § 17200)**

20 **(On Behalf of the Fraudulent Tax Return Filing Class and Data Breach Victim Class)**

21 75. Plaintiffs and the Class incorporate by reference each preceding and succeeding
22 paragraph as though fully set forth at length herein.

23 76. California Unfair Competition Law (“UCL”) prohibits acts of “unfair competition,”
24 including any “unlawful, unfair or fraudulent business act or practice” and “unfair, deceptive, untrue or
25 misleading advertising.” Cal. Bus. & Prof. Code § 17200.

26 77. Defendant has engaged in unfair competition and unfair, unlawful, or fraudulent
27 business practices by the conduct described above, and by knowingly or carelessly failing to secure
28 data, failing to adequately confirm the identifier of the person or business filing the tax return, and

1 facilitating third party tax fraud, thereby increasing its revenues. Further, Defendant should have
2 disclosed this information to affected customers because it was in a superior position to know the true
3 facts related to the extent of the third party tax fraud being committed with the assistance of Intuit's
4 TurboTax software. Additionally, Plaintiffs and Class members could not reasonably be expected to
5 learn or discover the true facts related to Defendant's facilitation of third party tax fraud.

6 78. The sudden surge in fraudulent tax filings that took place during this year's tax season
7 constitutes a cyber security issue that triggered Intuit's duty to disclose its cyber security and fraudulent
8 filings issues to affected consumers.

9 79. These acts and practices have deceived Plaintiffs, and are likely to deceive the public, in
10 terms of how secure their data is under Defendant's care. In failing to notify Plaintiffs and the Class
11 members as to the fraudulent tax filings made in their names, Defendant breached its duty to disclose
12 these facts, violated the UCL, and caused injuries to Plaintiffs and the Class members. Defendant's
13 failure to notify affected customers as to the fraudulent filings made in their name and generated by
14 TurboTax pertained to information that was material to Plaintiffs and Class members, as it would have
15 been to all reasonable consumers.

16 80. The application of this California statute to customers outside the state of California is
17 proper because the contract with customers dictates California law governs any disputes under the
18 contract and that Intuit is a resident of California, and based on information and belief, all or a
19 substantial number of the decisions leading to the claims by Intuit were made and carried out in the
20 state of California.

21 81. The injuries suffered by Plaintiffs and the Class members are greatly outweighed by any
22 potential countervailing benefit to consumers or to competition, nor are they injuries that Plaintiffs and
23 the Class members could have reasonably avoided. Furthermore, to the extent Defendant has discretion
24 in choosing and implementing security measures and providing notice of fraudulent conduct, it has not
25 done so reasonably and in good faith.

26 82. Defendant's acts and practices are unlawful because they violate California Civil Code
27 §§ 1798.81.5 and 1798.82, and other additional federal and state statutes and regulations.
28

83. Plaintiffs seek to enjoin further unlawful, unfair, and/or fraudulent acts or practices by Defendant, to obtain restitutionary disgorgement of all monies and revenues generated as a result of such practices, and all other relief allowed under California Business and Professions Code section 17200.

SECOND CAUSE OF ACTION

VIOLATION OF CALIFORNIA'S CUSTOMER RECORDS ACT

(Cal. Civ. Code §§ 1798.81.5, 1798.82)

(Data Breach Victim Class)

84. Plaintiffs and the Class incorporate by reference each preceding and succeeding paragraph as though fully set forth at length herein.

85. “[T]o ensure that personal information about California residents is protected,” the California legislature enacted California Civil Code section 1798.81.5, which requires that any business that “owns or licenses personal information about a California resident shall implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal information from unauthorized access, destruction, use, modification, or disclosure.”

86. By failing to implement reasonable measures to protect its customer’s personal data, Intuit violated California Civil Code section 1798.81.5.

87. Additionally, by failing to promptly notify all affected TurboTax customers that fraudsters had used TurboTax to file fraudulent tax returns in the customer’s name, Intuit violated California Civil Code section 1798.82 of the same title.

88. By violating California Civil Code sections 1798.81.5 and 1798.82, Intuit “may be enjoined” under Civil Code section 1798.84(e).

89. Additionally, Intuit’s violations of California Civil Code section 1798.81.5 and 1798.82 constitute an unlawful act or practice under California’s Unfair Competition Law (“UCL”), Cal. Bus. & Prof. Code § 17200 *et seq.*, which affords the Court discretion to enter whatever orders it concludes is necessary to prevent future unlawful acts or practices.

90. Accordingly, Plaintiffs request that the Court enter an injunction requiring Intuit to implement and maintain reasonable security measures, including, but not limited to, ordering that

Intuit: (1) utilize strong industry encryption algorithms; (2) implement the same two-step authentication process that email and social networking companies have implemented for years; (3) return to its previous practice of flagging and reporting fraudulent tax filings to the IRS in a timely manner; (4) engage in third party security audits/tests as well as internal security personnel to conduct testing, including simulated attacks, penetration tests, and audits on TurboTax's systems periodically, consistent with industry standard practices; (5) engage third party security auditors and internal security personnel to run automated security monitoring, consistent with industry standard practices; (6) audit, test, and train its security personnel regarding any new or modified procedures; (7) conduct regular database scanning and security checks, consistent with industry standard practices; (8) periodically conduct internal training and education to inform internal security personnel how to identify and contain a data breach when/if one occurs and what to do in response to a potential data breach, consistent with industry standard practices; and (9) disclose to affected customers the date, data, and circumstances of any data that was accessed and/or utilized by unauthorized persons.

91. Further, Plaintiffs request that the Court require Intuit to identify and notify all members of the Nationwide and Contract Classes within 24 hours of Intuit discovering that their personal information has been compromised by cybercriminals.

THIRD CAUSE OF ACTION

AIDING AND ABETTING FRAUD

(On Behalf of the Fraudulent Tax Return Filing Class and Data Breach Victim Class)

92. Plaintiffs and the Class incorporate by reference each preceding and succeeding paragraph as though fully set forth at length herein.

93. Plaintiffs bring this action for aiding and abetting under the common law rule for imposing liability based on aiding and abetting, which has been adopted by California courts.

94. On information and belief, Plaintiffs allege that Intuit had actual knowledge that fraudsters were repeatedly filing fraudulent tax returns in TurboTax customers' and non-customers' names that were then filed by fraudsters using TurboTax.

1 95. On information and belief, Defendant knew that there was a great possibility that tax
2 fraudsters would use TurboTax customers' personal information obtained through Intuit or from other
3 sources to file fraudulent tax returns through TurboTax.

4 96. Further, Defendant substantially aided and assisted in the fraudulent filing of tax returns
5 by failing to implement appropriate procedures to prevent the fraudulent filing of false tax returns by
6 the use of Turbo Tax software and to ensure that the person filing tax returns with Turbo Tax software
7 is actually that person and not an imposter.

8 97. On information and belief, Plaintiffs allege that Defendant substantially aided and
9 assisted the perpetrators of fraudulent tax return filings by failing to employ commercially reasonable
10 means of verifying that the person filing taxes through a TurboTax account is indeed that person and
11 not an imposter.

12 98. Additionally, Defendant substantially aided and assisted the fraudsters by transmitting
13 the fraudulent tax returns in Plaintiffs' and Class members' names to the IRS.

14 99. Finally, rather than timely notifying the IRS and the affected TurboTax customer as to
15 the fraudulent filings transmitted through TurboTax, Defendant substantially aided and assisted the
16 perpetrators of the imposter fraud by failing or delaying to flag such fraudulent filings.

17 100. As a result of Defendant's breach, Plaintiffs and the Classes have suffered harm, as they
18 have been exposed to identity theft and tax fraud, and seek relief as prayed for below.

19 **FOURTH CAUSE OF ACTION**

20 **NEGLIGENT ENABLEMENT OF THIRD PARTY IMPOSTER FRAUD**

21 **(Fraudulent Tax Return Filing Class)**

22 101. Plaintiffs and the Class incorporate by reference each preceding and succeeding
23 paragraph as though fully set forth at length herein.

24 102. On information and belief, Plaintiffs allege that Intuit knew or should have known that
25 fraudsters were repeatedly filing fraudulent tax returns in TurboTax customers' names that were then
26 filed by fraudsters using TurboTax.

Intuit's duty was a responsibility to implement a process by which it could detect a breach of its security systems and any fraudulent filings in a reasonably expeditious period of time.

112. Intuit breached its duty of care by failing to fulfill its legal duty to protect its customers' sensitive personal and financial information by allowing identity thieves to file thousands or even millions of fraudulent tax filings by using Plaintiffs' and the Classes' personal data as maintained by TurboTax. Additionally, Intuit breached its duty of care by failing to detect and prevent identity compromise of third party non-customers by allowing identity thieves to file fraudulent tax returns through TurboTax.

113. Given the risks associated with data breaches and identity theft, Intuit also assumed a duty of care to promptly and fully notify and inform its customers should their personal information be compromised or if any fraudulent filings were made in their name through a fraudster's use of TurboTax.

114. By failing to implement the proper cyber security measures to ensure that Plaintiffs' and Class members' personal and financial data was safeguarded from fraudsters and cybercriminals, Intuit breached its duty of care.

115. As a result of Defendant's breach, Plaintiffs and the Classes have suffered harm, as they have been exposed to identity theft and tax fraud, and seek relief as prayed for below.

SIXTH CAUSE OF ACTION

BREACH OF CONTRACT

(On Behalf of the Data Breach Victim Class and the Fraudulent Tax Return Class)

116. Plaintiffs and the Class incorporate by reference each preceding and succeeding paragraph as though fully set forth at length herein.

117. Plaintiffs bring this action for breach of contract under California law, pursuant to the choice of law provision set forth in Intuit's contract with all of its customers.

118. As such, Plaintiffs acknowledge that this breach of contract claim would not apply to those members of the Fraudulent Tax Return Class, who as non-customers did not enter into a customer agreement with Intuit's TurboTax. However, if the Fraudulent Tax Return Class is later divided into

1 sub-classes, then Plaintiff's breach of contract claim would apply to the sub-class comprised of Class
2 members who are currently or were TurboTax customers.

3 119. Defendant entered into written contracts with Plaintiffs and the Class in which it agreed
4 to: (1) impose a limit of three state e-files per every one federal return; and (2) protect the data
5 provided it to by the customer.

6 120. Additionally, as part of its written agreement with Plaintiffs and the Classes, Intuit
7 stated, "We want you to feel comfortable and confident when using our products and services and with
8 entrusting your personal and tax return information with us." However, as Defendant's conduct
9 described above illustrates, Defendant failed to act in accordance with this express contractual term as
10 it continuously facilitated third party tax fraud to be committed without flagging such filings to the IRS
11 or state tax agencies. In doing so, Defendant placed its own profits above the security of its customers'
12 most sensitive personal and financial data.

13 121. Additionally, there is an implied covenant of good faith and fair dealing regarding
14 contractual obligations Intuit made to its customers who had entered contracts with it, that there data
15 would be secure and that Intuit would take reasonable and good faith measures to protect customers
16 from fraudsters using TurboTax to file fraudulent tax returns in the name of customers.

17 122. As such, Defendant breached its express and implied contractual obligations by failing
18 to safeguard the personal and financial information of Plaintiffs and the Classes; by failing to prevent
19 the fraudulent filing of tax returns; and by failing to timely notify customers that their personal and
20 financial information had been compromised by fraudsters.

21 123. Meanwhile, Plaintiffs and the Class members have performed all conditions, covenants,
22 and promises required by each of them on their part to be performed in accordance with the terms and
23 conditions of the contract.

24 124. As a direct and proximate result of Intuit's breach of express terms and implied
25 covenants of the contract, Plaintiffs and the Class members have been injured and damaged in an
26 amount to be proven at trial, which shall include, but is not limited to all compensatory damages,
27 incidental and consequential damages, and other damages allowed by law.
28

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, on behalf of themselves and members of the Classes, respectfully requests that this Court:

- A. determine that the claims alleged herein may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and issue an order certifying one or more Classes as defined above;
- B. appoint Plaintiffs as the representatives of the Classes and their counsel as Class counsel;
- C. award all actual, general, special, incidental, statutory, equitable, punitive, and consequential damages and restitution to which Plaintiffs and the Class members are entitled;
- D. award pre-judgment and post-judgment interest on such monetary relief;
- E. grant appropriate injunctive and/or declaratory relief, including, without limitation, an order that requires Defendant to implement stricter cyber security measures that will adequately safeguard customer's most sensitive personal and financial data moving forward;
- F. award reasonable attorneys' fees and costs, pursuant to the customer agreement, California Civil Procedure § 1021.5, California Civil Code § 1798.84(g), and other relevant statutes; and
- G. grant such further relief that this Court deems appropriate.

Dated: April 20, 2015

Respectfully submitted,
McCUNEWRIGHT LLP

By: /s/ Richard D. McCune
Richard D. McCune
Attorneys for Plaintiffs and Putative Classes

JURY DEMAND

Plaintiffs, on behalf of themselves and the putative Classes, demand a trial by jury on all issues so triable.

Dated: April 20, 2015

McCUNEWRIGHT LLP

By: /s/ Richard D. McCune
Richard D. McCune
Attorneys for Plaintiffs and Putative Classes

EXHIBIT “1”

EX. 1

INTUIT SOFTWARE END USER LICENSE AGREEMENT TURBOTAX DESKTOP SOFTWARE- TAX YEAR 2010

Thank you for selecting the software offered by Intuit Inc. and/or its subsidiaries ("Intuit," "we," "our" or "us"). This software license agreement, including the Special Terms, General Terms and the TurboTax Privacy Statement incorporated into this agreement by reference (collectively, the "Agreement") is a legal agreement between you ("you," "your," "licensee"), and Intuit. It gives you certain rights and responsibilities depending on the software you selected as more fully described below in Section A-1 (collectively, the "Software"). By clicking I AGREE, and/or accessing or using the Software, you indicate that you have read and understood and agree to be bound by the terms of this Agreement. If you do not agree to the terms of this Agreement, you are not granted any rights in the Software, and you will not be able to install, access or use the Software. If you do not accept this Agreement, you may return the Software with your dated receipt to the place of purchase within 60 days of your license purchase for a full refund. If the store is unwilling to issue a refund or you obtained the Software directly from Intuit, you may return it for a refund to the address indicated in Section 6, below. Your access to or use of the Software may also be subject to your acceptance of separate agreements with Intuit and / or third parties.

This Agreement incorporates by reference applicable program, subscription, ordering and pricing terms provided to you online or offline for the Software selected by you and for other Intuit products made available to you through this Software, which may be subject to change from time to time. These terms will also govern your continued purchases and use of the Software, including such additional Intuit internet based products made available to you through the Software you have selected. The Special Terms and Conditions will prevail over the General Terms and Conditions if there is any conflict or inconsistency between the Special Terms and Conditions and the General Terms and Conditions. You may print this document by clicking on the print button or by going to the TurboTax web site at www.turbotax.com (<http://www.turbotax.com>) to access and print a copy of it.

A. SPECIAL TERMS AND CONDITIONS

1. **Products and Services Covered.** In addition to the TurboTax federal and/or state tax preparation software ("TurboTax"), the term "Software" as used in this Agreement includes: (i) the ItsDeductible donation valuation software that you will be presented with an opportunity to use if you purchase certain versions of the Software license, (ii) the Software's related internet-based components, and (iii) any updates or maintenance releases that we may provide or make available for the Software. This Agreement also includes certain special provisions and disclosures relating to services provided by Third Party providers, including Refund Processing Services permitting you to have any fees paid from the proceeds of your tax refund. Those provisions include use of your bank account information to permit your bank account to be debited in certain circumstances. See A.8 and B.4, below. Some Software and Services may be accompanied by, and will be subject to, additional terms.

2. Supplemental License Grant and Restrictions. In addition to the General License Grant you may: (i) install and use a copy of the Software on one or more computers owned by you (at home or at work); (ii) use the Software only to prepare, print and/or electronically file federal 2010 tax year returns and related state tax returns as described below; and (iii) make one backup copy of the Software for personal use as permitted under this license grant.

A. TurboTax Basic, Deluxe, Premier, Home & Business.

1. For TurboTax Basic and TurboTax Deluxe Federal-only (i.e., the Deluxe version that contains functionality only to prepare a federal return):
 - a. You may prepare, print and e-file federal returns.
 - b. Additional charges apply for State returns and for State e-filing.
2. For TurboTax Deluxe, Premier, and Home & Business:
 - a. You may prepare, print and e-file federal and State returns.
 - b. Additional charges apply for State e-filing.
3. E-File Restrictions
 - a. The IRS imposes a limit of five federal e-files.
 - b. TurboTax imposes a limit of three State e-files per federal return.

B. TurboTax Business.

1. You may prepare, print and e-file forms 1120, 1120S, 1041 and 1065.
2. You may prepare, print and e-file State returns, at an additional charge per business entity (e.g., after purchasing CA Partnership, you can prepare, print and e-file unlimited CA Partnership returns).
3. The IRS imposes a limit of five federal e-files.

C. Additional Restrictions. You are not licensed or permitted under this Agreement to do any of the following: (1) allow any other person to use the Software; (2) rent, loan, resell, distribute, or redistribute the original CD or a copy of the Software to any other person or entity; (3) make the Software available on any file-sharing or application hosting service; (4) electronically send the Software to any other person; (5) copy the printed materials or user documentation accompanying the Software other than as necessary to support the uses permitted above; (6) use the Software for any commercial purpose (i.e., tax return preparation for a fee); or (7) use the Software to electronically file more than five federal returns. Any person who received the Software through any of the forgoing prohibited methods, or through any method other than purchasing a license for this Software from Intuit or an Intuit authorized reseller, is not authorized to use such Software.

You are not licensed or permitted to use the Software, or allow the Software to be used, to prepare tax returns, schedules or worksheets on a professional or commercial basis (i.e., for a preparer's or other fee). Additionally, you must indemnify and defend Intuit against any claims or lawsuits, including (without limitation) attorneys' fees, that arise from or result from the use of the Software on a professional or commercial basis.

You agree to register as a licensee of the Software (unless you obtained the Software directly from Intuit) so that Intuit can notify you of updates or corrections to the Software and in order to obtain the benefit of any warranties or guarantees given or made by Intuit with respect to the Software or Intuit Services. In this regard, you agree to keep Intuit apprised promptly of any change in your email address, mailing address and/or phone number so that you can be notified of such updates or corrections.

Additionally, the IRS and state tax authorities may release certain final approved tax forms after the Software is made available. To ensure that you have the most up-to-date information and final approved forms, **you must update your copy of the Software using its "Check for Updates" feature before printing or electronically filing your return.**

3. TurboTax Accurate Calculation Guarantee. Intuit works diligently to ensure the accuracy of the calculations on every form prepared using TurboTax. If you are a registered user who has **updated your copy of TurboTax with the most recent update available prior to filing your return** and reviewed your return for reasonableness and you pay an IRS or state penalty and/or interest solely because of a calculation error on a form prepared using TurboTax, and not as a result of, among other things, your failure to enter all required information accurately, willful or fraudulent omission or inclusion of information on your tax return, misclassification of information on the tax return, or failure to file an amended return to avoid or reduce an applicable penalty/interest after Intuit announced updates or corrections to TurboTax in time for you to file an amended return, then Intuit will pay you in the amount of the IRS or state penalty and/or interest paid by you to the IRS or state. (A "registered user" is a user who either registers his/her TurboTax license purchase with Intuit, or has purchased a license to use TurboTax directly from Intuit). You are responsible for paying any additional tax liability you may owe and providing any other information Intuit reasonably requests to validate your claim.

If you believe such a calculation error occurred, you must notify Intuit as soon as you learn of the mistake (and in no event later than 30 days after the penalty or interest is assessed) at <http://support.turbotax.com/go/accuracy> (<http://support.turbotax.com/go/accuracy>), or by mail at Intuit Inc. CTG Tax Analysts, P.O. Box 28867, Tucson AZ 85726-8867. Intuit will then contact you to resolve the issue. To resolve your matter, Intuit may require your TurboTax tax data file and other supporting information such as a copy of the IRS/state notice, evidence of payment of the specified penalty and/or interest, and a copy of your printed tax return.

4. Maximum Refund (or Tax Savings) Guarantee or Your Money Back. If you are a registered user of TurboTax and you receive a larger refund amount or must pay a smaller tax due amount using another tax preparation method other than TurboTax, then Intuit will refund to you the applicable purchase price paid by you for the federal and/or state TurboTax product license you purchased. Claims must be submitted within sixty (60) days of the date you filed your tax return using TurboTax, but no later than June 18, 2011. All other fees are excluded including, electronic filing fees, Audit Defense, Professional Review, Tax Advice, Refund Processing Service and technical support fees. This guarantee cannot be combined with the Satisfaction Guarantee in paragraph number 5 below.

To qualify, the larger refund or smaller tax due cannot be attributed to variations in data you provided for tax preparation or for positions taken by you or your preparer that are contrary to the law. If you received a larger refund amount or must pay a smaller tax due using another tax preparation method other than TurboTax, you must notify Intuit within sixty days of the date you filed your tax return by submitting a claim with the following documents (i) Maximum Refund Guarantee Claim Request Summary, (ii) copy of your TurboTax store sales receipt or shipment packing slip, (iii) copy of your proof of payment for another tax preparation method (if applicable), and (iv) letter stating your refund or tax due amount using TurboTax and your refund or tax due amount using another tax preparation method. Send it to Intuit Inc., Returns Department, 112 Hidden Lake Circle, Duncan, SC 29334. Please use a traceable mailing method and maintain copies of submitted items for your records. Claims of non-payment will require photocopy substantiation of all required items. Please allow up to 6 weeks for

processing and delivery. If after 8 weeks you have not received your check, contact us (<https://turbotax.intuit.com><https://support.turbotax.intuit.com/contact>). To validate your claim, and as a precondition of refund payment, Intuit may require your TurboTax data file and/or other supporting information such as copies of your printed tax returns.

5. Satisfaction Guaranteed (or Guaranteed Easy). If you do not accept this Agreement or if you are not satisfied with the Software, you may uninstall and delete all copies of the Software from your computer(s) and return it within 60 days of purchase to the store where you purchased your license with a dated receipt for a full refund. If the store is unable or unwilling to issue a refund or you obtained the Software directly from Intuit, you may uninstall and delete all copies of the Software and return the Software with a dated receipt or packing slip within 60 days of shipment via U.S. mail to Intuit Inc., Returns Department, PO Box 19004, Greenville, SC 29602-9004 or via UPS to Intuit Inc., Returns Department, 112 Hidden Lake Circle, Duncan, SC 29334. In the case where you purchased a license and obtained the Software directly from Intuit via an Internet download, you may submit a written request to Intuit including your name, contact and product order information to Intuit Inc., Returns Department, PO Box 19004, Greenville, SC 29602-9004.

6. Limited Warranty. If the CD on which the Software is stored is defective, then return the CD to Intuit Inc., Returns Department, PO Box 19004, Greenville, SC 29390-9004 within 60 days of shipment (or in the case of a retail license purchase, within 60 days of purchase) with a dated receipt or packing slip, and a replacement CD will be mailed to you. All warranties or guarantees given or made by Intuit with respect to the Software, Intuit Services or Tax Advice (1) are solely for the benefit of you as the registered user of the Software and are not transferable, and (2) shall be null and void if you breach any term or condition of this Agreement.

7. Intuit Services. Intuit may provide the following or additional Services. You are responsible for providing, at your expense, any access to the Internet and any required equipment. Intuit may at any time change or discontinue any aspect, availability or feature of the Services.

Electronic Filing Services. If you choose to file your return electronically, your tax return will be forwarded to Intuit's Electronic Filing Center, where Intuit will convert it to a standardized format and transmit it to the applicable federal and/or state taxing authority. You are responsible for verifying the status of your return to confirm that it has been received and accepted by the applicable taxing authority and, if necessary, for filing it manually in the event that the taxing authority rejects your electronically filed return (e.g., if the taxpayer name and SSN don't match).

The Internal Revenue Service ("IRS") requires Intuit to notify it, in connection with the electronic filing of your tax return, of the Internet Protocol ("IP") address of the computer from which the return originated and whether the email address of the person electronically filing the return has been collected. By using this electronic filing service to prepare and submit your tax return, you consent to the disclosure to the IRS and any other tax or revenue authority of all information relating to your use of the Electronic Filing Services.

Review and Save Your Return. You agree to review your tax return before electronically filing or mailing it and to print and save a copy (printed and electronic) of any tax return prepared using the Software for your records. To the extent required by applicable law and regulation, Intuit stores and maintains information that you provide to Intuit. Intuit is not required or obligated to provide you with copies of this information. If you require a copy of your tax return, you must contact the IRS.

Import Services. The Software includes a feature that allows you to import certain tax-related information from participating payroll processors and financial institutions, personal financial software such as Quicken®, business financial software such as QuickBooks® and charitable deduction information from ItsDeductible software. You are responsible for verifying the accuracy of the information that is imported.

Tax Advice. The Software includes a feature that connects you to an Intuit Tax Advice service to obtain answers to tax questions. Internet access is required to use this service. If you choose to use it, you understand and agree that neither Intuit nor the Intuit Tax Advice service advisor will sign your tax return as the paid preparer of the return. The full terms and conditions governing the Intuit Tax Advice service will be available on the Tax Advice service web site (accessible from www.turbotax.com/support), and by accessing and using the Tax Advice service, you agree to be bound by those terms and conditions, which supplement, and supersede where inconsistent, this Agreement.

Help and Support. Intuit may use a variety of methods (e.g., in-product, Internet, chat, e-mail and phone) to provide technical support and customer service in connection with the Software and Intuit Services. The terms and conditions governing the offering of this support, some of which require the payment of an additional fee, are subject to change as announced by Intuit from time to time. Consult the TurboTax Help and Support Web site (currently, <http://support.turbotax.intuit.com>) (<http://support.turbotax.intuit.com>) for the most up-to-date information relating to this support and any associated charges, as well as updates to the Software. TurboTax tax preparation and ItsDeductible donation valuation software for tax year 2010 are subject to discontinuation and shall not be supported beyond October 15, 2013.

Updates. Upon installing TurboTax for Windows for the first time, a Windows-based service will also be installed named the "Intuit Update Service." This service will continue to run on your system in the background regardless of whether TurboTax is currently running. In addition, during the installation process TurboTax for Windows will check your computer to determine if you have Microsoft .net framework (version 3.5 SP1 or greater) and Microsoft Windows Installer (version 3.1 or greater) and install these program updates if they are not already present on your computer. Installation of these programs is necessary for the installation and operation of TurboTax for Windows. If you subsequently delete TurboTax or choose to not continue with the installation process, these Microsoft programs will remain on your system.

If you choose the "automatic" option for updates the Intuit Update Service will periodically check Intuit's servers via the Internet for updates to TurboTax. In addition, non-personally identifiable information about your computer system and the update process will be sent to Intuit. If an update is available, it will be automatically downloaded and you will be prompted to install that update the next time you start TurboTax.

If you choose the "ask me first" option for updates, the Intuit Update Service will still run in the background, but it will not check Intuit's servers for updates to TurboTax until you confirm that you want it to check. In addition, non-personally identifiable information about your computer system and the update process will be sent to Intuit.

If you do not have Internet access you can request that Intuit provide you with Federal updates via CD. State updates are available only through Internet access. The Intuit Update Service will still be loaded onto your computer.

Only non-personally identifiable information is provided to Intuit through the Intuit Update Service. Intuit will use this information to improve the updating process and/or our products for our customers and our use is subject to our privacy policy which is described elsewhere in this Agreement.

This update section will not apply for TurboTax for Macintosh.

Other Services. You may be made aware of or offered services, features, products, applications, online communities, or promotions provided by Intuit ("Intuit Services"). If you decide to use Intuit Services, you may be subject to additional terms and conditions governing these Intuit Services and separate fees may apply. You acknowledge that in accessing certain Intuit Services through the Software you may upload or enter certain data from your account(s) such as names, addresses and phone numbers, purchases, and sales among others, to the Internet. You hereby grant Intuit permission to use information about your business and usage experience to enable us to provide the Intuit Services to you, including updating and maintaining your data, addressing errors or service interruptions, and to enhance the types of data and services Intuit may provide to you in the future. You also grant Intuit permission to combine your business data, if any, with that of others in a way that does not identify you, your company or any individual personally to improve services and to compare business practices with other users. You also grant Intuit permission to create, market or promote new Intuit offerings based on your data.

8. THIRD PARTY SERVICES. In connection with your use of the Software, you may be made aware of services, products, offers and promotions provided by third parties, and not by Intuit ("Third Party Services") that may include refund processing, cost basis lookup, professional tax review, and audit defense, among others. If you decide to use Third Party Services, you are responsible for reviewing and understanding the terms and conditions as well as any fees, if any, governing any Third Party Services. You authorize Intuit to use and disclose your contact information, including name and address, for the purpose of making the Third Party Services you choose available to you. You agree that the third party, and not Intuit, is responsible for the performance of the Third Party Services. The Software may contain or reference links to websites operated by third parties ("Third Party Websites"). These links are provided as a convenience only. Intuit is not responsible for the content of any Third Party Website or any link contained in a Third Party Website. Intuit does not review, approve, monitor, endorse, warrant, or make any representations with respect to Third Party Websites, and the inclusion of any link in the Software is not and does not imply an affiliation, sponsorship, endorsement, approval, investigation, verification or monitoring by Intuit of any data contained in, or any services made available through, any Third Party Website. In no event will Intuit be responsible for the information contained in such Third Party Website or for Licensees use of or inability to use such website. Access to any Third Party Website is at your own risk, and you acknowledge and understand that linked Third Party Websites may contain terms and privacy policies as well as fees that are different from those of Intuit. Intuit is not responsible for such provisions, and expressly disclaims any liability for use of such Third Party Services and Third Party Websites. If you sign up for the Refund Processing Service which enables you to deduct certain fees and any applicable tax from the proceeds of your tax return, you authorize Intuit (through its third party processor) to debit these amounts (excluding the Refund Processing Service fee) from your bank account you identify as your Direct Deposit Bank Account in the event that you do not receive a tax refund that is sufficient to pay for them.

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2. **Online Communities.** The Software may include a feature that allows you to exchange useful and helpful information with other users of TurboTax and the public ("Live Community"). Internet access is required to use Live Community. Please respect and interact with other users as you would in any public arena when using the Live Community feature. Exercise your judgment in evaluating and acting on (or ignoring) other users' Live Community sessions. Remember, due to the anonymous nature of the Internet, other Live Community users may not be who they say they are, know what they say they know or be affiliated with whom they say they are affiliated.

(i) Content. You agree that Intuit does not endorse and is not responsible for the accuracy of the content in Live Community, and will not be liable for any damages incurred as a result of the submission or use of any such content. Live Community users may post hypertext links to content hosted and maintained by third parties. Intuit has no obligation to monitor these linked sites, and is not responsible for them. Your access to any linked sites is at your own risk, so use good judgment before you click on any link or access any linked site. Do not reveal information that you do not want to make public, such as by posting your contact information or email address while using Live Community. Intuit reserves the right to monitor the Live Community content and designate Intuit employees to act as monitors. Additionally, Intuit reserves the right to edit, remove or refuse to remove Live Community content in its sole discretion. Any feedback, suggestions or ideas that you provide to Intuit through Live Community will be considered Feedback as defined in the General terms.

(ii) Conduct. You agree not to upload, post or otherwise transmit any content (including but not limited to text, links, communications, software, images, sounds, data or other information) that contains: Inappropriate content such as: profanity, objectionable material of any kind, links to websites that

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Date: December, 2010

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