

September 2, 2009

## **COURT OF APPEAL SUMMARILY REJECTS REQUEST TO OVERTURN CERTIFICATION OF QUARTER BILLION DOLLAR NATIONAL CLASS ACTION**

*San Diego, CA* Today, the Fourth District California Court of Appeal in San Diego summarily rejected a request by H&R Block's RSM McGladrey Business Services, Inc. to overturn a trial court ruling certifying as a national class claims of fraud, unfair competition and breach of contract totaling \$250,000,000 and brought on behalf of thousands of small and mid-sized businesses. The businesses allege the defendants promised to market them in exchange for a \$50,000 payment, yet the defendants never marketed them.

Ringler Kearney Alvarez, LLP, obtained class certification against RSM McGladrey Business Services Inc., and three other corporate subsidiaries of H&R Block, Inc. Nearly 4,500 small and mid-sized businesses throughout the U.S. are added as plaintiffs in this wide-reaching fraud and breach of contract case. Each business was persuaded to pay roughly \$50,000 to be marketed for sale, primarily to overseas buyers. The defendants failed to disclose to those who paid that amount that they sold less than 0.3% of all clients to these offshore buyers, that they sold less than 3% of client businesses to *any* type of buyer, and failed to market 85% of the client businesses they promised to market.

This case is believed to be the first national, consumer class action ever certified by the Orange County Superior Court.

The Defendants ruthlessly swindled nearly \$250 million out of these victims, said Jerome Ringler, partner at Ringler Kearney Alvarez. Had these plaintiffs known that there was an 85% chance that their businesses would never even be marketed, let alone sold, they never would have paid \$50,000 for a service they were never provided. Through this class certification, we seek to recover nearly a quarter of a billion dollars lost through the defendants, including RSM McGladrey Business Services, fraud and misrepresentation.

From early 1999 until May 2007, the Defendants positioned themselves with small and mid-sized businesses across the country as a Merger and Acquisition Specialist for The Middle Market Companies. They claimed they had unique access to International buyers with a voracious appetite for purchasing U.S.-based businesses. To participate, the business owner had to enter into a Platform Agreement, requiring the client business to purchase an appraisal by the defendants costing somewhere between \$37,500 and \$50,000 about 300 percent greater than an open market appraisal but seemingly worth it because the defendants claimed they could market and sell their business. In reality, the defendants dumped 85% of the businesses that paid the fee. They did not have the physical manpower to market the businesses as they represented. Of the 4,500 firms paying the fee, only about 150 of them (3%) were actually sold. Barely 0.3% of the businesses (about 15) were sold to International buyers.

The defendants real business was selling empty promises to market.

That's fraud, misrepresentation, and a host of other legal violations. We intend to secure restitution and punitive damages for the thousands of victims, said Mr. Ringler.

Ringler Kearney Alvarez, LLP are representing members for the class in their suit claiming fraud, negligent misrepresentation, breach of contract, rescission, violation of California's unfair competition and false advertising laws, and conversion.

*Ringler Kearney Alvarez, LLP is a Los Angeles-based plaintiff's litigation firm which specializes in providing high-value, highly sophisticated litigation in the areas of class actions, business torts and catastrophic personal injury and wrongful death matters.*

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