



Portfolio Media, Inc. | 111 West 19th Street, 5th floor | New York, NY 10011 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

\$2.8M In Fees Granted To Attys For Class In TurboTax Suit

By **David Hansen**

Law360 (May 16, 2019, 4:23 PM EDT) -- A California federal court awarded \$2.8 million in fees and costs requested by attorneys representing members of a class action alleging that security flaws in Intuit Inc.'s TurboTax software allowed fraudsters to file almost a million fake tax returns.

The payout was justified by the special legal skills required in the litigation, U.S. District Judge Edward J. Davila ruled Wednesday as part of a final order approving a settlement in the dispute. Intuit will pay the amount on top of a settlement to class members, the court said. Under the terms of the settlement, which Judge Davila tentatively **approved in October**, class members will receive two years of TransUnion's credit monitoring services, paid for by Intuit.

"The court finds that the requested fees are reasonable and appropriate under the circumstances," Judge Davila ruled.

Only eight objections were filed to the proposed settlement, according to the order. One TurboTax user said the settlement's terms **did not properly compensate** victims when compared with the fees collected by the class's attorneys. The settlement provided for attorney fees of up to \$2.82 million, along with \$5,000 for each of the six lead plaintiffs.

Two other objectors said the agreement failed to send a strong message to Intuit that the company must reform its security protocols. They asked the court to extend the same compensation to members of the class as the class representatives were to receive.

The court rejected all objections to the settlement.

The class members had alleged that Intuit enabled the opening of fake accounts and the filing of fraudulent federal and state tax returns through TurboTax software during the 2014-2016 tax years.

The litigation followed Intuit's announcement that it received inquiries from the U.S. Department of Justice and the Federal Trade Commission in an investigation of reports that 19 states had identified fraudulent returns filed using TurboTax.

At the time, multiple lawsuits were launched and consolidated in California's Northern District. Intuit was accused of violating California's Unfair Competition Law and its Customer Records Act, as well as "unjust enrichment," breach of contract and negligence.

Legal representatives of the class members and Intuit did not respond to requests for comment.

The class members are represented by Melissa Ann Gardner, Michael W. Sobol, Jason Louis Lichtman and Roger Norton Heller of Lieff Cabraser Heimann & Bernstein LLP; Julian Ari Hammond of HammondLaw PC; Ariana J. Tadler of Milberg Tadler Phillips Grossman LLP; Mark Goldman of Goldman Scarlato & Penny PC; David Christopher Wright and Richard D. McCune Jr. of McCune Wright Arevalo LLP; Joel R. Rhine of Rhine Law Firm PC; Joseph Siprut of Siprut PC; and John A. Yanchunis of Morgan & Morgan.

Intuit is represented by Alexis I. Caloza, Chieh Tung and Rodger R. Cole of Fenwick & West LLP.

The case is In re Intuit Data Litigation, case number 5:15-cv-01778, in the U.S. District Court for the Northern District of California.

--Additional reporting by Bonnie Eslinger, Yvonne Juris, Tom Zanki, Vidya Kauri and Joshua Rosenberg. Editing by John Oudens.

All Content © 2003-2019, Portfolio Media, Inc.