

H&R Block Financial Advisors Announces Settlement with NASD

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KANSAS CITY, Mo.--(BUSINESS WIRE)--Dec. 21, 2004--H&R Block Financial Advisors (HRBFA)(NYSE:HRB) announced a settlement agreement with the National Association of Securities Dealers (NASD) in a matter involving the market timing of mutual fund shares by two of its former financial advisors. The company has agreed to a settlement without admitting or denying allegations.

The terms of the agreement, as stipulated by the Letter of Acceptance, Waiver and Consent, fully resolve the matter with the NASD. HRBFA agrees to pay a fine of \$500,000 and return \$325,000 in clients' mutual fund trading profits. The settlement will not have a material effect on the company's operations.

"The trading in question was isolated to two former financial advisors who executed unsolicited trades requested by one client, a New York hedge fund," said Brian Nygaard, President and CEO of H&R Block Financial Advisors. "The mutual fund transactions did not involve any late trading or any special arrangements with mutual funds," Nygaard added.

Upon learning of the trading activity of this client, HRBFA senior management took proactive measures to restrict trading and closed the client's accounts. Nygaard said, "Our firm took steps to close the accounts months before the NASD issued industry guidance on market timing in November of 2003."

"We take all regulatory matters seriously, and we're pleased to have resolved this issue with the NASD so that we can focus all of our attention on our strategic goals," Nygaard said.

About H&R Block

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