

IN THE SUPERIOR COURT OF HALL COUNTY
STATE OF GEORGIA

H&R BLOCK EASTERN
ENTERPRISES, INC.,

Plaintiff,

v.

MARY SQUIRE and PARAMOUNT
TAX AND ACCOUNTING, LLC,

Defendants.

Civil Action No. 09-CV-99B

FILED
HALL COUNTY, GA

2009 FEB -4 PM 3:11

CHARLES HAINES, JR.
SUPERIOR-STATE COURT

BY AD B

ORDER GRANTING INTERLOCUTORY INJUNCTION

This case having come before the Court, upon Plaintiff H&R Block Eastern Enterprises, Inc.'s ("H&R Block") Motion for Interlocutory Injunction, and following an evidentiary hearing held on January 21, 2009, the Court makes the following preliminary findings of facts and conclusions of law:

1. The Court finds that Defendant Mary Squire's ("Squire") employment with Paramount Tax and Accounting, LLC ("Paramount") violates the non-compete covenant contained in her 2008 Employment Agreement with H & R Block, which the Court finds is reasonable as to time, territory and scope and therefore enforceable as a matter of law.
2. The Court makes no finding at this time as to the enforceability of Squire's 2007 Employment Agreement with H & R Block.
3. The Court finds that H & R Block's client database and information derived therefrom is a trade secret within the meaning of O.C.G.A. § 10-1-761(4).
4. The Court finds H&R Block established that Defendant Squire had access to H&R Block's trade secrets, that Defendant Squire had the opportunity to access H&R

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Block's trade secrets, and that Defendants Squire and Paramount acted in concert to misappropriate H & R Block's trade secrets. H&R Block further established that Paramount mailed solicitations to family members of current H & R Block tax professionals who appeared solely in the H & R Block client database. Defendants failed to provide any explanation, much less a reasonable explanation, for why a small tax preparation firm located exclusively in Hall County, Georgia with no connections to those H & R Block family members, would have sent one such mailer to Ellsworth, Kansas and other(s) to a temporary address or addresses known only to H & R Block.

5. The Court finds that Paramount pursued a deliberate campaign of competing directly with H & R Block by hiring exclusively from within the ranks of H & R Block's employees and by mailing out solicitations to H&R Block's customers with thinly-veiled references to H & R Block in preparation for and during the 2009 tax season.
6. The Court finds there is no credible evidence to support both Defendants' disavowal of an employment relationship between themselves. After telling H & R Block that she was retiring to spend time visiting her grandchildren in Colorado, Squire claimed that she encountered an unexpected financial expense that caused her to change her plans and to instead "volunteer" numerous unpaid hours of her time helping Paramount launch its new business. The Court finds this testimony to be incredible and, in any event, the non-compete covenant applies to unpaid work.
7. The Court finds sufficient evidence that Squire and Paramount acted in concert to misappropriate H & R Block's trade secrets which has caused, and will continue to cause H & R Block irreparable harm in the form of lost revenue and goodwill,

especially now that the 2009 tax season is underway. The Court finds that H&R Block established that H&R Block's relationships with its customers are being damaged as its customers have already expressed concern to H&R Block about the security of their private information and how that information got into the hands of Squire and Paramount. The Court further finds that there is no legal remedy that could adequately compensate H & R Block for those losses.

8. In light of the foregoing, the Court finds that the equities weigh in favor of an injunction against the Defendants to preserve the status quo pending a final adjudication on the merits.

Based upon the above findings of fact and conclusions of law, the Court hereby GRANTS Plaintiff's Motion for Interlocutory Injunction by ORDERING Defendants Paramount Tax and Accounting, LLC and Mary Squire to abide by the following restrictions until further notice:

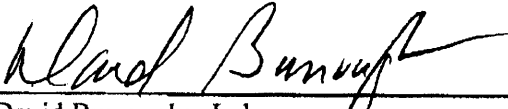
9. Defendant Squire shall not work (whether as an employee, independent contractor, or unpaid advisor) for any business or organization in any management or leadership capacity or in any capacity that involves the preparation of electronic filing of tax returns including, without limitation, Paramount, within the District in which she was employed by H&R Block in 2008 (as represented in the map attached hereto as **Exhibit A**) and ten miles outside of the District's boundaries. This restriction shall expire no later than December 2, 2010.
10. Defendant Paramount (including its employees, independent contractors and unpaid advisors) shall not solicit or perform tax preparation work (whether paid or unpaid) for any H & R Block client listed in the 2008 client database for the H & R Block District that covers Hall County, Georgia. To that end, H & R Block shall provide

partial social security numbers for all 2008 clients contained within that database so that Paramount may ensure that any new client prospect is not listed in the database. Paramount shall advise any such H & R Block client that it is unable to provide any tax preparation services for that client. Defendant Paramount shall immediately provide to H & R Block a partial social security number for each client for whom Paramount (including its employees, independent contractors and unpaid advisors) has provided tax preparation services from January 1, 2008 through the present. Thereafter, on a bi-weekly basis, Defendant Paramount shall provide a partial social security number for each client for whom Paramount (including its employees, independent contractors and unpaid advisors) provided tax preparation services during that two week period.

11. Defendants (including all employees, independent contractors and unpaid advisors to Paramount) shall immediately conduct a thorough search for any and all lists, printouts or information derived from H & R Block's client database and immediately return same to H & R Block's counsel of record.
12. The parties (including all employees, independent contractors and unpaid advisors) shall refrain from deleting, destroying or altering any documents, computer drives or electronic data containing H & R Block client information material to this litigation.

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February 4
Dated: ~~January 21~~, 2009, *nunc pro tunc* to January 21, 2009.



David Burroughs, Judge
Superior Court of Hall County (sitting by designation)

Prepared by:

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