



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

DIVISION OF  
CORPORATION FINANCE

May 2, 2012

James M. Ash, Esq.  
Husch Blackwell LLP  
4801 Main Street, Suite 1000  
Kansas City, MO 64112

**Re: SEC v. Option One Mortgage Corporation n/k/a Sand Canyon Corporation  
Civil Action No. 12-633 (C.D. Cal.)  
Waiver Request under Regulation A and Rule 505 of Regulation D**

Dear Mr. Ash:

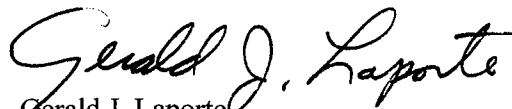
This responds to your letter dated May 2, 2012, written on behalf of H&R Block, Inc. ("HRB") and its subsidiary, Block Financial LLC ("Block Financial"), and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933 (the "Securities Act").

You requested waiver relief from disqualifications from exemptions available under Regulation A and Rule 505 to which HRB and Block Financial may be subject by reason of the Final Judgment as to Option One Mortgage Corporation n/k/a Sand Canyon Corporation ("Sand Canyon"), entered on May 2, 2012 by the United States District Court for the Central District of California, Civil Action No. 12-633 (the "Final Judgment"). The Final Judgment, among other things, permanently restrains and enjoins Sand Canyon from violations of sections 17(a)(2) and 17(a)(3) of the Securities Act in the offer or sale of any security. According to your letter, Sand Canyon is an indirect, wholly owned subsidiary of HRB that has ceased the mortgage loan origination activities and mortgage servicing operations involved in the Commission's allegations that led to the Final Judgment and discontinued its remaining operations.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Final Judgment. We also have assumed that Sand Canyon will comply with the Final Judgment, as will HRB and Block Financial (to the extent they are bound by it), and that Sand Canyon will not resume mortgage loan origination and servicing activities. We have received assurances from the Commission's Division of Enforcement that it does not oppose the granting of these waivers.

On the basis of your letter, I have determined that you have made showings of good cause under Rule 262 and Rule 505 that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 to HRB and Block Financial by reason of entry of the Final Judgment. Accordingly, pursuant to delegated authority, on behalf of the Division of Corporation Finance, I hereby grant to HRB and Block Financial relief from any disqualifications from exemptions otherwise available under Regulation A and Rule 505 that may have arisen by reason of entry of the Final Judgment.

Very truly yours,

  
Gerald J. Laporte  
Chief, Office of Small Business Policy

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May 2, 2012

## VIA HAND-DELIVERY

Gerald J. Laporte, Esq.  
Chief, Office of Small Business Policy  
Division of Corporate Finance  
Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, D.C. 20549-3628

Re: *Securities and Exchange Commission vs. Option One  
Mortgage Corporation n/k/a Sand Canyon Corporation*  
Case No. SACV12-633 (C.D.Ca. 2012)

Dear Mr. Laporte:

This letter is submitted on behalf of our client, H&R Block, Inc. (“HRB”) and its subsidiary Block Financial LLC<sup>1</sup> (“Block”) in connection with the settlement of an injunction action (the “Proceeding”) filed by the U.S. Securities and Exchange Commission (the “Commission”) in the United States District Court in California on April 24, 2012, against HRB’s indirect, wholly owned subsidiary, Sand Canyon Corporation (“Sand Canyon”). As part of the settlement negotiations, Sand Canyon has executed a Consent, in which it agreed, without admitting or denying any allegations that appear in the Commission’s Complaint (the “Complaint”), to the entry of a Final Judgment against it in the action, as described below (the “Final Judgment”). HRB and Block hereby request, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D promulgated by the Commission under the Securities Act of 1933 (the “Securities Act”), waivers of any disqualification from relying on exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to HRB, Block and/or any of their issuer affiliates as a result of the entry of the Final Judgment on May 2, 2012 (the “Final Judgment”), which is described below. HRB and Block request that these waivers be granted effective upon the entry of the Final Judgment.

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<sup>1</sup> Block Financial Corporation converted to an LLC on January 1, 2008.

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HRB, through its subsidiaries, provides tax preparation and banking services. Block is the direct parent of Sand Canyon. Sand Canyon, previously known as Option One Mortgage Corporation (“Option One”), is an indirect, wholly owned subsidiary of HRB, and is the settling party in the injunction action (the “Proceeding”) brought by the Commission.<sup>2</sup>

## BACKGROUND

The Proceeding relates to alleged violations of the federal securities laws by Option One, in connection with the offer and sale of certain residential mortgage backed securities (“RMBSs”) in 2007 issued by certain common law trusts. In the Complaint, the Commission has alleged that Option One violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 as a result of misstatements, or omissions constituting misstatements, concerning Option One’s financial condition and potential inability to pay repurchase obligations that were contained in the prospectus and private placement memorandum related to the sale of the RMBSs.

Option One ceased originating mortgage loans in December 2007 and, in April 2008, sold its servicing assets and discontinued its remaining operations.

Sand Canyon and the Division of Enforcement have reached an agreement to settle the Proceeding, and Sand Canyon, without admitting or denying the factual allegations set forth in the Complaint, has executed a Consent to the entry of a Final Judgment enjoining it from violating Section 17(a)(2) and 17(a)(3) of the Securities Act in the future. The Final Judgment entered on May 2, 2012 ordered Sand Canyon to disgorge \$14,250,558, pay a civil penalty in the amount of \$10,000,000 and pay prejudgment interest in the amount of \$3,982,027.

## DISCUSSION

HRB and Block understand that the entry of the Final Judgment may disqualify them and their issuer affiliates from relying on certain exemptions under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Final Judgment causes HRB, Block or their affiliated entities to be subject to an order, judgment, or decree of a court of competent jurisdiction permanently enjoining them from engaging in or continuing prescribed conduct in connection with the purchase or sale of any security.<sup>3</sup> HRB and Block are making the waiver requests contained in this letter in order to ensure that neither they nor their issuer affiliates will be prohibited from issuing securities or serving in any of the capacities subject to the disqualifications set forth in Securities Act Rule 262. The Commission has the authority to waive the Regulation A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances.<sup>4</sup>

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<sup>2</sup> There are a number of relevant Option One-related entities, including Option One Mortgage Acceptance Corporation, Option One Mortgage Corporation, Option One Mortgage Capital Corporation and various Option One Owner Trust entities. All of them are referred to herein collectively as “Option One.” Sand Canyon (as Option One) ceased originating mortgage loans in December 2007 and in April 2008, sold its servicing assets and discontinued its remaining operations.

<sup>3</sup> See 17 CFR § 230.262(a)(4).

<sup>4</sup> See 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

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Accordingly, HRB and Block respectfully request that, effective upon the entry of the Final Judgment, the Commission waive any disqualifying effects that the Final Judgment may have under Regulation A and Rule 505 of Regulation D with respect to HRB, Block and their issuer affiliates on the following grounds:

1. The Final Judgment does not relate to any offerings under Regulation A or Regulation D. Further, the alleged conduct does not relate to disclosures concerning HRB or Block in HRB's filings with the Commission, nor does it allege fraud in connection with any offering of securities by HRB or Block. Instead, the Final Judgment centers on allegations that communications made by Sand Canyon (as Option One), a separately operated subsidiary, related to the sale of specific RMBSs were improper.

2. HRB and its affiliates have cooperated with the Division of Enforcement in the investigation of this matter and Sand Canyon has agreed to injunctive relief and monetary payments.

3. As stated above, Sand Canyon (as Option One) ceased originating mortgage loans over four years ago and, in April 2008, sold its mortgage servicing operations and discontinued its remaining operations. Disqualifying HRB, Block and their issuer affiliates from the benefits of the exemptions under Regulation A and Rule 505 of Regulation D would not serve to protect investors.

4. The disqualification of HRB, Block and their issuer affiliates from relying on the exemptions under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe given the nature of the violations addressed in the Final Judgment and the extent to which disqualification may affect the business operations of HRB, Block and their issuer affiliates by impairing their ability to issue securities pursuant to these exemption to raise new capital or for other purposes. In addition, the disqualification of HRB, Block and their issuer affiliates from these exemptions may place HRB, Block and their issuer affiliates at a competitive disadvantage with respect to third parties that might seek to invest in securities of HRB, Block and/or their affiliates that rely on the regulatory exemptions, or who might retain HRB, Block and/or their affiliates in connection with transactions that rely on these exemptions.

5. The disqualification of HRB, Block and their affiliates from relying on the exemptions available under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe, given (i) the lack of any relationship between the acts that are the subject of the Staff's allegations and any activity related to Regulation A or Regulation D conducted by Sand Canyon (as Option One), and (ii) the fact that the Commission staff has negotiated a settlement with Sand Canyon and reached a satisfactory conclusion to this matter. The disqualification of HRB, Block and their affiliates from relying on these exemptions would impose a substantial additional penalty not contemplated under the terms of the Final Judgment

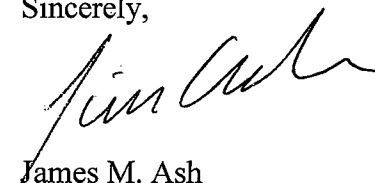
# HUSCHBLACKWELL

that could also harm potential investors in such offerings and would not further the Commission's principal goal of investor protection.

In light of the grounds for relief discussed above, we believe that the disqualification of HRB, Block or their affiliates from relying on the exemptions available under Regulation A and Rule 505 of Regulation D is not necessary and that HRB and Block have shown good cause that relief should be granted. Accordingly, we respectfully request the Commission to waive the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent that they may be applicable to HRB, Block or any of their affiliates as a result of the entry of Final Judgment.<sup>5</sup>

If you have any questions regarding this request, please contact the undersigned at (816) 983-8137 or Steve Hill at (816) 983-8162.

Sincerely,



James M. Ash  
Partner

cc.: Ms. Anne C. McKinley (U.S. Securities and Exchange Commission)  
Mr. Michael Wells (U.S. Securities and Exchange Commission)  
Mr. Dan Ryan (U.S. Securities and Exchange Commission)  
Mr. Tom Gerke (H&R Block, Inc.)

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<sup>5</sup> We note in support of this request that the Commission has granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons and/or in similar circumstances. *See, e.g.*, GE Funding Capital Market Services, Inc., S.E.C. No-Action Letter (pub. avail. January 23, 2012); Wachovia Bank, N.A., now known as Wells Fargo Bank, N.A., S.E.C. No-Action Letter (pub. avail. December 9, 2011); Charles Schwab & Co., Inc., S.E.C. No-Action Letter (pub. avail. January 11, 2011); Hartford Investment Financial Services, LLC, HL Investment Advisors, LLC and Hartford Securities Distribution Company, Inc., S.E.C. No-Action Letter (pub. avail. May 14, 2008); Friedman, Billings, Ramsey & Co., Inc., S.E.C. No-Action Letter (pub. avail. January 16, 2007).