

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 694 (Archuleta) – As Amended June 23, 2025

Policy Committee:	Military and Veterans Affairs	Vote:	6 - 0
	Judiciary		11 - 0

Urgency: No      State Mandated Local Program: Yes      Reimbursable: No

**SUMMARY:**

This bill prohibits any individual from charging a fee for services related to veterans benefits claims before the federal Department of Veterans Affairs (VA) except as allowed under federal law.

Specifically, this bill:

- 1) Prohibits a person from actually or attempting to directly or indirectly solicit, contract for, charge, or receive, any fee or compensation with respect to the preparation, presentation, or prosecution of any claim for benefits under the laws administered by the VA, except as provided under federal law.
- 2) Expands the Consumer Legal Remedies Act (CLRA) prohibition against charging unreasonable fees for public services to other veterans benefits and defines as unreasonable a fee charged with respect to federal veterans benefits that exceeds the amount that could be charged for those services by an attorney or claims agent accredited by the VA.
- 3) For any transaction or sale of goods or services, prohibits a person from requiring a service member to share their credentials for accessing the U.S. Department of Defense, VA, or U.S. Department of Homeland Security computer system; accessing such systems with another person's credentials; and requiring entry of a veteran's personal identification number (PIN) associated with a Common Access Card (CAC).

**FISCAL EFFECT:**

- 1) The Department of Justice (DOJ) estimates costs (Unfair Competition Law Fund) of \$90,000 in fiscal year (FY) 2025-26 and \$161,000 in FY 2026-27 and annually thereafter, for staff resources to investigate potential violations of the provisions of this bill.
- 2) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown but potentially significant amount to the courts to adjudicate violations of this bill in civil actions brought to enforce this bill. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.

- 3) The California Department of Veterans Affairs (CalVet) anticipates no costs.

**COMMENTS:**

- 1) **Purpose.** This bill seeks to curb the expansion of unaccredited representatives assisting in the preparation of veterans benefit applications. According to the author:

[This bill] strengthens California's commitment to protecting veterans from exploitation in the federal claims process. More importantly, it reaffirms our responsibility to ensure that veterans are not misled, manipulated, or taken advantage of when seeking the benefits they have earned through military service. While current federal law prohibits unaccredited agents from charging for assistance with initial claims, the lack of enforcement, and penalties has allowed this unregulated industry to flourish on the backs of our veteran community. These unaccredited agents often present themselves as helpful peers or advocates, when in fact they are operating outside the law.

The state and our counties have invested in County Veterans Service Officers who offer accredited, no-cost claims assistance. These officers are trained, certified, and held to strict ethical standards. [This bill] protects our investment and ensures veterans are not steered away from trusted, lawful services into the hands of unregulated actors.

- 2) **Background. Veterans Benefits.** Veterans of the United States armed forces may be eligible for a broad range of programs and services provided by the federal VA. Filing for VA benefits involves a complex, technical process. To assist veterans through the claims process, the VA and the State of California both provide resources and services. The VA accredits three types of representatives—Veterans Service Organization (VSO) representatives, attorneys, and agents—to help ensure that claimants have access to responsible and qualified representation on their VA benefits claims.

Federal regulations also govern the fees available, providing that only accredited agents and attorneys may receive fees from claimants or appellants for their services provided in connection with representation. Recognized organizations are not permitted to receive fees. Agents and attorneys may only charge claimants or appellants for representation provided after an agency of original jurisdiction has issued notice of an initial decision on the claim or claims, except as provided. Fees are required to be reasonable. The regulations establish a rebuttable presumption that any fee that does not exceed 20% of past-due benefits awarded is reasonable and that any fee that exceeds 33.3% of such benefits is unreasonable.

In 2006, updates to federal law removed criminal penalties associated with charging fees for assisting veterans with VA benefits claims, but it remains prohibited under federal law for non-accredited, non-attorney agents to charge for that assistance. According to advocates, the removal of criminal penalties has made it difficult for the VA Office of General Counsel to enforce the law against unaccredited parties, allowing such parties to exploit vulnerable veterans by charging for services that accredited organizations offer free of charge.

This bill explicitly prohibits anyone from charging a fee to assist in the preparation of veterans' benefits claims, except as allowed under federal law.

**Unreasonable Fees.** Existing state law, the CRLA prohibits unfair methods of competition and unfair or deceptive acts or practices undertaken by a person in a transaction regarding the sale or lease of goods or services to a consumer. This prohibition includes charging or receiving an unreasonable fee, as defined, to prepare, aid, or advise any prospective applicant, applicant, or recipient in procuring, maintaining, or securing public social services, including, among other things, veterans pensions.

This bill expands the definition of "unreasonable fees" for purposes of the CLRA to include a fee charged with respect to federal veterans benefits above the amount that could be charged by an accredited representative.

**CAC.** The CAC is a secure standard identification card for active duty United States defense personnel. Existing law, for any transaction or sale of goods or services, prohibits a person from electronically accessing a CAC issued to a service member, placing or requiring the placement of such a card in a smart card reader, requesting or requesting entry of the PIN associated with such a card, or requiring a service member to log in to specified government computer systems. Existing law makes void a transaction or sale entered into in violation of these provisions.

This bill additionally prohibits anyone from accessing specified government computer systems with another person's credentials and from requiring the entry of the PIN associated with a CAC.

- 3) **Arguments in Support.** This bill is sponsored by the California Association of County Veteran Service Officers, the American Legion Department of California, and AMVETS Department of California. It is further supported by a number of veteran's advocacy and law enforcement organizations, as well as a number of state agencies. The sponsors assert:

[This bill] supports the vision set by CalVet to ensure that California's veterans are connected, respected, and protected. CVSOs stand in stark contrast to unaccredited claims representatives who operate on a transactional, fee-for-service model. Our work is not limited to a single benefit application, we take a comprehensive approach to each veteran we serve. We use every interaction as an opportunity to assess needs, identify additional benefits, and make meaningful connections. [This bill] helps safeguard veterans claims from those who seek to commercialize and profit off veterans' earned benefits.

- 4) **Arguments in Opposition.** This bill is opposed by Black Veterans Empowerment Council (BVEC), National Association for Veteran's Rights, Purple Heart Homes (PHH), United Veteran Benefits Agency, LLC, and Veterans Guardian VA Claim Consulting LLC. Veterans Guardian asserts:

Attempting to protect Veterans is an honorable endeavor that we all share; unfortunately, [this bill] misses the mark and would not only

deny a Veteran the right to choose how they pursue their own claim, but also fails to address critical issues including: providing additional oversight and protections for the Veteran while preserving their Constitutional rights to petition their government in a manner they see fit, and ensuring Veterans have access to diverse options and effective solutions for decades to come

If passed, [this bill] will only exacerbate the problems with the current system and will add to the ever growing backlog of claims processed through VSOs and perversely incentivized attorneys.

- 5) **Prior Legislation.** SB 1124 (Menjivar), of the 2023-24 Legislative Session, was substantially similar to this bill. SB 1124 was held on the Senate Appropriations Committee suspense file.

**Analysis Prepared by:** Jennifer Swenson / APPR. / (916) 319-2081