

SENATE THIRD READING
SB 694 (Archuleta and Cervantes)
As Amended June 23, 2025
Majority vote

SUMMARY

Provides additional protections for veterans in California regarding fees charged for assistance in applying for veterans' disability benefits and the privacy of their information. Requires, consistent with federal law, that persons be federally accredited before preparing, presenting, or prosecuting a veteran's claim for benefits under the laws administered by the United States Department of Veterans Affairs (VA).

Major Provisions

- 1) Prohibits persons from directly or indirectly soliciting, contracting for, charging, or receiving, or attempting to solicit, contract for, charge, or receive, any fee or compensation for the preparation, presentation, or prosecution of any claim for benefits under the laws administered by the VA except as provided in Sections 1984 and 5904 under Title 38 of the U.S. Code.
- 2) Expands the Consumer Legal Remedies Act prohibition, including charging or receiving an unreasonable fee, to other veterans' benefits and provides that a fee charged for federal veterans benefits that exceeds the amount that could be charged for those services by an attorney or claims agent accredited by the VA is unreasonable.
- 3) Prohibits a person, in connection with any transaction or any sale of goods or services, from requiring a service member to share their credentials for accessing specified government computer systems; 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).

COMMENTS

Filing for VA benefits involves a complex, highly technical process. The VA claims process is arduous, cumbersome, extensive, stressful, and time-consuming. The Code of Federal Regulations, Title 38, which governs veterans' claims, contains more than 1,600 pages of fine print, and the accompanying manual is also over 1,600 pages in length. The Veterans Benefits Administration (VBA), a component of the VA, processes disability claims and administers all aspects of the VA disability program. VA disability compensation is paid to honorably discharged veterans with disabilities that are the result of a disease or injury incurred or aggravated during active military service.

Federal law prohibits anyone from acting as an agent or attorney in the preparation, presentation, or prosecution of any claim under the laws administered by the VA unless such individual has been recognized for these purposes by the VA Secretary. Additionally, it prohibits charging fees for assistance with initial VA disability claim filings. After the VA's initial decision, accredited attorneys or agents are allowed to charge "reasonable fees" for services related to appeals or reviews. The VA Secretary is required to establish regulations that outline the various requirements and parameters for providing such services. These regulations outline the accreditation process, impose strict ethical standards and continuing legal education

requirements, and set parameters on reasonable fees. Specific criminal penalties for unaccredited representatives assisting with and charging veterans to prepare VA disability claims were removed in 2006, leading to ongoing efforts by Congress to restore these penalties. Despite federal laws prohibiting charging veterans for advice on filing disability claims with the VA, these companies have persisted in their operations and poured millions into lobbying and legal tactics to safeguard the lack of criminal penalties.

Critics argue that they are profiteering by capitalizing on the PACT Act, also known as the Sergeant First Class Heath Robinson Honoring Our Promise to Address Comprehensive Toxics Act, the most significant expansion of veterans' benefits in decades. The PACT Act added many new presumptive conditions, including various cancers and respiratory illnesses linked to Agent Orange, burn pit, and other toxic exposures. The rollout of the PACT Act by the VA faced numerous glitches and delays, leading to the proliferation of this unregulated industry that claims to significantly increase tax-free disability payments, while requiring veterans to forfeit substantial future benefits.

The removal of criminal penalties has made it difficult for the VA Office of General Counsel to enforce the law against unaccredited parties. According to a U.S. House of Representatives Committee on Veterans' Affairs Supplemental Statement for the Record memo (memo) dated April 22, 2022, the co-founder and chief operating officer of Veterans Guardian provided inaccurate testimony on Wednesday, April 27, 2022, during an oversight hearing of the House Committee on Veterans' Affairs Subcommittees on Disability Assistance and Memorial Affairs and Oversight and Investigations (Committee) – testifying that "Veterans Guardian has not received a cease-and-desist letter from the Department of Veterans Affairs (VA)." The memo states that the Committee located the January 16, 2019, cease-and-desist letter sent from the VA to Veterans Guardian, and company officials acknowledged its existence but stated that they did not believe it constituted a cease-and-desist letter.

According to the VBA Office of Financial Management website, "as the number of fraudulent predatory companies and their boldness increases, the VA remains vigilant against scams targeting Veterans' entitlements. Particularly scams where unscrupulous entities may try to charge Veterans fees for accessing their benefits or helping Veterans file initial claims. "Claim Predators" is the term VA uses to describe these aggressive companies or individuals that prey on Veterans and their loved ones and steal their disability entitlements. Predators will promise a 100% disability rating, unrealistic claim processing times, and charge thousands of dollars for services that trusted Veterans Service Organizations (VSOs) provide Veterans for FREE."

Both the VA and the State of California offer resources and services to help veterans navigate the claims process. To assist veterans and their families in navigating the claims process, 29 states, including California, utilize the County Veteran Service Officer (CVSO) model. In comparison, six states employ a state service officer model. CVSOs are trained, VA-accredited professionals who can legally represent veterans in the federal claims process and also help connect veterans with state- and locally provided benefits. Fifty-six of California's 58 counties have CVSOs. The services provided by CVSOs are offered free of charge to veterans and their families. The California Department of Veterans Affairs (CalVet) and CVSOs are partners in California, with CVSOs serving as the front-line support for veterans and their families. At the same time, CalVet assists with claims development, representation, and appeals. CVSOs are a critical component in the state's efforts to work directly with individual veterans and their families, ensuring that our veterans receive the benefits they have earned through their service to our nation. CVSOs use

VetPro software program, a VA credentialing software system, to enhance their claims reporting and tracking. In addition to the 540 VA-certified CVSOs in 56 counties, the Veterans of Foreign Wars (VFW) has 129 offices and 13 VSOs; there are 452 American Legion posts; the Disabled American Veterans has a total of 116 VSOs; and, there are 360 VA-accredited lawyers to assist veterans in the state.

According to the Author

According to the author, this bill strengthens California's commitment to protecting veterans from exploitation in the federal VA 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 CVSOs 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, and ethical services into the hands of unregulated actors.

Arguments in Support

This bill is supported by veteran organizations, including, the American Legion Department of California, AmVets, California State Commanders Veterans Council, Disabled American Veterans, Korean War Veterans Association, Military Officers Association of America, California Council of Chapters, National Veterans Foundation, Paralyzed Veterans of America, Scottish-American Military Society, Veterans of Foreign Wars, VetFund Foundation, VetsAdvocacy, and Village for Vets. Also in support are the California Department of Justice (DOJ), California State Association of Counties, Rural County Representatives of California, and many California cities and counties.

The California Association of County Veterans Service Officers (CACVSO) is the sponsor of this bill and writes in strong and unequivocal support for this bill. CACVSO states that California must take decisive action to uphold the integrity of veteran services and stop predatory practices that exploit those who have already sacrificed so much. CVSOs and their committed staff are on the frontlines assisting veterans, service members, and their families statewide in accessing essential benefits like VA healthcare, disability compensation, housing support, education, and pensions, all at no cost to the veterans or their families, as those who served should receive the support they earned without facing financial barriers. CVSOs offer a holistic approach to veteran support, in stark contrast to unaccredited claims representatives who focus solely on fee-for-service transactions. CACVSO concludes that this bill protects veterans' claims from exploitation by those seeking to profit from their benefits.

The DOJ states that Attorney General Bonta is pleased to support this bill, which will strengthen oversight and consumer protection for veterans seeking assistance in filing claims for benefits with the VA. California CVSOs and VSOs have a long tradition of providing free, high-quality assistance with disability claims filing to veterans. This bill firmly stands on the principle that all those who seek to charge a veteran for help filing a VA benefits claim should be accredited by the VA and operate within the guardrails created by federal law.

Arguments in Opposition Unless Amended

VBG writes that they are opposed to this bill unless it is amended, and that they support this bill if it is amended. VBG argues that this bill would limit California veterans' access to reputable hiring firms like VBG, restricting their choices and complicating the process for obtaining timely and accurate disability ratings and benefits, ultimately exacerbating the VA's claims backlog. VBG states that the VA's disability claims process is known to be adversarial, so veterans should have the freedom to choose the support they believe will enhance their chances of securing the benefits they've rightfully earned. VBG claims that it is incorrect to suggest that organizations like VBG refuse accreditation; in fact, VBG would gladly pursue VA accreditation if not for current federal law, which prohibits accredited entities from charging fees for representing veterans in their initial claims, which is why VBG has supported accreditation reform at the federal level for years. VBG explains that while they share the author's concerns regarding predatory companies that fail to provide meaningful support to veterans with disability claims, they are eager to collaborate on strategies to address and remove "bad actors".

Arguments in Opposition

Veterans Guardian writes in opposition that while the intention to protect veterans is commendable, this bill ultimately falls short by restricting their choices in pursuing claims and failing to adequately address critical oversight and protections for their rights and access to a range of solutions. According to Veterans Guardian, similar legislation is facing challenges in various states on First Amendment grounds, particularly regarding veterans' right to petition the government, a right for which they were prepared to sacrifice their lives. Veterans Guardian aims to prevent veterans from becoming entangled in a convoluted appeals process that serves only a select few attorneys by ensuring claims are processed correctly from the outset. This approach addresses the flaws in the current VA disability benefits system, which ultimately harms veterans for the benefit of a small group of powerful law firms. Veterans Guardian asserts that if enacted, this bill will exacerbate existing issues in the system, contribute to the growing backlog of claims handled by VSOs, incentivize attorneys, deprive veterans of essential expert assistance for various claims, and overwhelm them with the complexities of the VA appeals process.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) The 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 in ongoing General Fund to the Trial Court Trust Fund for court operations.
- 3) CalVet anticipates no costs.

VOTES**SENATE FLOOR: 36-0-4**

YES: Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Allen, Alvarado-Gil, Dahle, Reyes

ASM MILITARY AND VETERANS AFFAIRS: 6-0-2

YES: Schiavo, Jeff Gonzalez, Ávila Farías, Carrillo, Davies, Valencia

ABS, ABST OR NV: Michelle Rodriguez, Sharp-Collins

ASM JUDICIARY: 11-0-1

YES: Kalra, Dixon, Hart, Bryan, Connolly, Harabedian, Macedo, Papan, Sanchez, Stefani, Zbur

ABS, ABST OR NV: Pacheco

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache, Ta

ABS, ABST OR NV: Tangipa

UPDATED

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