

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 694 (Archuleta)
Version: June 23, 2025
Hearing Date: September 9, 2025
Fiscal: Yes
Urgency: No
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PURSUANT TO SENATE RULE 29.10(d)

SUBJECT

Deceptive practices: service members and veterans

DIGEST

This bill provides additional protections for veterans in California in connection with fees charged for assistance applying for veterans' benefits and the privacy of their information. The bill requires persons to be federally accredited before preparing, presenting, or prosecuting a veteran's claim for benefits under federal law.

EXECUTIVE SUMMARY

Veterans' benefits are a crucial support system for those who have served this country in the armed forces. As with other government benefits, applicants may need assistance in applying for these critical benefits. To meet this need, federal law establishes a process for organizations, attorneys, and additional claims agents to become accredited to assist veterans in applying for, preparing, presenting, and prosecuting their claims for federal benefits.

Concerns about unaccredited organizations and individuals charging veterans for these services, with sometimes exorbitant rates, has continued to persist despite previous legislation. This bill seeks to ensure that veterans are not charged unreasonable fees and that only federally accredited individuals and organizations are able to carry out this important work.

The bill is sponsored by the California Association of County Veterans Service Officers, the American Legion Department of California, and AMVETS Department of California. It is supported by a variety of groups, including veterans' advocacy groups, labor groups, and legal services entities, including SEIU California. It is opposed by several organizations, including businesses that provide veterans' benefits services, including Veterans Guardian.

PROPOSED CHANGES TO THE LAW

Existing federal law:

- 1) Prohibits any individual from acting as an agent or attorney in the preparation, presentation, or prosecution of any claim under laws administered by the Department of Veterans Affairs (VA) unless such individual has been recognized for such purposes by the Secretary of the VA (Secretary), except as provided. (38 U.S.C. § 5901.)
- 2) Authorizes the Secretary to recognize representatives of the American National Red Cross, the American Legion, the Disabled American Veterans, the United Spanish War Veterans, the Veterans of Foreign Wars, and such other organizations as the Secretary may approve, in the preparation, presentation, and prosecution of benefits claims. No fees may be charged in connection with services rendered hereby. (38 U.S.C. § 5902.)
- 3) Authorizes the Secretary to recognize any individual as an agent or attorney for the preparation, presentation, and prosecution of claims under laws administered by the Secretary and provides that the Secretary shall promulgate regulations laying out the necessary qualifications and standards of conduct. (38 U.S.C. § 5904.) Those attendant regulations lay out the accreditation process, continuing legal education requirements, and parameters on reasonable fees. (38 C.F.R. § 14.626 et seq.)
- 4) Prohibits a fee from being charged, allowed, or paid for services of agents and attorneys with respect to services provided before the date on which a claimant is provided notice of the agency of original jurisdiction's initial decision. (38 U.S.C. § 5904.)

Existing state law:

- 5) Establishes the Consumer Legal Remedies Act (CLRA), which prohibits unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or which results in the sale or lease of goods or services to any consumer. (Civ. Code § 1750 et seq.)
- 6) Designates specified practices as unfair methods of competition and unfair or deceptive acts or practices, including charging or receiving an unreasonable fee to prepare, aid, or advise any prospective applicant, applicant, or recipient in the procurement, maintenance, or securing of public social services, including veterans benefits, as provided. (Civ. Code § 1770.)

- 7) Provides that any consumer who suffers any damage as a result of the use or employment by any person of a method, act, or practice declared to be unlawful by Section 1770 of the Civil Code may bring an action against that person to recover or obtain any of the following:
 - a) actual damages, but in no case shall the total award of damages in a class action be less than \$1,000;
 - b) an order enjoining the methods, acts, or practices;
 - c) restitution of property;
 - d) punitive damages;
 - e) court costs and attorney's fees to a prevailing plaintiff. However, reasonable attorney's fees may be awarded to a prevailing defendant upon a finding by the court that the plaintiff's prosecution of the action was not in good faith; and
 - f) any other relief that the court deems proper. (Civ. Code § 1780(a), (e).)
- 8) Establishes the Unfair Competition Law (UCL), which provides a statutory cause of action for any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising, including over the internet. (Bus. & Prof. Code § 17200 et seq.)
- 9) Prohibits a person, in connection with any transaction or any sale of goods or services, from electronically accessing a Common Access Card (CAC) issued to a service member, placing or requiring the placement of such a CAC in a smart card reader, requesting or requesting entry of the personal identification number (PIN) associated with such a CAC, or requiring a service member to log in to any Department of Defense or, in the case of a member of the Coast Guard, Department of Homeland Security computer system. A transaction or sale entered into in violation of this subdivision is void. (Mil. & Vets. Code § 401(d).)

This bill:

- 1) Expands the CLRA prohibition to other veterans benefits and provides that 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 United States Department of Veterans Affairs is unreasonable.
- 2) 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 PIN associated with a CAC.
- 3) 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 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.

COMMENTS

1. Federal law establishes who may prepare, present, or prosecute veterans' benefits claims

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 such purposes by the VA Secretary, except as provided. The law provides for the recognition of certain organizations for these purposes, such as the VFW, the American Legion, and the American National Red Cross. However, these organizations are restricted from charging fees for these services. The law also authorizes the Secretary to provide for the accreditation of agents and attorneys and directs the Secretary to prescribe in regulations the various requirements and parameters for providing such services.

The VA describes the process on their website:

The VA accreditation program exists to ensure that Veterans and their family members receive appropriate representation on their VA benefits claims. VA accreditation is for the sole and limited purpose of preparing, presenting, and prosecuting claims before VA.

...

An individual generally must first be accredited by VA to assist a claimant in the preparation, presentation, and prosecution of a claim for VA benefits—even without charge. VA accredits three types of individuals for this purpose: - Representatives of VA-recognized veterans service organizations (VSO) - Attorneys (accredited in their individual capacity, not through a law firm) - Claims agents (accredited in their individual capacity, not through an organization).¹

Here in California, the California Department of Veterans Affairs (CalVet) has a network of VSOs:

County Veteran Service Offices (CVSO) are the key agencies in providing California's veterans with assistance and connection to benefits and services in local communities throughout the state. CalVet's relationship

¹ *VA Accreditation Program*, United States Department of Veterans Affairs, <https://www.va.gov/OGC/docs/Accred/HowtoApplyforAccreditation.pdf>. All internet citations are current as of September 7, 2025.

with CVSOs ensures veterans and their families are served and represented by trained and accredited professionals. CVSOs are a critical component in the state's efforts to work directly with individual veterans and their families to ensure our Veterans receive benefits they earned through their service to our Nation. CVSOs are on the front lines for this important mission and play the key role in ensuring that veterans and their families are aware of their benefits, and in fact apply for and receive them. Together, the CVSOs, through claims initiation and development, and CalVet, through claims development and representation with appeals, provide assistance to veterans and their families in preparing and submitting claims and in representing claimants before the federal, state and local agencies providing veterans benefits.²

The CVSOs reported in 2023 that their officers were able to serve over 600,000 veterans and their families and secured \$485 million in claims awards.³

The federal regulations governing the accreditation program provide: "The purpose of the regulation of representatives, agents, attorneys, and other individuals is to ensure that claimants for Department of Veterans Affairs (VA) benefits have responsible, qualified representation in the preparation, presentation, and prosecution of claims for veterans' benefits." (38 C.F.R. § 14.626 et seq.) The regulations lay out the application process and detail the necessary qualifications.

To ensure accredited attorneys and claims agents are best suited to assist with claims, the regulations impose a continuing legal education requirement. The 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 percent of past-due benefits awarded is reasonable and that any fee that exceeds 33 1/3 percent of such benefits is unreasonable.

2. Concerns with unaccredited organizations

After a softening of the penalties for acting as an agent or attorney in the preparation, presentation, or prosecution of a claim for veterans benefits without accreditation, the industry for unaccredited claims representatives expanded:

² County Veterans Service Offices, CalVet, <https://www.calvet.ca.gov/VetServices/Pages/County-Veteran-Service-Organization.aspx>.

³ 2023 Annual Report, California Association of County Veterans Service Officers, <https://www.cacvso.org/wp-content/uploads/2024/05/Veterans-Annual-Report-2023.pdf>.

For decades, federal law penalized unaccredited actors who charged veterans for “preparing, presenting, or prosecuting claims before the VA.” While regulations still prohibit such behavior, all criminal penalties were removed from federal statutes in 2006, leaving the VA essentially toothless to go after bad actors. (Accredited representatives, however, remain liable to be investigated and, if appropriate, disbarred when a veteran complains.)⁴

These unaccredited companies and representatives are not subject to the accountability measures laid out in federal law or the oversight of the VA.

A subcommittee of the House Committee on Veterans’ Affairs held a hearing on the VA Accreditation Program in 2022, emphasizing concerns about this unregulated industry. Congressman Chris Pappas, Chair of the Oversight and Investigations Subcommittee of the House Committee on Veterans’ Affairs squarely addressed the issue:

For decades, federal law has prohibited anyone from helping a veteran prepare or present a VA benefit claim without accreditation. Despite this black-letter law, there’s been an explosion in the number of unaccredited, for-profit companies who say they’re not preparing or presenting claims . . . However, if you read the fine print, they also charge veterans hundreds, if not thousands, of dollars. . . . there are many other veterans who have complained about exorbitant costs, hidden fees, difficulties canceling a contract, aggressive marketing emails, rampant collection calls, and other predatory practices that many unaccredited companies employ. Some companies even solicit veterans’ eBenefits usernames and passwords, or try to gain direct access to people’s bank accounts...Some veterans may be willing to pay a fee if the services they receive are worthwhile and a company’s business practices are above board. But without adequate oversight through the accreditation process, we cannot be assured that this is case.⁵

3. Consumer Legal Remedies Act (CLRA)

The Legislature has long considered consumer protection to be a matter of high importance. State law is replete with statutes aimed at protecting California consumers from unfair, dishonest, or harmful market practices. These consumer-protection laws

⁴ Jasper Craven, *As veteran disability claims soar, unaccredited coaches profit off frustration with VA system* (July 5, 2023) Texas Tribune, <https://www.texastribune.org/2023/07/05/veterans-disability-benefits-brian-reese-va-claims-insider/>.

⁵ Press Release, *Pappas Chairs Joint Hearing on Predatory Claim Sharks Targeting Veterans’ Benefits, Questions VA Efforts to Protect Veterans* (April 28, 2022) website of Congressman Chris Pappas, <https://pappas.house.gov/media/press-releases/pappas-chairs-joint-hearing-predatory-claim-sharks-targeting-veterans-benefits>.

authorize consumers to enforce their own rights and seek remedies to make them whole.

The CLRA was enacted “to protect the statute’s beneficiaries from deceptive and unfair business practices,” and to provide aggrieved consumers with “strong remedial provisions for violations of the statute.” (*Am. Online, Inc. v. Superior Court* (2001) 90 Cal.App.4th 1, 11.) The CLRA prohibits “unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or which results in the sale or lease of goods or services to any consumer,” (Civ. Code § 1770(a)), and prohibits conduct “likely to mislead a reasonable consumer,” (*Colgan v. Leatherman Tool Grp., Inc.* (2006) 135 Cal. App. 4th 663, 680; internal quotation marks omitted.).

Among other things, the CLRA prohibits merchants from “representing that a transaction confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law,” or representing that goods “are of a particular standard, quality, or grade” when they are of another. (Civ. Code § 1770.) Consumers who are harmed by specified unlawful practices have a right of action under the CLRA to recover damages and other remedies, including actual damages; an order to enjoin the unlawful act; restitution; punitive damages; or any other relief that the court deems proper. (Civ. Code § 1780.) Additionally, the statute authorizes courts to award attorney’s fees to prevailing plaintiffs and contains mechanisms for securing remedies on a class wide basis. (Civ. Code §§ 1780, 1781.) Consumers who are over the age of 65 are eligible to additionally seek and be awarded, in addition to the above remedies, up to \$5,000 where the trier of fact finds certain circumstances are met.

4. Protecting veterans by capping fees and requiring accreditation

Relevant here, the CLRA prohibits charging or receiving an unreasonable fee to prepare, aid, or advise any prospective applicant, applicant, or recipient in the procurement, maintenance, or securing of public social services. “Public social services” is defined to mean those activities and functions of state and local government administered or supervised by specified state departments, and involved in providing aid or services, or both, including health care services, and medical assistance, to those persons who, because of their economic circumstances or social condition, are in need of that aid or those services and may benefit from them. “Unreasonable fee” is defined to mean a fee that is exorbitant and disproportionate to the services performed. The section lays out a number of factors to be considered in determining reasonableness.

In response to prior concerns about unscrupulous companies preying on veterans, SB 180 (Corbett, Ch. 79, Stats. 2011) expanded the definition of public social services to explicitly include “activities and functions administered or supervised by the United States Department of Veterans Affairs or the California Department of Veterans Affairs involved in providing aid or services, or both, to veterans, including pension benefits.”

This bill expands this prohibition by ensuring that “other veterans benefits” are included within that definition, but more importantly, it deems as unreasonable a fee charged in connection with federal veterans benefits that exceeds the amount that could be charged by an accredited agent or attorney.

The bill also codifies in state law the federal prohibition on preparing, presenting, or prosecuting claims for benefits unless accredited pursuant to federal law. Specifically, the law states that, except “as provided in Sections 1984 and 5904 of Title 38 of the United States Code, a person shall not directly or indirectly solicit, contract for, charge, or receive, or attempt to 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 United States Department of Veterans Affairs.”

It should be noted that federal law does not allow for the charging of fees, even for accredited agents and lawyers, for the preparation of initial claims for benefits.

The bill also bolsters existing protections for veterans by prohibiting 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 and from accessing such systems with another person’s credentials.

According to the author:

Senate Bill 694 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. SB 694 protects our investment and ensures veterans are not steered away from trusted, lawful services into the hands of unregulated actors.

SB 1124 (Menjivar, 2024) was identical to this bill. It passed through this Committee, but died in the Senate Appropriations Committee.

5. Stakeholder positions

The American Legion Department of California and AMVETS Department of California, cosponsors of the bill, write:

As co-sponsors, we view this bill as more than technical alignment with federal standards, it is a line in the sand. It is California saying unequivocally:

- These veterans are not a business model.
- That their initial disability ratings should never be monetized.
- Navigating the VA claims process should not expose them to misleading contracts, data privacy violations, or financial risk.

This is not a hypothetical issue. Real veterans in our communities have signed away portions of their benefits without fully understanding they were paying for services that should have been free. Federal enforcement is currently limited. Without state-level protections, California veterans remain exposed.

A wide coalition of groups, including the Peace Officers Research Association of California, Public Counsel, and the VFW, write in strong support:

SB 694 builds on the framework of SB 1124 (Menjivar, 2024) and addresses the alarming rise in unaccredited and often predatory actors – commonly known as “claim sharks” – that charge excessive or illegal fees for assisting veterans with benefit claims. These bad actors, who lack VA accreditation and oversight, pose serious risks to vulnerable veterans by promising guaranteed outcomes, pressuring veterans into dubious contracts, and compromising access to sensitive personal data.

SB 694 will:

1. **Prohibit unaccredited individuals** from charging for the preparation, presentation, or prosecution of VA benefit claims;
2. **Enhance penalties for unauthorized access** to veterans’ data on secure VA systems; and
3. **Codify reasonable fee standards** by clarifying under the Consumer Legal Remedies Act that fees exceeding those allowed for VA-accredited representatives are unlawful.

California’s veterans deserve transparent, qualified, and accountable representation when navigating the VA benefits process. This bill ensures that only individuals who meet federal standards and adhere to strict

ethical requirements can charge for these services – protecting veterans from exploitation and reinforcing existing legal frameworks.

Writing in opposition, Veterans Guardian, a veteran disability benefits company, argues:

Trapping Veterans in a backlogged appeals system only benefiting a handful of attorneys is something Veterans Guardian aims to avoid by focusing on getting claims done correctly the first time. The current US Department of Veterans' Affairs (VA) disability benefits system is at best cumbersome and adversarial, and at worse broken to a point where it harms the Veterans for the benefit of a small number of powerful boutique law firms. In fact, in recent US Congressional testimony, Kenneth Arnold, Acting Chairman of the Board of Veterans' Appeals testified under oath:

"The [VA] courts clerk annually approved 6,500 to 7,300 attorney fee requests each year, almost all for remanded cases. This generates \$45 to \$50 million in attorney's fees each year, with the majority going to a small number of boutique law firms with relatively few Veterans receiving any increase in their monthly compensation."

If passed, SB 694 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. SB 694 would rob Veterans of the opportunity to seek expert help with a wide variety of claims and would force them into the Veterans Administration appeals trap.

SUPPORT

American Legion - Department of California (sponsor)

AMVETS - Department of California (sponsor)

California Association of County Veterans Service Officers (sponsor)

1 Method

AARP

California Association of Veteran Service Agencies

California Enlisted Association of the National Guard

California Highway Patrolmen

California Hispanic Chambers of Commerce

California Professional Firefighters

Disabled American Veterans, Department of California

Homefirst

IBEW 1245

Korean War Veterans Association

Latino Caucus of California Counties
Long Beach Area Veterans Collaborative
Los Angeles County
Los Angeles County Department of Military and Veterans Affairs
Los Angeles Veterans Collaborative
Military Veterans Affairs County of Los Angeles
Militaryengagement.com
National Veterans Foundation
Nevada County Veterans Service Officer
Paralyzed Veterans of America
Public Counsel
Rural County Representatives of California
San Bernardino County
SEIU California
Vetfund Foundation
VFW
Village for Vets

OPPOSITION

Black Veterans Empowerment Council
Purple Heart Homes
United Veteran Benefits Agency, LLC
Veterans Guardian

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

SB 1124 (Menjivar, 2024) *See* Comment 4.

AB 684 (Ta, 2023) would have, upon appropriation by the Legislature, provided a stipend to counties that host an active United States military base for the purposes of maintaining a county veterans service officer, at least part time, at each such base, subject to base approval. This bill died in the Assembly Appropriations Committee.

SB 180 (Corbett, Ch. 79, Stats. 2011) *See* Comment 4.

PRIOR VOTES:

Assembly Floor (Ayes 68, Noes 0)
Assembly Appropriations Committee (Ayes 14, Noes 0)
Assembly Judiciary Committee (Ayes 11, Noes 0)
Assembly Military and Veterans Affairs Committee (Ayes 6, Noes 0)
Prior Senate votes not applicable to current version of the bill.
