
UNFINISHED BUSINESS

Bill No: SB 694
Author: Archuleta (D) and Cervantes (D), et al.
Amended: 6/23/25
Vote: 21

SENATE JUDICIARY COMMITTEE: 12-0, 9/9/25
AYES: Umberg, Niello, Allen, Ashby, Caballero, Laird, Reyes, Stern, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Durazo

ASSEMBLY FLOOR: 68-0, 9/4/25 - See last page for vote

SUBJECT: Deceptive practices: service members and veterans

SOURCE: California Association of County Veterans Service Officers
American Legion Department of California
AMVETS Department of California

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. This bill requires persons to be federally accredited before preparing, presenting, or prosecuting a veteran's claim for benefits under federal law.

ANALYSIS:

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 United States Code (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 Code of Federal Regulations (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. (Civil (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.

Background

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.

This 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. For a more thorough discussion, please see the Senate Judiciary Committee analysis of this bill.

Comments

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 Veterans of Foreign Wars (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 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.

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.¹ These unaccredited companies and representatives are not subject to the accountability measures laid out in federal law or the oversight of the VA.

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. In response to prior concerns about unscrupulous companies preying on veterans, SB 180 (Corbett, Chapter 79, Statutes of 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.

This 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.

¹ 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/>.

This 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 1/21/26)

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: (Verified 1/21/26)

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

ARGUMENTS IN SUPPORT: 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.

ARGUMENTS 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.

ASSEMBLY FLOOR: 68-0, 9/4/25

AYES: Addis, Aguiar-Curry, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez,

Rogers, Sanchez, Schiavo, Schultz, Solache, Soria, Stefani, Ta, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Ahrens, Alanis, Flora, Gipson, Hoover, McKinnor, Michelle Rodriguez, Blanca Rubio, Sharp-Collins, Tangipa, Wallis

Prepared by: Christian Kurpiewski / JUD. / (916) 651-4113
1/26/26 12:37:11

***** **END** *****