

# Consumer Protections for Veterans

## SB 694 (Archuleta and Schiavo)

SB 694 offers consumer protections for California veterans in the same manner as is currently provided for immigrants, tenants, and consumers engaging legal or financial services. SB 694 provides veterans who have been the victim of unscrupulous claim sharks by providing veterans access to our courts for redress. Unscrupulous actors operate outside of Federal law, which prohibits fees for initial disability benefit claims by veterans and requires persons assisting veterans with their claims to be accredited agents and attorneys. Federal enforcement gaps allow unaccredited, for-profit businesses to exploit California veterans with high-pressure sales tactics, misleading contracts, and fees that exceed Federal limits.

SB 694 provides a means for veterans to seek redress for bad actors under state law. It protects veterans' sensitive medical data, strengthens accountability, and ensures only qualified, accredited professionals handle claims for life-changing benefits promised to our veterans for their service to our nation.

### MYTHS & FACTS

Myth #1: Anyone can help a veteran file a claim as long as they don't call themselves a lawyer.

Fact: Wrong. Under [38 U.S.C. § 5901](#) and [§ 5904](#), only accredited attorneys, agents, or VSO representatives may legally assist in preparing, presenting, or prosecuting a claim for VA benefits. Even giving advice about a specific claim is considered representation and requires accreditation.

Myth #2: These companies just coach or consult. That's legal.

Fact: Coaching or consulting that involves reviewing private records, drafting arguments, and filling out claim paperwork, which is considered representation under federal law. See [38 C.F.R. § 14.627\(a\), \(p\)](#). These actions are prohibited unless the individual is accredited.

Myth #3: Veterans aren't harmed—they choose to pay for help.

Fact: Veterans are held accountable for any errors in their claims, even those made by a third party. These companies fill out forms but do not sign them, putting legal and financial liability entirely on the veteran.

Myth #4: This is just like a paralegal helping someone in court.

Fact: Paralegals must be supervised by a licensed attorney and meet strict educational and ethical standards. These claim companies have no education, no licensure, no oversight, and still handle highly sensitive federal disability claims. There is no equivalent safeguard here.

Myth #5: They aren't breaking any laws.

Fact: They are. VA's Office of General Counsel has issued [cease-and-desist letters to companies like Veterans Guardian \(VG\)](#) for providing unauthorized claims assistance without accreditation. These

companies continue to operate under misleading labels like “coaching” or “consulting,” but they are violating federal law by assisting in the preparation and presentation of VA claims. Under [38 U.S.C. §§ 5901, 5902, 5903, 5904](#) and [38 C.F.R. § 14.629](#), anyone assisting with a VA claim must be accredited. If they are charging for initial claims preparation and are not accredited, they are in violation of Federal law.

#### Definition – Initial Claim

An initial claim is the first request for benefits filed by a veteran with the VA. It includes original disability claims for service-connected conditions, non-service-connected pension, Dependency and Indemnity Compensation (DIC), or any new claim where no prior final decision exists. (See [38 C.F.R. § 3.151](#), [§ 3.160\(b\)](#))

Claim sharks like Veterans Benefit Guardian (VBG) and [Veterans Guardian \(VG\)](#) charge thousands of dollars for helping veterans submit these initial claims, the type of assistance that federal law says must be free. These out-of-state companies oppose SB 694 because, while they ignore Federal law, they are able to operate in California with impunity, ignoring Federal cease and desist orders. SB 694 will ensure California veterans have access to state courts to seek redress from actions by these companies regarding unreasonable fees and unaccredited representation.

SB 694 isn't controversial. It doesn't change federal law — it ensures California enforces it. Veterans have earned these benefits with their service. They should never be charged thousands of dollars for help that is supposed to be free.

Federal law has long recognized this: [38 U.S.C. § 5904\(c\)\(1\)](#) explicitly prohibits anyone from charging a fee for services provided before the Veterans Administration (VA) issues an initial decision on a claim. This has been the legal standard for decades to ensure veterans can access earned benefits without being charged fees.

SB 694 builds on this 160-year-old foundation, ensuring that California enforces these longstanding federal protections and provides veterans with access to redress under state law when those protections are violated.

## Veterans Guardian VA Claim Consulting: Legal Troubles and Investigations

Veterans Guardian VA Claim Consulting, LLC, based in Pinehurst, North Carolina, represents one of the most problematic cases in the unaccredited veteran services industry. The company has faced multiple serious legal challenges that reveal the scope of potentially fraudulent practices.

## Federal Fraud Allegations

A whistleblower lawsuit filed by former employee Leslie Carico presents devastating allegations against Veterans Guardian [5](#) [6](#). Carico, who worked as a disability benefits application specialist, claims that the company's business practices are "permeated with fraud and deceit" [5](#) [6](#). The lawsuit alleges that Veterans Guardian conspired to submit thousands of fraudulent mental health disability claims to the VA [5](#).

The specific fraudulent tactics allegedly employed by Veterans Guardian include [7](#):

- Claims strategists with no medical background conducting veteran interviews and determining health issues for forms
- Referring veterans to the same psychologist for remote exams, sometimes conducted by the psychologist's family members
- Auto-populating mental health forms with identical checkmarks
- Employees changing depression self-evaluation scores without veterans' knowledge
- Coaching applicants to appear "tired and shabby" for VA medical examinations
- Instructing veterans not to shave, to use canes or wheelchairs, and to use specific buzzwords like "depressed" and "sad"
- Routinely adding secondary conditions like erectile dysfunction and headaches to maximize ratings
- Telling employees to inform prospects that the VA "could not be trusted to deal with veterans fairly" and that "misrepresentations may have to be made"

## Financial Exploitation

The financial structure of Veterans Guardian's operations reveals the predatory nature of their business model. The company charges a one-time fee equal to five times the amount of a veteran's monthly disability benefit increase [7](#). For a veteran going from 0 to 100 percent rating, this could amount to over \$22,000 for Veterans Guardian [7](#).

## Multiple Legal Actions

Veterans Guardian faces numerous legal challenges beyond the whistleblower lawsuit [8](#):

- A class action lawsuit filed by two veterans accusing the company of being a "claims shark" that charges fees beyond federal law limits
- Allegations of practicing law without a license
- Accusations that the company "preys on disabled veterans by unfairly and deceptively taking tens of millions of dollars of their disability benefits"

- Federal court cases in multiple jurisdictions, including a significant case in New Jersey, where the company is challenging state laws designed to stop unaccredited services [9](#)

## **Unaccredited Status and Legal Violations**

Veterans Guardian openly acknowledges its unaccredited status. The company's disclaimer clearly states: "Veterans Guardian is not an accredited agent or entity recognized by the Department of Veterans Affairs and is not affiliated with the Department of Veterans Affairs in any way" [10](#). Despite this, federal law (38 U.S.C. 5901) prohibits individuals from acting as agents or attorneys in VA claim preparation without proper accreditation [10](#).

The VA issued a cease and desist letter to Veterans Guardian in 2019, warning that the company "is prohibited by law from assisting Veterans in the preparation, presentation, or prosecution of their VA benefits" [11](#). A congressional oversight panel also rebuked the company [11](#).

**Veterans Guardian denies all allegations of fraud or wrongdoing as described in the lawsuit.**

## **Federal Fraud Allegations**

A whistleblower lawsuit filed by former employee Leslie Carico presents devastating allegations against Veterans Guardian. Carico, who worked as a disability benefits application specialist, claims that the company's business practices are "permeated with fraud and deceit". The lawsuit alleges that Veterans Guardian conspired to submit thousands of fraudulent mental health disability claims to the VA. **Veterans Guardian denies all allegations of fraud or wrongdoing as described in the lawsuit.**

## **Summary of Class Action Veterans Guardian Lawsuit (recent)**

A class-action lawsuit has been filed in federal court against Veterans Guardian VA Claim Consulting, LLC, alleging the company charged illegal fees to disabled veterans. Veterans Guardian is accused of unlawfully preparing, presenting, and prosecuting VA claims despite not being accredited, violating federal laws that mandate accreditation for such activities. Plaintiffs argue the company's actions represent unfair and deceptive trade practices, as it charges veterans exorbitant fees (five times the monthly VA benefit increase) for services that are legally required to be provided free or under regulated conditions by accredited representatives. The case emphasizes Veterans Guardian's misleading portrayal of services as "pre-filing" and "post-filing" consulting, masking its direct involvement in claims preparation, which federal law explicitly prohibits without accreditation. **Veterans Guardian denies the claims and maintains that its practices are lawful and ethical.**

# “Inside the Claims Shark Industry: Veterans Guardian’s Lobbying Tactics and Legal Violations” —Excerpted from:

[The War Horse, April 18, 2025, by Leah Rosenbaum](#)

It started in 2017 with a group of friends and colleagues—the first 40 clients whom U.S. Army veterans Scott Greenblatt and Bill Taylor signed up to help. They had come home from combat zones weary and weakened by illness and injury, with a promise of monthly disability payments from the country they served. But first, they had to navigate the lumbering bureaucracy of the Department of Veterans Affairs.

Soon, those 40 veterans grew to 275 a month. Then 275 soared to 500. Last year, Taylor and Greenblatt’s company Veterans Guardian assisted about 30,000 veterans with benefits claims, according to Taylor. “We have your back,” the company’s website says. “Together we can uncover all the benefits you deserve.”

The one problem with their success story: Veterans Guardian’s business model runs afoul of the law, say lawmakers and attorneys general from across the country. But nobody has been able to stop them. With no accreditation, the company is charging veterans thousands of dollars for guidance that veterans service organizations and other nonprofits advise vets on for free.

A whistleblower lawsuit from one of Veterans Guardian’s former employees claims the firm’s business practices are “permeated with fraud and deceit” and cheating the federal government out of millions of dollars. A lawsuit filed by veterans alleges the company “preys on disabled veterans by unfairly and deceptively taking tens of millions of dollars of their disability benefits in violation of federal law.”

Lawmakers in nearly 40 states and Congress have moved to crack down on unaccredited companies like Veterans Guardian that are part of an industry that has only grown since the 2022 PACT Act led to the largest expansion of veterans benefits in decades. And the Department of Veterans Affairs warned the firm back in 2019 in a cease and desist letter that it “is prohibited by law from assisting Veterans in the preparation, presentation, or prosecution of their VA benefits.” A congressional oversight panel rebuked Veterans Guardian three years later for denying such a letter even existed.

But instead of backing down, the Pinehurst, North Carolina-based company is spending millions of dollars to fight back—an indication, experts say, of just how much money is at stake in the highly politicized world of veterans benefits. One of Veterans Guardian’s competitors estimated in a 2021 SEC filing that the VA claims consulting market was worth a staggering \$73 billion a year.

“Numerous large companies are siphoning off hundreds of millions of dollars a year in veterans benefits,” Rep. Morgan McGarvey, a Democrat from Kentucky, said last month during a hearing on Capitol Hill, “all to make a quick dollar on what has for decades been a free service.”

The War Horse reviewed hundreds of pages of court filings, campaign finance records, and lobbying disclosures from two dozen states across the political spectrum and interviewed current and former employees to map out how Veterans Guardian courts veterans and wields influence on Capitol Hill and state capitals across the country.

The investigation found Veterans Guardian stood out from its peers by spending \$2.3 million in the last three years to lobby Congress and hundreds of thousands more on lobbying state legislators. But in an hour-long interview with The War Horse, Taylor passionately defended Veterans Guardian, insisting VA's beleaguered benefits claims system is the real problem.

Veterans are paying the price, he said, and companies like his are offering veterans a choice. He said 70 percent of Veterans Guardian's clients have already tried to use a VA-accredited free service, like those provided by Disabled American Veterans and Veterans of Foreign Wars, to apply for benefits. "If they know the free services are there and they've used them and they're still coming to me," he said, "that tells you that there's something wrong."

#### A Former Employee Blows the Whistle

Leslie Carico had been working as a document control specialist at Veterans Guardian for about five months in May 2019 when she began discussing concerns with a coworker. It wasn't long before "disloyalty" cost her the job, according to a whistleblower lawsuit she filed in 2020.

Her dramatic claims emerged last year when the U.S. District Court for the Middle District of North Carolina unsealed the case. In a complaint that spans more than 60 pages, she detailed how Veterans Guardian "hijacks the application process, wresting control of it from the veteran" with a "singular focus": a 100 percent disability rating for the maximum VA benefit possible so the company can charge the largest commission.

Among the alleged tactics, according to the lawsuit: Claims strategists with no medical background interviewed veterans and quickly assessed which health issues should be listed on their forms. The company referred veterans to the same psychologist for remote exams— sometimes conducted by the psychologist's family members—and mental health forms were auto-populated with identical checkmarks. Employees changed scores on depression self-evaluations if they felt the score was too low, sometimes without the veterans' knowledge.

Applicants were coached to look "tired and shabby" for appointments with VA medical examiners. They were advised not to shave, told to use a cane or wheelchair if they had one, and to use buzz words such as "depressed," "sad," and "no motivation." Veterans Guardian employees routinely tacked on secondary conditions like erectile dysfunction and headaches to a veteran's diagnosis if resubmitting an application was necessary. Employees were instructed to tell prospective customers that VA "could not be trusted to deal with veterans fairly. Misrepresentations may have to be made."

The reason that the company went to these lengths, Carico's lawsuit said, was simple: money. The company charged a one-time fee of five times the amount of a veteran's monthly disability benefit increase. For a veteran going from a 0 to 100 percent rating, this could amount to up to \$4,500 a month—a payout of more than \$22,000 for Veterans Guardian. The company charged nothing to a veteran who received no benefit rating increase—but this was rare.



VA Accreditation Program (022D)  
Office of General Counsel

810 Vermont Avenue, NW  
Washington, DC 20420  
ogcaccréditationmailbox@va.gov

In Reply Refer To:  
**022D-76221**

January 16, 2019

Mr. Scott C. Greenblatt  
Veterans Guardian VA Claim Consulting  
109 Arnette Street  
Aberdeen, NC 28315

Dear Mr. Greenblatt:

The Department of Veterans Affairs (VA) has received information that Veterans Guardian VA Claim Consulting may be engaged in illegal activities, which include the unauthorized representation of claimants for VA benefits and charging them for your services. The purpose of this letter is to provide you notice of the law and the opportunity to respond before we take further action.

On the website for your business, [www.vetsguardian.com](http://www.vetsguardian.com), it states

Our mission is simple: to assist you in receiving ALL of the VA benefits that you have EARNED through your service to the nation. The VA disability claim process can be difficult and confusing to navigate. We provide a wealth of experience with and an understanding of the VA disability claim process that allows us to develop an individual claim strategy to support your specific circumstances. We will guide you through the process and provide all of the documents that you will need to submit your claim

Further, under the CLAIMS tab, the website discusses the assistance your business can provide with the filings of several different claims, and concludes by stating

The Veterans Guardian VA Claims Consulting team has experience filing EVERY SINGLE disability claim listed in the eCFR, Title 38, Schedule 4, Schedule for Rating Disabilities. Please contact us if you need help filing or re-filing your VA disability claim. We are veterans helping veterans get the VA disability compensation YOU! Veterans Guardian VA Claim Consulting takes all the risk up front leveraging our capability as we NEVER charge any Medical-Legal Consulting Fees unless you receive a benefit from our services.

Chapter 59 of title 38, United States Code, and sections 14.626-14.637 of title 38, Code of Federal Regulations, govern the representation of claimants seeking VA benefits. The purpose in regulating who may provide claims assistance to



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Mr. Scott C. Greenblatts

Veterans is to ensure that they "have responsible, qualified representation in the preparation, presentation, and prosecution of claims for veterans' benefits." 38 C.F.R. § 14.626.

Under 38 U.S.C. § 5902, VA is authorized to recognize organizations to assist claimants with their VA benefit claims. VA regulations require organizations to apply for VA recognition, demonstrate that the organization satisfies the legal requirements for recognition, and then certify to VA that each of the organization's representatives who will assist Veterans in the preparation, presentation, and prosecution of claims before VA meets the legal requirements for accreditation. 38 C.F.R. § 14.628(d)(1)(i). Please note that one of the requirements for recognition is that the primary purpose of the organization must be to serve veterans. In determining whether this primary purpose exists, the Secretary takes into account and weighs all of the organization's activities including other possible business interests. Our records indicate that Veterans Guardian VA Claim Consulting does not hold VA recognition. Accordingly, as an organization, Veterans Guardian VA Claim Consulting is prohibited by law from assisting Veterans in the preparation, presentation, or prosecution of their VA benefits claims.

VA is further authorized to accredit individuals as claim agents or attorneys to assist in the preparation, presentation, and prosecution of a claim for VA benefits. 38 U.S.C. § 5904; 38 C.F.R. § 14.629. Under these laws, an individual must be accredited by VA as an agent, attorney, or representative of a VA-recognized veterans service organization to assist in the preparation, presentation, and prosecution of a claim for VA benefits. 38 U.S.C. §§ 5901-5902, 5904; 38 C.F.R. § 14.629. In other words, to provide assistance with a claim for VA benefits, even without charge, a person must be accredited by VA as an agent, attorney, or service organization representative. VA regulations provide a *one-time* only exception to this general rule, which authorizes a person to provide assistance on a particular claim, but such assistance must be without cost to the claimant and is otherwise subject to the laws governing representation. 38 C.F.R. § 14.630. Because neither you nor your business are currently accredited by VA, you are prohibited by law from assisting veterans in the preparation, presentation, and prosecution of claims before VA.

It is unclear whether Veterans Guardian VA Claim Consulting is associated with any VA-accredited claims agents or attorneys. That said, even if Veterans Guardian VA Claim Consulting does have claims agents or attorneys associated with the organization, such associations would not authorize Veterans Guardian VA Claim Consulting to advertise that "the organization" provides VA claims assistance services. The law requires VA-accredited claim agents and attorneys to represent claimants in their individual capacity. See 38 U.S.C. § 5904; 38 C.F.R. § 14.629. Thus, if an organization is going to rely on the accreditation of an individual claims agent or attorney, the organization must be transparent in its advertising of who will be providing such services. To the extent that Veterans Guardian VA Claim Consulting has any VA-accredited claims agents or attorneys associated with the



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Mr. Scott C. Greenblatts

organization, we recommend that you revise Veterans Guardian VA Claim Consulting's website to clearly state the names of individual(s) that will be providing VA claims assistance, and make sure that Veterans Guardian VA Claim Consulting is not misleading the public into thinking that the organization as a whole provides VA claims assistance services.

Additionally, the standards of conduct for individuals accredited to represent claimants for VA benefits are based upon the Model Rules of Professional Conduct. See 38 U.S.C. § 5904(a)(2). Rule 7.1 of the Model Rules of Professional Conduct requires that "[a] lawyer shall not make a false or misleading communication about the lawyer or lawyer's services. A communication is false or misleading if it contains a material misrepresentation of fact or law, or omits a fact necessary to make the statement considered as a whole not materially misleading." Comment [2] to the Rule makes clear that "[t]ruthful statements that are misleading are also prohibited." Your business's website possibly violates these requirements. See, e.g., *In re Huelskamp*, 740 N.E.2d 846, 848 (Ind. 2000). Of particular note is a passage where your business advertises assistance with a "Lifestyle Impact Claim," stating:

The Lifestyle Impact Claim is a high-value secondary condition that many veterans are eligible for due to other service connected disabilities of varying degrees of ratings or intensity. It is one that is rarely acknowledged by the VA regional office, but it provides additional compensation to veterans for the impact their current service connected disability is having on their overall lifestyle, whether that impact is social, recreational, or vocational. Our clients typically receive 30%, 50%, or 70% for just this one claim alone. To qualify for this claim, you must have a primary service connected disability rated 0% or higher, and that primary disability must be significantly affecting your life in a negative way. We can help you establish a claim for both the disability and its impact on your lifestyle.

We are not aware of any such claim, and, therefore, even if your business was accredited, its advertising may be considered a violation of the VA standards of conduct for accredited individuals, which requires that you be truthful in your dealings with claimants and VA, and prohibits, among other things, engaging in conduct involving fraud, deceit, misrepresentation or dishonesty. See 38 C.F.R. § 14.632(a)(2) (requiring accredited individuals to be truthful in their dealings with claimants and VA), (c)(3) (prohibiting accredited individuals from engaging in conduct involving fraud, deceit, misrepresentation or dishonesty), (c)(4) (prohibiting accredited individuals from violating any of the provisions of title 38, United States Code, and title 38, Code of Federal Regulations), (c)(11) (prohibiting accredited individuals from engaging in any other unlawful or unethical conduct).

Within 30 days of the date of this letter, please inform us of the measures you are taking to address our concerns. Your response should be mailed to the following

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Mr. Scott C. Greenblatts

address:

Attn: (b)(6)  
Office of the General Counsel (022D)  
Department of Veterans Affairs  
810 Vermont Avenue, NW  
Washington, DC 20420

In the alternative, you may email your response to [ogcaccreditationmailbox@va.gov](mailto:ogcaccreditationmailbox@va.gov).

If we do not hear from you or if, based on your response, we determine that you have not taken appropriate measures to cease any and all illegal activities, we will refer the matter to the appropriate law-enforcement authorities.

Sincerely yours,

(b)(6)

Staff Attorney

**Support SB 694. Protect veterans from exploitation. Close the enforcement loophole.**