



LEGISLATIVE POINT PAPER

PROTECTING VETERANS FROM PREDATORY ACTORS

BACKGROUND

America's veterans are being targeted by predatory claims companies that charge exorbitant fees for services provided free of charge by veteran service organizations. These companies use aggressive marketing tactics, misleading statements, and complicated contracts to profit from veterans receiving Department of Veterans Affairs (VA) benefit payments. They do not adhere to VA regulations and cannot legally represent veterans.

These companies charge veterans at a rate of 500 or 600 percent of whatever future increase in monthly benefits they receive – a violation of the U.S. Code, which prohibits the payment of fees based on future benefits compensation (See 38 USC 5301(a)(3)(A)). In return for such large payments, these companies offer so-called “consulting services” and make it clear to the clients that they, themselves, are still responsible for filing the actual claim with VA. These profiteers are not accredited by VA; thus, their activities cannot be monitored by VA's Office of General Counsel.

Other predatory actors have also recently emerged responding to the passage of the Camp Lejeune Justice Act (CLJA), which allows veterans and their families who were exposed to contaminated drinking water at Camp Lejeune to pursue legal action against the federal government for damages. While those exposed to these toxins need access to quality legal representation, predatory law firms charging exorbitant fees have inundated veterans and their families with aggressive marketing campaigns, attempting to get a portion of what the Congressional Budget Office assesses will be \$6 billion worth of payments over the next ten years. These firms have also failed to inform prospective clients of the exclusive remedy clause, which requires the award to be offset by the dollar amount of benefits received through programs at VA, Medicare, and Medicaid. In some scenarios, veterans and their families may be left with almost nothing after expansive offsets and exorbitant legal fees are applied.

KEY POINTS

- Unaccredited predatory claims companies are not bound by VA regulations and cannot be penalized by the Office of General Counsel.
- Veterans are charged exorbitant fees by these “claim sharks” for services that are provided free of charge by the American Legion and other veterans service organizations.

- Through aggressive ad campaigns, some unethical law firms are convincing Camp Lejeune veterans to file lawsuits against the federal government, yet failing to explain how the offset clause in the CLJA could deprive them of settlement money.

WHAT CONGRESS CAN DO

- Oppose legislation that elevates the standing of unaccredited claims companies or legitimizes predatory practices targeting veterans.
- Pass legislation that will restore criminal penalties in the prosecution of unaccredited predatory claims companies that target veterans and their dependents.
- Pass the Governing Unaccredited Representatives Defrauding (GUARD) VA Benefits Act.
- Impose a cap on legal services provided in association with the Camp Lejeune Justice Act.
- Eliminate vague, impractical, and unrelated offsets awarded in association with the Camp Lejeune Justice Act

RELEVANT RESOLUTIONS

- Resolution No. 11 (2018): Support Veteran and Reserve Servicemember Financial Protections.¹
- Resolution No. 13 (2019): Support Robust Enforcement of the Military Lending Act.²
- Resolution No. 16 (2021): Veteran and Servicemember Financial Protection.³
- Resolution No. 38 (2021): Predatory Claims Companies.⁴
- Resolution No. 15 (2022): Oversight of Camp Lejeune Justice Act.⁵

¹ The American Legion Resolution No. 11 (2018): [*Support Veteran and Reserve Servicemember Financial Protections*](#)

² The American Legion Resolution No. 13 (2019): [*Support Robust Enforcement of the Military Lending Act*](#)

³ The American Legion Resolution No. 16 (2021): [*Veteran and Servicemember Financial Protection*](#)

⁴ The American Legion Resolution No. 38 (2021): [*Predatory Claims Companies*](#)

⁵ The American Legion Resolution No. 15 (2022): [*Oversight of Camp Lejeune Justice Act*](#)