



**Statement of the Maryland Federation of
National Active and Retired Federal Employees
Senate Finance Committee Hearing, February 27, 2025
On SB 928 – Veterans Benefits Matters – Claims Servicers –
Prohibitions and Requirements**

(Position – FAV)

Good Afternoon, Chair Beidle and Vice-Chair Hayes and members of the Finance Committee. I am pleased to provide our written statement today on behalf of the State Legislative Committee of the Maryland National and Active and Retired Federal Employees Association (NARFE), representing approximately 317,000 federal annuitants and employees in Maryland. For the continuing benefit of the more than 3,100 Veterans who are Maryland NARFE members – and for all Maryland Veterans - we support and ask you for a favorable report on SB 928 – Veterans Benefits Matters – Claims Servicers – Prohibitions and Requirements. We thank Senator William C. Smith, Jr. for introducing this Bill.

SB 928 would address the insidious problem of “Claims Sharks,” the unscrupulous agents who exploit Veterans by charging often exorbitant fees to process claims or benefit denials filed with the Veterans Administration (VA). The bill will incorporate Federal law into MD law by making it illegal for anyone **not accredited with the VA** to charge service fees for claims assistance for a Veteran (fees can be charged in some circumstances discussed below). Such violations would be subject to fines and all fines collected would go to the MD Veterans Trust Fund.

Under Federal law, veterans claims assistance can only be provided by VA accredited agents, who fall into three categories: 1) Claims Agents; 2) Attorneys; and 3) Veterans Service Organizations, like the Veterans of Foreign Wars (VFW) or the American Legion (AL). Claims Agents and Attorneys can charge fees on a tightly regulated scale overseen by the VA and are subject to discipline and punishment by the VA for violation of the VA regulations. The VSO Claims Agents at the VFW and AL will provide services for free, as do Claims Agents at the Maryland Department of Veterans Affairs. And of course, free service is available when the Veteran goes directly to the VA.

The MD Department of Veterans Affairs has noted that claim sharks operate by promising a Veteran a guaranteed disability rating in exchange for a cut of their earned benefits. When documentation is thin, the claims sharks will “juice the claim,” sometimes even working with unscrupulous medical professionals to produce fraudulent documentation, opening Veterans up to financial penalties or even criminal prosecution.¹

This fraud against Veterans is a serious problem. Veterans reported \$350 million in total fraud losses to the Federal Trade Commission in 2023.² In 2021, our partner organization AARP conducted a survey to measure the number of scams, fraud and identity theft schemes threatening veterans and active-duty service members. The results showed veterans and military adults are 40% more likely to lose money to scams and fraud than civilians. In addition, 4 out of 5 military/veteran adults were targeted by scams directly related to their military service or the benefits they receive and that almost one in three military/veteran adults reported losing money to service related scams. Of those who lost money, 47% fell victim to benefit buyout scams, where their VA pension and/or disability

¹ Testimony by Tony Banks, Secretary, Maryland Department of Veterans Affairs, in Support of Senate Bill 831, Veterans – Persons Providing Veterans Benefits Services and Veterans Benefits Appeals Services – Fees and Compensation, before the Senate Education, Energy and the Environment Committee, February 29, 2024.

² From FTC Consumer Sentinel Network Report, 2023, <https://www.ftc.gov/reports/consumer-sentinel-network-data-book-2023>

benefits are turned over for a supposed lump-sum payment that never materializes and 32% fell for fraudulent records scams, where they were charged for updated personal military records.³

While the Federal PACT Act⁴ increased the number of disability claims, it also brought on many additional claims servicer companies because, to put it bluntly, the companies see great opportunities to make money at the expense of unsuspecting and vulnerable Veterans. These abuses include offering claims assistance without being accredited, in violation of Federal law, and failing to disclose this to the Veterans, as well as charging fees beyond those permitted to be charged by accredited agents.

These companies are very actively opposing states who are proposing protective legislation and lobbied legislatures in 38 states *against* claim predator legislation. One of the biggest companies, Veterans Guardian, sued both New Jersey and Maine about their legislation, saying that their claim predator laws

³ AARP Report – “Scambush: Military Veterans Battle Surprise Attacks from Scams and Frauds,” <https://states.aarp.org/alaska/veterans-targeted-by-scammers>

⁴ The Sergeant First Class (SFC) Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act, 38 U.S.C. sec. 101 et seq, 38 CFR Part 8. The PACT Act, among other things, expands and extends eligibility for VA health care for Veterans with toxic exposures and Veterans of the Vietnam, Gulf War, and post-9/11 eras, and Adds 20+ more presumptive conditions for burn pits, Agent Orange, and other toxic exposures. <https://www.va.gov/resources/the-pact-act-and-your-va-benefits/>

violate free speech. A federal court denied that suit saying that the law regulates conduct, not speech.⁵ Veterans Guardian appealed that ruling, but a decision has not yet been handed down. In 2024 alone, Veterans Guardian spent \$1,130,000 on lobbyists trying to stop state efforts to protect Veterans from claims predators.⁶

From the Fiscal Note for SB 928, we note that the Department of Veteran and Military Families and the Office of the Attorney General can handle any administrative changes with existing budgets. Thus, SB 928 presents as rare Bill that does not represent any costs to the State.

NARFE sees SB 928 as a way to ensure that when a Veteran seeks assistance, she or he can trust that they will be helped by an accredited claims agent who meets high ethical and professional standards in their claims and/or appeal process. SB 928 provides us a chance to honor Veterans' service by protecting them against claims predators who seek to deprive them of their earned and deserved benefits.

We respectfully ask that you give a favorable report to SB 928.

Thank you.

⁵ Veterans Guardian VA Claims Consulting, LLC v. Platkin, (U.S. Dist. Ct, D. New Jersey, Memorandum Opinion, January 5, 2024.

⁶ <https://www.opensecrets.org/federal-lobbying/clients/summary?cycle=2024&id=D000089168>, noted in Maryland Military Coalition Alert on HB 267, the companion bill to SB 928.

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