



**Statement of the Maryland Federation of
National Active and Retired Federal Employees
House Economic Matters Committee Hearing, March 3, 2026
On HB 977 – Veterans Benefits Matters – Claims Servicers –
Requirements**

(Position – FAV)

Good Afternoon, Chair Valderrama and Vice Chair Chardoukian, and members of the Economic Matters 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 HB 977 – Veterans Benefits Matters – Claims

Servicers – Requirements. We thank Senator Delegate Allen for introducing this Bill.

HB 977 requires a person who is not accredited by the U.S. Department of Veterans Affairs (VA) who is seeking to receive compensation for preparing, presenting, or prosecuting a veterans benefit matter (or advising, consulting, or assisting with such a matter) to enter into a written fee agreement that must be signed by both parties. The fee agreement must adhere to all criteria specified in federal regulations (38 CFR § 14.636). Additionally, the fee agreement must also provide a written notice with specified information that indicates that free services may be available. The notice also must be delivered orally to the veteran seeking help at the same time the fee agreement is entered into and the veteran must sign an acknowledgement that they understand the notice.¹

HB 977 also repeals certain advertising and disclosure requirements related to veterans' benefits services, which are replaced by the bill's provisions. Violation of the bill will be classified as an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal

¹ The written notice states: "THIS BUSINESS IS NOT SPONSORED BY, OR AFFILIATED WITH, THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS OR THE MARYLAND DEPARTMENT OF VETERANS AND MILITARY FAMILIES, OR ANY OTHER FEDERALLY CHARTERED VETERANS' SERVICE ORGANIZATION. OTHER ORGANIZATIONS, INCLUDING BUT NOT LIMITED TO THE MARYLAND DEPARTMENT OF VETERANS AND MILITARY FAMILIES, A LOCAL VETERANS' SERVICE ORGANIZATION, AND OTHER FEDERALLY CHARTERED VETERANS' SERVICE ORGANIZATIONS, MAY BE ABLE TO PROVIDE YOU WITH THIS SERVICE FREE OF CHARGE. PRODUCTS OR SERVICES OFFERED BY THIS BUSINESS ARE NOT NECESSARILY ENDORSED BY ANY OF THESE ORGANIZATIONS. YOU MAY QUALIFY FOR OTHER VETERANS' BENEFITS BEYOND THE BENEFITS FOR WHICH YOU ARE RECEIVING SERVICES HERE.

penalty provisions. A person who violates the bill's disclosure requirement is subject to (1) a civil penalty of up to \$10,000 for *each* violation and (2) a one-year ban from offering services relating to veterans benefits matters in the State. Civil penalties must be in an amount ordered by the District Court in an action brought by the Maryland Office of Attorney General (OAG); each day a violation continues is a separate violation. Any civil or administrative penalty collected by the OAG in an action pursuant to the bill must be deposited in the Maryland Veterans Trust Fund (MVTF).

Simply put, HB 977 would help address the insidious problem of "Claims Sharks" who are unscrupulous actors who prey on Veterans by charging often exorbitant fees to process claims or benefit denials filed with the VA. Besides the Maryland law requirements, the bill will incorporate Federal law into MD law by implementation of certain Federal requirements on any person not accredited with the VA who seeks to charge service fees for claims assistance for a veteran.

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 (VSOs), 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.

The reprehensible actions of claim sharks against veterans is just one type of fraud against our veterans. Veterans reported \$584 million in total fraud losses to the [Federal Trade Commission in 2024](#). 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 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.

While the Federal Promise to Address Comprehensive Toxics (PACT) Act of 2022 increased the number of disability claims, the number of Veterans Claims Servicers companies has also increased, 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 violate free speech. A federal court denied that suit saying that the law regulates conduct, not speech. Veterans Guardian appealed that ruling, but a decision has not

yet been handed down. In 2025, Veterans Guardian spent more than \$2.6 million on lobbying, including for state legislation to allow the industry to operate, [according to](#) data compiled by the nonprofit OpenSecrets.

NARFE notes that Maryland in recent years considered “claims sharks” legislation that would prohibit unaccredited companies or persons from offering assistance with veterans benefits claims. Other states have taken this path. For example, California in 2026 joined 10 other states and passed legislation requiring Federal (i.e., VA) accreditation before any person may prepare, present, or prosecute a Veteran’s claim for benefits, and prohibiting unauthorized fees, except as expressly allowed under Federal law. While Maryland HB 977 does not prohibit unaccredited persons from acting as claims agents, it does require such persons to comply with some strict requirements to help protect Maryland Veterans from the predatory practices we have seen in recent years.

We respectfully ask that you give a favorable report to HB 977.

Thank you.

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