

Support for Testimony on AB145 Regarding Claim Shark Agreement

VA CLAIMS INSIDER MEMBERSHIP AGREEMENT

I supplement my testimony to the Assembly Government Affairs Committee with this Claim Shark (CS) "Membership" Agreement for VA Claims Insider (CI). This follows my two-minute testimony on Assembly Bill 145. I have set out three provisions from the Agreement that illustrates its onerous aspects. These provisions are contained in the submitted agreement.

1) Relationship between CS and Accredited Representatives (i.e. encompassing term for veteran service officer, claims agent or claims attorney). [p. 2, subparagraph (c)] It says: **Because VACI does NOT assist Client with the preparation, presentation, and/or prosecution of his/her VA disability claim for VA benefits and** does not provide legal advice, VACI recommends that Client employ an accredited VSO, VA claims agent, and/or claims attorney to assist Client with the preparation, presentation, and/or prosecution of his/her VA disability claims. (emphasis theirs)
Comment: CS claims that it does not require accreditation because it does not prepare, present or prosecute disability claims therefore it may assess exorbitant fees during the initial claims period. Accredited representatives may not charge fees for the initial claim period.

2) Provision governing CS fee. [p. 4, paragraph 5(b)] It says:
... Client agrees to pay VACI a Membership Fee (the "Standard Membership Fee") in an amount equal to **six times** the amount of the increase in Client's Monthly Benefit Award following the Effective Date. **For example, if Client's Monthly Benefit Award increases by \$1,000 per month, then VACI's Standard Membership Fee is \$6,000.** (highlight mine)
Comment: CS is not involved with the preparation, presentation or prosecution of a claim. It says that at the onset of a claim it only "advises," "consults," "coaches" or "educates" the veteran on the VA process. However, behind the scenes, it actively assists the Veteran with the claim. As such, the CS is performing preparation, presentation, or prosecution of a claim for which the CS must be accredited. If the CS must be accredited, then the CS cannot charge a fee of any amount for the initial claim period. So says federal law.

3) Termination of relationship but not payment. [p. 9, subparagraph (m)] It says: **Termination.** This Agreement may be terminated by either party with 30 days' advance written notice ... for any reason whatsoever. **However, Veteran understands and agrees that the provisions of Section 5, 6, 7 and/or 8 (including Veteran's obligation to pay the fees set forth in Section 5 of the Agreement will survive such termination.** (highlight mine)
Comment: CI freely allows termination of their agreement but will require payment of \$6,000 despite the termination. Veteran is obligated to pay the fee and the obligation could extend into future increases for compensation. The veteran's obligation for payment would extend into perpetuity.

Please note that the CS say that they have achieved disability benefits for veterans. If an unaccredited CS files a disability claim on behalf of a veteran, the VA will not accept such a claim. Most likely, the Veteran, as he is allowed to do, actually signed the claim and, if so, he, not the CS, would be subject to penalties if the CS-assisted claim proves to be fraudulent.

Respectfully,
Norman Allen
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