
OLR Bill Analysis

sHB 6874

AN ACT ESTABLISHING PROTECTIONS FOR VETERANS FROM BENEFITS CLAIM SHARKS.

SUMMARY

This bill establishes several requirements for individuals, business entities, and state and local entities who seek compensation to assist or advise individuals on veterans benefits matters, including (1) fee limitations, (2) disclaimer requirements, and (3) advertising restrictions.

Under the bill, veterans benefits include any benefit, program, service, commodity, function, or status to which an individual may be entitled, as determined under the laws and regulations administered by the U.S. Department of Veterans Affairs (U.S. DVA) or the Connecticut Department of Veterans Affairs relating to veterans and their dependents or survivors or other eligible recipients.

Additionally, the bill makes a violation of its provisions a Connecticut Unfair Trade Practices Act (CUTPA) violation and allows the attorney general to investigate and enforce these provisions.

EFFECTIVE DATE: October 1, 2025

PROHIBITIONS

Federal law requires persons assisting veterans on veterans benefits matters to, among other things, be accredited by the U.S. DVA, complete certain training, and agree to certain fee restrictions (see BACKGROUND). Failing to comply with these provisions is a violation of federal law.

Under the bill, a veterans benefits matter means the preparation, presentation, or prosecution of any claim affecting any individual who has filed or expressed an intent to file a claim for any veterans benefit.

Agreement and Fee Requirements

Fees. The bill prohibits a person seeking compensation for advising or assisting any individual on veterans benefits matters from providing any related advice or assistance until the person has specified all terms regarding the individual's payment of fees in a written agreement that complies with federal law and is signed by both parties (see BACKGROUND). Additionally, the person must provide the individual seeking assistance with a plain language summary of the agreement at the same time the parties sign the agreement.

Additionally, the bill prohibits a person from receiving any unreasonable fee as compensation. Whether a fee is unreasonable must be determined by evaluating the factors outlined in federal law (see BACKGROUND).

Duty. The bill also prohibits a person from receiving any compensation for providing assistance or advice until (1) the veterans benefits matter is resolved in the individual's favor or (2) a notice of disagreement is filed on the individual's behalf to contest an agency of original jurisdiction's decision adverse to the individual.

Disclaimer. Additionally, the bill prohibits a person from advising or assisting an individual for compensation unless the person clearly provides the individual with the following disclaimer in writing:

"This business is not sponsored by, or affiliated with, the United States Department of Veterans Affairs or the Connecticut Department of Veterans Affairs, or any other federally chartered veterans service organization. Other organizations, including, but not limited to, the Connecticut Department of Veterans Affairs, your municipality's veterans services agency 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."

The disclaimer must appear in at least 12-point font and in a readily noticeable and identifiable place in the agreement. The individual must

sign the agreement in a manner that indicates his or her understanding of the disclosure. The person advising or assisting must retain a copy of the written disclosure until at least one year after terminating the provision of assistance or advice.

Advertising

The bill specifies that no person may implicitly or explicitly guarantee that an individual will receive certain benefits or a specific level, percentage, or amount of any veterans benefit.

The bill also prohibits advertising services to assist or advise individuals on veterans benefits matters for compensation unless the advertisement includes the following disclaimer:

"This business is not sponsored by, or affiliated with, the United States Department of Veterans Affairs or the Connecticut Department of Veterans Affairs, or any other federally chartered veterans service organization. Other organizations, including, but not limited to, the Connecticut Department of Veterans Affairs, your municipal veterans service agency and other federally chartered veterans service organizations, may be able to provide you with these services 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 services that this business offers."

If the advertisement is printed (including on the internet), the disclosure must appear in a readily visible place on the advertisement. If the advertisement is verbal, it must be spoken in a clear and intelligible statement.

BACKGROUND

Connecticut Unfair Trade Practices Act

By law, CUTPA prohibits businesses from engaging in unfair and deceptive acts or practices. It allows the Department of Consumer Protection commissioner, under specified procedures, to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, impose civil penalties of up to \$5,000, enter into consent

agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation.

Federal Law for Advising or Assisting on Veterans Benefits Matters

According to federal law (38 U.S.C. § 5901 et seq.), no individual may act as an agent or attorney in the preparation, presentation, or prosecution of any veterans benefits claim without accreditation from the U.S. DVA. To be accredited, individuals must file a formal application with the U.S. DVA's Office of General Counsel (OGC), accompanied by evidence that the representative has successfully completed a U.S. DVA-approved training process.

OGC provides an online, searchable database of all accredited attorneys, agents, and veterans service organization (VSO) representatives. Accredited representatives who work for recognized VSOs are prohibited from charging or collecting any type of fee (these organizations include, among others, the Veterans of Foreign Wars, the American National Red Cross, and the American Legion). Accredited agents and attorneys not working for a recognized VSO may charge fees for their services under certain conditions.

Federal Fee Agreement Requirements

To be valid under federal law, a fee agreement must be in writing and signed by the claimant and agent or attorney. The agreement must also include the following information:

1. the name of the veteran;
2. the name of the claimant or appellant if other than the veteran;
3. the name of any disinterested third-party payer and the relationship between the third-party payer and the veteran, claimant, or appellant;

4. the applicable U.S. DVA file number;
5. the specific terms under which the amount to be paid for the services of the attorney or agent will be determined; and
6. whether or not the U.S. DVA is to pay the agent or attorney directly out of past-due benefits (i.e. whether it is a direct-pay agreement).

The agreement must be filed with the U.S. DVA within 30 days of its execution, and if it is not a direct-pay agreement (i.e. an agreement where an agent's or attorney's fee is paid directly by the U.S. DVA from an individual's past-due benefits), filed with the OGC within the same time period.

All documents relating to a claim's adjudication for U.S. DVA benefits must be filed with the agency of original jurisdiction, the Board of Veterans' Appeals, or other U.S. DVA offices as appropriate (38 C.F.R. § 14.636).

Federal Law on Fee Reasonability

Under federal law, fees for agents and attorneys may be based on a fixed fee, an hourly rate, a percentage of benefits recovered, or a combination of these. When determining whether a fee is reasonable, federal law requires evaluating the factors listed below:

1. the extent and type of services the representative performed;
2. the case's complexity;
3. the level of skill and competence required to provide the services;
4. the amount of time spent on the case;
5. the results achieved, including the amount of any benefits recovered;
6. the level of review to which the claim was taken (e.g., an appeal) and the level of the review at which the representative was

retained;

7. comparable rates charged by other representatives;
8. whether, and to what extent, the payment is contingent on the results achieved; and
9. if applicable, the reasons why an agent or attorney was discharged or withdrew from representation before the date of the decision awarding benefits.

Further, federal law generally presumes that fees that do not exceed 20% of past-due benefits are reasonable and that fees that exceed 33.33% of past-due benefits are unreasonable. These presumptions may be challenged through an examination of the factors above (38 C.F.R. § 14.636).

Related Bill

sHB 6858, as favorably reported by the General Law Committee, includes similar provisions related to disclaimers, prohibitions, and CUTPA violations.

COMMITTEE ACTION

Veterans' and Military Affairs Committee

Joint Favorable Substitute

Yea 14 Nay 6 (03/11/2025)