

2023CI25316

CAUSE NO. \_\_\_\_\_

THE STATE OF TEXAS

*Plaintiff,*

v.

VA CLAIMS INSIDER, LLC

*Defendant.*

§  
§  
§  
§  
§  
§  
§  
§

IN THE DISTRICT COURT OF

BEXAR COUNTY, TEXAS

\_\_\_\_\_ JUDICIAL DISTRICT

**PLAINTIFF’S ORIGINAL PETITION AND APPLICATION  
FOR INJUNCTIVE RELIEF**

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff, THE STATE OF TEXAS (“State”), acting by and through its Attorney General, KEN PAXTON, files this Original Petition against Defendant, VA Claims Insider, LLC (“Defendant” or “VACI”). As detailed below, the State alleges that in advertising and providing services to U.S. Military Veterans, Defendant has engaged in false, misleading, and deceptive acts and practices including by failing in its advertisements to disclose that Defendant requires Veterans to pay for its services based on a contingency fee structure and that Defendant requires payment for benefits related to claims filed by a Veteran prior to the Veteran’s entering into an agreement with Defendant. Plaintiff alleges that Defendant’s conduct violates § 17.46(a) and (b) of the Texas Deceptive Trade Practices—Consumer Protection Act (“DTPA”), Tex. Bus. & Com. Code §§ 17.41–17.63. In support hereof, the State will respectfully show the Court as follows:

**I. DEFENDANT**

1. VA Claims Insider, LLC is a for-profit limited liability company organized under Texas law. Its principal place of business is 3575 Far West Boulevard #28983, Austin, Texas 78731. Defendant may be served with process by serving its registered agent, Brian Reese, at 8102 Briarwood Lane, Austin, Texas 78757, or wherever he may be found.

## II. PUBLIC INTEREST

2. Texas has the largest Veteran population of any state<sup>1</sup> and 31.2% of Texas's Veterans have a service-connected disability rating which qualifies them to receive veteran's disability compensation through the Department of Veterans Affairs (VA).<sup>2</sup>

3. Disability compensation provides monthly benefits to Veterans in recognition of the impact of disabilities, diseases, or injuries incurred or aggravated during active military service. The specific benefit amount a Veteran receives is based on the degree of the Veteran's disability on a scale from 10 percent to 100 percent (in increments of 10 percent).

4. These benefits "are intended primarily for the maintenance and support of the veteran" and receive federally recognized protections. *Lawrence v. Shaw*, 300 U.S. 245, 250 (1937).

5. Only Veterans who have been honorably discharged are eligible for disability benefits and may apply for them by appearing at an in-person meeting, by mail, and electronically via the VA's secure web portal.

6. The VA's eBenefits portal provides Veterans with information and resources regarding the claims process and permits Veterans to securely submit disability claims including claims for increased benefits, supplemental claims, and secondary service-connected claims. Veterans may also upload documents in support of a claim and check on the status of an application. The application process requires Veterans to submit sensitive personal information including protected health information.

---

<sup>1</sup> Tex. Veterans Comm'n, [Texas has largest veteran population in U.S., leads nation in PACT Act disability claims assistance](https://www.tvc.texas.gov/texas-has-largest-veteran-population-in-u-s-leads-nation-in-pact-act-disability-claims-assistance/) (July 27, 2023), <https://www.tvc.texas.gov/texas-has-largest-veteran-population-in-u-s-leads-nation-in-pact-act-disability-claims-assistance/>.

<sup>2</sup> Housing Assistance Council, [Supporting Veterans in Texas](https://veteransdata.info/states/2480000/TEXAS.pdf), <https://veteransdata.info/states/2480000/TEXAS.pdf>.

7. Disability claims require an analysis and review by the VA of detailed records and medical information. Generally, the VA takes from 90 to 120 days to decide on a claim. How long a specific claim takes depends on current VA workloads, the complexity of the claim, and the completeness of the application. It is well known that the process can be frustrating for Veterans seeking to understand the VA's procedures, including what evidence may be required to support a claim, disability ratings, and the reconsideration and appeals process.

8. The State has reason to believe that VACI has engaged in the unlawful practices set forth in this petition. The State has further reason to believe VACI has caused adverse effects to consumers and also to businesses which lawfully conduct trade and commerce in Texas. Therefore, the Consumer Protection Division of the Office of the Attorney General of the State of Texas is of the opinion that these proceedings are in the public interest.

### **III. JURISDICTION**

9. This enforcement action is brought by the Texas Attorney General Ken Paxton, through his Consumer Protection Division, in the name of the State of Texas and in the public interest pursuant to the authority granted by § 17.47 of the DTPA upon the grounds that Defendant has engaged in false, deceptive, and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by, §§ 17.46(a) and (b) of the DTPA.

### **IV. VENUE**

10. Venue of this suit lies in Bexar County, Texas under § 17.47(b) of the DTPA because Defendant has done business in Bexar County and transactions made part of this suit occurred in Bexar County, Texas.

## **V. ACTS OF AGENTS**

11. Whenever in this Petition it is alleged that Defendant did any act, it is meant that Defendant performed or participated in the act, or the Defendant's officers, agents, partners, or employees performed or participated in the act on behalf of and under the authority of Defendant.

## **VI. TRADE AND COMMERCE**

12. At all times described below, VACI and its agents have engaged in conduct which constitutes "trade" and "commerce" as defined in § 17.45(6) of the DTPA.

## **VII. DISCOVERY CONTROL PLAN**

13. The State intends to conduct discovery under Level 2 pursuant to Texas Rule of Civil Procedure 190.3. This case is not subject to the restrictions of expedited discovery under Texas Rules of Civil Procedure 47 and 169, because the State asserts a claim for nonmonetary injunctive relief and claims for monetary relief, including penalties and attorneys' fees and costs, in excess of \$250,000.

## **VIII. NATURE OF DEFENDANT'S OPERATION AND STATEMENT OF FACTS**

14. VACI's founder and CEO, Brian Reese, is a Veteran who promotes VACI as a "community of Veterans helping Veterans." Mr. Reese has owned and operated VACI since at least 2017, when he resided in San Antonio, Texas. His wife, Laurel Reese, is VACI's Chief Financial Officer.

15. At its website [vaclaimsinsider.com](http://vaclaimsinsider.com), on its YouTube channel, and on various social media platforms, VACI offers general advice and information regarding the VA's disability claims process and related issues. VACI also advertises its "education-based . . . coaching and consulting services" for Veterans seeking help in obtaining disability benefits from the VA.

16. More specifically, VACI offers two membership packages: the Mastery Program and the Elite Membership Program, which consumers can sign up for at VACI's website,

[vaclaimsinsider.com](http://vaclaimsinsider.com). Over 20,000 Veterans have purchased membership packages from VACI since 2017, including thousands of Veterans living in Bexar County.

17. For the Mastery Program, VACI charges consumers an upfront fee of \$997. The Mastery Program provides online course modules and videos focused on filing VA disability claims.



Mastery Program

**Figure 1 (Mastery Program Online Advertisement)**

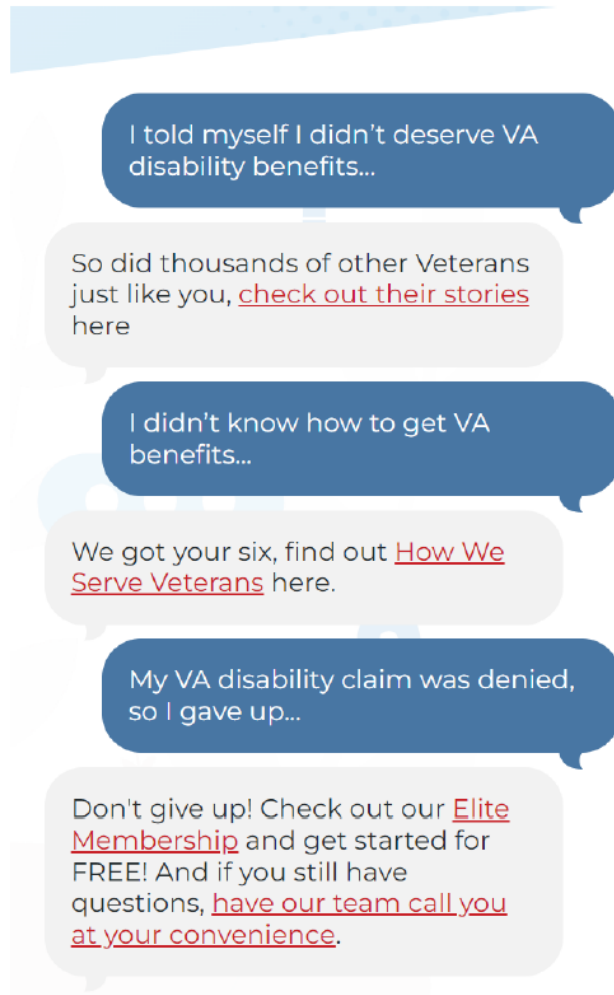
18. In contrast, for its “Elite Membership” program, Defendant requires no up-front payment. In reference to the Elite Membership program, Defendant’s advertisements frequently include the word “free” and cause confusion regarding the cost of membership. The following four screenshots of Defendant’s advertisements illustrate this point:



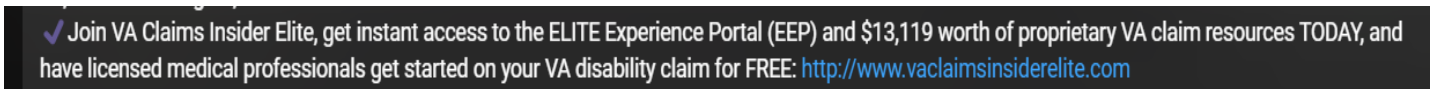
*Figure 2 (screenshot of VACI online advertisement)*



*Figure 3 (screenshot of VACI online advertisement)*



**Figure 4 (screenshot of VACI online advertisement)**



**Figure 5 (screenshot of VACI online advertisement)**

19. In fact, VACI’s Elite Membership is *not free*. To join the Elite Membership program, Veterans are required to enter into a contract called the VA CLAIMS INSIDER ELITE - MEMBERSHIP AGREEMENT (the “Agreement”). This twelve page “Agreement” reveals information that Defendant does not disclose in its advertisements including that, if a Veteran receives an increase in monthly VA disability benefits, the Veteran must pay VACI the “standard

fee” of six times the monthly increase, either in a lump sum at 10% discount or spread out over 12 months with no interest. For example, if a Veteran’s monthly VA disability payment was \$508.05 per month and was increased to \$1,319.65, VACI would charge that Veteran a fee of \$4,869.60 under the Agreement (or \$4,382.64 if the Veteran paid the fee in one lump sum and received a 10% discount).<sup>3</sup> Further, the Agreement states that the Veteran will pay this “standard fee” even for claims filed *before* the Veteran signed the Agreement, as well as for claims that were “in process at the time of signing.”

20. These terms requiring payment for claims filed or in process without the benefit of Defendant’s services appear to contradict representations made by VACI’s CEO, Brian Reese:

**If we didn’t serve you well, we don’t deserve to be paid.** Period. We don’t do this for the money. Money is not a purpose . . . . Bottom line is if we didn’t serve you well, and *we didn’t help you get a VA rating increase, we shouldn’t get paid.* We take each case individually and examine it on its own merits.<sup>4</sup>

21. Defendant’s Agreement also requires Veterans who receive benefits to provide Defendant with a copy of their benefits notice letter within seven days. A Veteran who fails to provide evidence of a benefits notice letter agrees to pay Defendant the amount of \$5,000 as “reasonable liquidated damages for services provided.”

22. Defendant’s Agreement permits “either party” to terminate the agreement “for any reason whatsoever” with “30 days advance written notice . . . .” However, the Agreement provides that regardless of such termination, the Veteran will continue to be obligated to notify the

---

<sup>3</sup> Numbers based on a single Veteran with no dependents starting at a 30% disability rating and increasing to a 60% rating. U.S. Department of Veterans Affairs, *2023 Veterans disability compensation rates*, <https://www.va.gov/disability/compensation-rates/veteran-rates/>. Under this fee structure, it is possible that VACI’s fees exceed 33.3 percent of the Veteran’s past-due benefits and may be presumptively unreasonable under 38 C.F.R. § 14.636(f)(1).

<sup>4</sup> Brian Reese, *About VA Claims Insider: The #1 most trusted name in VA disability claims since 2016*, Medium (Sept. 7, 2021), <https://briantreese.medium.com/about-va-claims-insider-the-1-most-trusted-name-in-va-disability-claims-since-2016-303da9be7a0b>.



Defendant of any increases in benefits which the Veteran may receive, and to pay the Defendant its “standard fee.”<sup>5</sup>

23. Defendant’s Agreement provides that its “Elite Membership Program membership fees” are (i) for “access and permission to use the VACI Elite Membership Program proprietary resources”; (ii) for “automated tools for [the] Client to complete his/her own claim”; and (iii) for assistance from VACI and/or its “Veteran Coaches” who will review the Veteran’s medical records and VA Claims File documents to provide the Veteran with “guidance in navigating available VACI resources and in assessing your eligibility for VA disability benefits.”

24. The Agreement includes several specific disclaimers including (i) that “VACI does not assist Clients with the preparation, presentation, and prosecution of VA disability claims . . . and neither shall any VACI Veteran Coach”; (ii) that VACI will not have access to the Veteran’s private eBenefits Portal; and (iii) that VACI is “NOT an ‘accredited’ . . . Veteran Service Organization, claims agent, claims attorney, or entity recognized by the U.S. Department of Veteran’s Affairs.”

25. VACI’s statement that it does not assist its “Clients” with the preparation of VA disability claims is inconsistent with VACI’s representations regarding its services, including its descriptions of the individualized “coaching” and personalized advice that its Veteran Coaches tailor to the individual Veteran’s specific circumstances and provide to Elite Program “Clients” for the preparation of claims. In fact, VACI’s Coaches require consumers to upload relevant health information and records and other personal information to a Google Drive folder that is shared

---

<sup>5</sup> Two other parts of the Agreement which survive termination are (a) the clause in which the Veteran agrees that \$5,000 represents a reasonable liquidated damages amount for services provided which becomes due if the Veteran does not provide evidence of a benefit increase to VACI; and (b) the clause which requires that any disputes related to the Agreement must be submitted to binding arbitration.

with VACI. Upon review of this information, VACI Coaches may advise the Veteran to obtain medical services through one of VACI's affiliated medical providers such as Telemedica, a Texas limited liability company. Telemedica's CEO is Laurel Reese who is also the CFO of VACI.

## NEED MORE ASSISTANCE?

Most veterans are underrated for their disabilities and, therefore, not getting their due compensation. At VA Claims Insider, we help you understand and take control of the claims process, so you can get the rating and compensation you're owed by law.

Our process takes the guesswork out of filing a VA disability claim and supports you every step of the way in building a fully-developed claim (FDC)—so you can increase your rating FAST! If you've filed your VA disability claim and have been denied or have received a low rating—or you're unsure how to get started—reach out to us! Take advantage of a [FREE VA Claim Discovery Call](#). Learn what you've been missing—so you can FINALLY get the disability rating and compensation YOU DESERVE!

**Figure 6 (screenshot of online advertisement)**

**Strategy + Education + Medical Evidence = VA Rating You Deserve in Less Time.**

*The VA Claims Insider ELITE program is our premier education-based membership program where you'll get assigned a Veteran Coach (VC) team to lead you through our educational resources and the VA claim process from beginning to end. We make VA Claims Easy!*

**LEARN MORE**

**Figure 7 (screenshot of online advertisement)**

26. VACI's representations that it does not assist Clients with the preparation of VA disability claims and that VACI will not have access to the client's private VA account are also inconsistent with complaints filed by consumers, who state that VACI requested them to provide confidential login information needed to access their personal eBenefits VA portal and that as part of VACI's education-based coaching, consumers are instructed on specifics including what to put in the applications.

27. For example, in the following “welcome” email, one of VACI’s Veteran Coaches requests the consumer’s eBenefits login information to use to build their VA disability claim.

Dear Veteran [REDACTED],

Welcome, and thanks for contacting VA Claims Insider to get you the VA Disability Compensation you deserve! We are here to help you with tips, tricks, strategies, resources, and templates for successfully submitting or re-submitting a winning VA disability compensation claim. My name is [REDACTED], and I am assigned to assist you through the claims process. As a disabled US Air Force Veteran that has been battling the VA for almost a decade, I am dedicated to assisting you.

I am very interested in hearing your story and challenges to better assist you. In order to better guide you, I would like to speak with you to gather more information. I will call you at [REDACTED]. I primarily work evenings and weekends Eastern Central Time, but you can email or text any time.

If you have any medical records, previous award decision letters, and/or any other pertinent information, please have them available digitally. I will be providing you with a Google Drive folder that you may upload information to. Also, I will need your eBenefits password, username, and security image to review your current benefits, build your claim, and monitor claim movement.

Please confirm that this is the correct email address/phone number. I look forward to speaking with you!

**Figure 8 (email from Veteran Coach to Veteran)**

28. The email below also reflects one of VACI’s Veteran Coaches reporting to a consumer that his or her VA disability claim is “now built” in “eBenefits” (the VA’s secure portal) and that the client can now submit the claim.

Hey [REDACTED],

Your claim is now built on ebenefits. Please log on and submit the claim using the instructions below. [Submitting your claim, step by step.pdf](#)

Please contact me when you are called to set up your C&P exam.

**Please bring the exam we had done for you to your VA C&P exam.**

**Figure 9 (email from Veteran Coach to Veteran)**

29. In its Elite Program Agreement, VACI includes the disclaimer that it is “*NOT an accredited . . . Veteran Service Organization, claims agent, claims attorney, or entity recognized by the Department of Veteran’s Affairs.*” The Agreement, however, does not disclose that in April 2019 VACI received a cease-and-desist letter directed to it from the Department of Veterans Affairs informing VACI:

Our records indicate that VA Claims Insider, LLC does not hold VA recognition. Accordingly, as an organization, VA Claims Insider, LLC is prohibited by law from assisting Veterans in the preparation, presentation, or prosecution of their VA benefits claims.<sup>6</sup>

30. Additionally, in its advertisements that encourage Veterans to click through and sign up for its membership programs, VACI does not include its disclaimer that it is not accredited by the Department of Veterans Affairs, and also fails to disclose that it has received the cease-and-desist letter described in the preceding paragraph.

31. Further, some of Defendant's advertisements contain links to webpages such as "vaclaim.help" in which VACI does not include the disclaimer that it is not accredited by the Department of Veterans Affairs.

32. Consumers' complaints illustrate the confusion caused by Defendant's business practices:

- a. A Veteran consumer filed a disability claim related to Post Traumatic Stress Disorder ("PTSD") on a date prior to entering into an Agreement with VACI. VACI told the consumer that it would not charge its "standard fee" based on the previously filed claim. VACI prepared and filed a supplemental claim for the consumer through the consumer's eBenefits Portal. The VA denied VACI's supplemental claim but awarded the consumer his previously filed PTSD claim. VACI demanded the consumer pay \$9,791.22 based on the increase from the

---

<sup>6</sup> In response, VACI placed disclaimers on some pages of its website and YouTube videos stating:

VA Claims Insider, LLC is NOT an accredited agent, VSO, attorney, or entity recognized by the Department of Veterans Affairs (VA) and is not affiliated with the VA in any way. VA Claims Insider, LLC does NOT assist veterans with the preparation, presentation, or prosecution of VA disability claims for VA benefits. Veterans shall prepare and file their own claim or work with an accredited representative, many who offer services for FREE.

awarded PTSD disability claim that the consumer filed *on his own prior to entering into the Agreement*.

- b. Another Veteran consumer, from San Antonio, Texas, filed a VA disability claim and attended a VA appointment prior to entering the VACI Agreement. The consumer received two phone calls from VACI, then no further contact. Later, the consumer received a disability benefit increase based on the previously filed claim, and VACI demanded \$10,000 from the Veteran.
- c. Another Veteran consumer filed a VA disability claim through an accredited Disabled American Veterans (“DAV”) office, and VACI demanded payment of \$15,000. This consumer further alleges that VACI never provided him with the Agreement and that he was not aware of any of the payment terms.

#### **IX. FALSE, MISLEADING, OR DECEPTIVE ACTS**

33. The State incorporates and adopts by reference the allegations contained in each and every preceding paragraph of this Petition.

34. Defendant, as alleged herein, has in the conduct of trade or commerce engaged in false, misleading, and deceptive acts and practices declared unlawful by §§ 17.46(a) and (b) of the DTPA. Such acts include:

- a. Causing confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services, in violation of § 17.46(b)(2) of the DTPA;
- b. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have, in violation of § 17.46(b)(5) of the DTPA;

- c. Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law, in violation of § 17.46(b)(12) of the DTPA; and
- d. Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed, in violation of § 17.46(b)(24) of the DTPA.

#### **X. TRAIL BY JURY**

35. Plaintiff herein requests a jury trial and will tender the jury fee to the Bexar County District Clerk's Office pursuant to Tex. R. Civ. P. 216 and Tex. Gov't Code Ann. § 51.604.

#### **XI. PRAYER FOR RELIEF**

36. Plaintiff prays that, after due notice and hearing, a Temporary Injunction be issued by this Court; and upon final hearing a Permanent Injunction be issued, restraining and enjoining Defendant, Defendant's officers, agents, servants, employees, and attorneys, and any other persons in active concert or participation with Defendant from engaging in false, misleading or deceptive acts or practices in connection with the marketing or sale of goods or service to consumers including by:

- a. Causing confusion or misrepresenting, directly or by implication, the actual costs of participation in Defendant's membership programs;
- b. Causing confusion or misrepresenting, directly or by implication, the types of services offered and provided by Defendant or the benefits of such services;
- c. Selling or offering for sale VA disability claim preparation services unless Defendant has received accreditation by the VA;

- d. Offering to provide or providing Veterans with individualized, personal advice regarding a Veteran's specific disability claims unless Defendant has been duly recognized by the VA to provide such assistance;
- e. Causing confusion regarding its affiliation with the VA; and
- f. Accessing or seeking to access the VA benefit information of Veterans through the VA's eBenefits portal.

37. Plaintiff prays that upon final hearing, this Court will award judgment for the Plaintiff and order Defendant:

- a. To pay civil penalties of up to \$10,000.00 per violation for each and every violation of the DTPA as authorized by Tex. Bus. & Com. Code Ann. § 17.47(c)(1);
- b. To restore all money or other property acquired by means of unlawful acts or practices, or in the alternative, to compensate identifiable persons for actual damages; and
- c. To pay all costs of Court, costs of investigation, and reasonable attorneys' fees pursuant to § 17.47 of the DTPA and Tex. Govt. Code Ann. § 402.006(c).

38. Plaintiff further prays for post-judgment interest and all other and further relief to which the State may show itself entitled.

Respectfully submitted,

KEN PAXTON  
Attorney General of Texas

BRENT WEBSTER  
First Assistant Attorney General

GRANT DORFMAN  
Deputy First Assistant Attorney General

JAMES LLOYD  
Deputy Attorney General for Civil Litigation

RYAN S. BAASCH  
Chief, Consumer Protection Division

*/s/ Monica Wadleigh* \_\_\_\_\_

JOSELYN R. MATHEWS  
Assistant Attorney General  
Texas State Bar No. 24129108  
joselyn.mathews@oag.texas.gov  
Phone: (512) 475-4288

MONICA WADLEIGH  
Assistant Attorney General  
State Bar No. 24132098  
monica.wadleigh@oag.texas.gov  
Phone: (512) 936-1705

OFFICE OF THE TEXAS ATTORNEY GENERAL  
Consumer Protection Division  
P.O. Box 12548  
Austin, Texas 78711  
Fax: (512) 473-8301

**ATTORNEYS FOR THE STATE**



### Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Bonnie Freymuth on behalf of Joselyn Matthews

Bar No. 24129108

bonnie.freymuth@oag.texas.gov

Envelope ID: 82073834

Filing Code Description: Petition

Filing Description:

Status as of 11/30/2023 8:28 AM CST

Associated Case Party: The State of Texas

Name	BarNumber	Email	TimestampSubmitted	Status
Joselyn Mathews		joselyn.mathews@oag.texas.gov	11/29/2023 4:46:08 PM	SENT
Monica Wadleigh		monica.wadleigh@oag.texas.gov	11/29/2023 4:46:08 PM	SENT
Mary Clarkson		mary.clarkson@oag.texas.gov	11/29/2023 4:46:08 PM	SENT
Bonnie Freymuth		bonnie.freymuth@oag.texas.gov	11/29/2023 4:46:08 PM	SENT