

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT, CHANCERY DIVISION**

**THE PEOPLE OF THE STATE OF ILLINOIS,**

**Plaintiff,**

**v.**

**AMERICAN ASSOCIATION FOR WARTIME  
VETERANS, LLC, a Michigan limited liability  
company,**

**ATLANTIS MARKETING SOLUTIONS, INC., a  
Michigan corporation,**

**MARY LOU SCHNEIDER, individually and as  
president and founder, of American Association for  
Wartime Veterans, LLC, and as president, secretary,  
treasurer, and director of Atlantis Marketing Solutions,  
Inc., and**

**JAMES E. CAUTHORN, individually and as Regional  
Director and "Professional Member" of American  
Association for Wartime Veterans, LLC, a/d/a  
"Cauthorn Financial Group,"**

**Defendants.**

2017CH13919  
CALENDAR/ROOM 10  
TIME 00:00  
Injunction

Case No.

DOROTHY ESKOW  
CLERK

2017 OCT 18 AM 10:51

FILED-1

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Now comes the Plaintiff, People of the State of Illinois, by Lisa Madigan, Attorney General of the State of Illinois, and brings this action for injunctive and other relief against Defendants American Association for Wartime Veterans, LLC ("AAWV"), Atlantis Marketing Solutions, Inc. ("Atlantis Marketing Solutions"), Mary Lou Schneider, and James E. Cauthorn (collectively "Defendants") for violations of the Consumer Fraud and Deceptive Business Practices Act ("Consumer Fraud Act"), 815 ILCS 505/1 *et seq.*

## NATURE OF THE CASE

1. Qualified Veterans and their surviving spouses are eligible for various pension program benefits through the U.S. Department of Veterans Affairs (“VA”). The Defendants gain access to the pool of potential applicants for VA pension benefits by conducting free informational seminars on the VA pension program at assisted living facilities and other community centers. The purpose of these seminars is to steer applicants into the purchase of annuities by misrepresenting that such a purchase is needed to qualify the applicant for the VA pension program.

2. AAWV presents itself to the public as a community outreach organization whose purpose is to provide information to veterans and their families about the availability of certain VA pension benefits, including a particular pension supplement called Aid and Attendance. In reality, the seminars are conducted by insurance agents of Atlantis Marketing Solutions who have paid a fee to AAWV to become so-called “professional members” of AAWV for the purpose of obtaining clients through the AAWV community outreach seminars. The seminars are designed to generate one-on-one meetings between the applicant and the insurance agent, where the insurance agent will typically steer the applicant into purchasing an annuity—for which the insurance agent will receive a commission—by misrepresenting that such a purchase is necessary to qualify for the VA pension program. The insurance agent will then assist the applicant in preparing and submitting the claim for VA benefits.

3. Defendants’ scheme is unfair and deceptive in a number of ways. First, through their “free” seminars, the Defendants present themselves to the public as a community outreach organization that is merely designed to provide information to the veteran community when, in

fact, the Defendants are actually using the seminars to attract and solicit customers for annuity sales.

4. Second, at these seminars the Defendants provide incomplete and false information designed to steer consumers into retaining the services of the Defendants professional members by (1) misrepresenting the difficulty of obtaining the benefit; (2) misrepresenting the purported lack of free, accredited resources available to help applicants through the VA application process; and (3) promising that claimants who use Defendants services will have their claims expedited and will have a greater rate of success than claimants could obtain on their own.

5. Third, the insurance agents fail to disclose that they have an economic arrangement with AAWV to receive referrals from these seminars in exchange for paying a fee to AAWV to receive the referrals.

6. Fourth, by assisting in the preparation of claims for VA benefits, the insurance agents imply that they have the required VA accreditation to do so when, in reality, the insurance agents are not VA accredited.

7. Fifth, the Defendants' insurance agents steer applicants into purchasing annuities by misrepresenting that such a purchase is necessary to successfully qualify for VA pension benefits when, in reality, such a purchase is not necessary for the applicant to qualify for VA pension benefits.

8. Such practices constitute a current and ongoing harm to Illinois consumers.

#### **PUBLIC INTEREST**

9. The Illinois Attorney General believes this action to be in the public interest of the citizens of the State of Illinois and brings this lawsuit pursuant to the Consumer Fraud Act, 815 ILCS 505/7(a).

## JURISDICTION AND VENUE

10. This action is brought for and on behalf of the People of the State of Illinois, by Lisa Madigan, Attorney General of the State of Illinois, pursuant to the provisions of the Consumer Fraud Act, 815 ILCS 505/1 *et seq.*, and her common law authority as Attorney General to represent the People of the State of Illinois.

11. Venue for this action properly lies in Cook County, Illinois, pursuant to section 5/2-101 of the Illinois Code of Civil Procedure, in that some of the transactions complained of herein out of which this action arose occurred in Cook County. 735 ILCS 5/2-101.

## PARTIES

12. Plaintiff, the People of the State of Illinois, by Lisa Madigan, Attorney General of the State of Illinois, is authorized to enforce the Consumer Fraud Act.

13. Defendant AAWV is a Michigan business entity that (1) was originally formed as a for-profit, limited liability company on or about the filing date of January 31, 2006; (2) was changed to be a nonprofit organization on or about the filing date of December 19, 2006; and (3) was changed back to a for-profit limited liability company on or about the filling date of December 6, 2010. AAWV has its principal place of business at 48643 Hayes, Shelby Township, Michigan. AAWV is not registered with the Illinois Secretary of State's Office, and AAWV does not holds an Illinois Insurance Agency License. AAWV is not a recognized veterans service organization by the VA for the purpose of representing applicants for VA pension benefits under 38 C.F.R. §14.626, *et al.*, as are other organizations such as the Veterans of Foreign Wars or the American Legion. Therefore, AAWV is prohibited from representing claimants for VA benefits.

14. Defendant Atlantis Marketing Solutions is a Michigan corporation that incorporated on January 6, 2010, for the purpose of financial planning and annuity sales, and has its principal place of business at 48643 Hayes, Shelby Township, Michigan. Atlantis Marketing Solutions is licensed by the Illinois Department of Insurance as a Business Entity Producer (License No. 100289118). Atlantis Marketing Solutions is not registered as a business entity with the Illinois Secretary of State. Atlantis Marketing Solutions is not a recognized veterans service organization by the VA for the purpose of representing applicants for VA pension benefits under 38 C.F.R. §14.626, *et al.* Therefore, Atlantis Marketing Solutions is prohibited from representing applicants for VA benefits.

15. Defendant Mary Lou Schneider is a resident of Michigan and the founder and president of AAWV. Mary Lou Schneider is also the president, secretary, treasurer, and director of Atlantis Marketing Solutions. Mary Lou Schneider is licensed by the Illinois Department of Insurance as a Producer (License No. 7613188). Mary Lou Schneider, individually or through her business entities, contracts with Illinois insurance producers to sell annuities to Illinois consumers according to the business model she follows. Mary Lou Schneider is not accredited by the U.S. Department of Veterans Affairs to represent applicants for VA benefits under 38 C.F.R. §14.626, *et al.*

16. Mary Lou Schneider is sued individually and in her capacity as President and founder of AAWV and in her capacity as president, secretary, treasurer and director of Atlantis Marketing Solutions. Mary Lou Schneider, alone or in concert with others, formulated, directed, controlled, had the authority to control, or participated in the acts and practices of AAWV and Atlantis Marketing Solutions, including the acts or practices set forth in this Complaint. To adhere to the fiction of separate corporate existence between Mary Lou Schneider and AAWV or between

Mary Lou Schneider and Atlantis Marketing Solutions would serve to sanction fraud and promote injustice.

17. Defendant James E. Cauthorn is the Regional Director of AAWV in Illinois, and an AAWV “professional member,” who also does business as the Cauthorn Financial Group. His principal place of business is located at 10 N. Martingale, Suite 400, Schaumburg, Cook County, Illinois. James E. Cauthorn is not accredited by the U.S. Department of Veterans Affairs to represent applicants for VA benefits under 38 C.F.R. §14.626, *et al.*

18. Because they acted in concert in carrying out the conduct alleged in this Complaint, AAWV, Atlantis Marketing Solutions, Mary Lou Schneider, James E. Cauthorn, are collectively referred to as “Defendants,” unless otherwise specified, and each is responsible for the unlawful conduct alleged herein. Furthermore, for purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendants shall include the acts and practices of AAWV, Atlantis Marketing Solutions, Mary Lou Schneider, and James E. Cauthorn, along with any of their officers, members, owners, directors, employees, salespersons, representatives and/or other agents.

#### **TRADE AND COMMERCE**

19. The Consumer Fraud Act, defines “trade” and “commerce” as follows:

The terms ‘trade’ and ‘commerce’ mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

815 ILCS 505/1(f).

20. The Defendants were at all times relevant to this Complaint engaged in trade and commerce in the State of Illinois, primarily through two business entities: (1) AAWV, a for-profit, limited liability company, that purports to educate Veterans and their loved ones about the VA pension benefits at seminars presented in the community; and (2) Atlantis Marketing Solutions, an insurance field marketing organization engaged in the business of selling insurance products, primarily annuities. Defendants, acting in concert, offer for sale, accept money, and sell insurance products, including, but not limited to, annuities to Illinois consumers.

### **BACKGROUND**

#### **A. The VA pension benefit**

21. The VA offers, among other services and programs, a pension benefit to qualified veterans and their surviving spouses. More specifically, the VA offers (1) the “current law” pension benefit to certain wartime veterans; and (2) the “survivors pension” or “death pension” to spouses of deceased wartime veterans.

22. The VA pension is not a retirement benefit available to all veterans. The VA pension benefit is a financial needs-based program that is only meant to provide eligible recipients a minimal level of financial security. It is not intended to protect assets or build up the veteran’s estate for the benefit of heirs.

23. In essence, the VA pension is a government welfare program. Qualified veterans and surviving spouses of deceased veterans with low assets and income receive pension benefit payments on a sliding scale up to a capped amount known as the Maximum Annual Pension Rate. If a qualified veteran or surviving spouse has zero income (or income completely offset by qualifying expenses), then he or she shall receive the full Maximum Annual Pension Rate. On the other hand, if he or she has some income that is not offset by qualifying expenses, then he or

she shall receive the difference between the Maximum Annual Pension Rate and that other income as the pension benefit.

24. For example, if the Maximum Annual Pension Rate is \$13,855 and a veteran's income is \$10,855, the annual VA pension would be \$3,000 ( $\$13,855 - \$10,855 = \$3,000$ ) paid monthly in installments. Using the same fact pattern, if a claimant's total countable family income were more than \$13,855, then the claimant would not be eligible that year for the VA Pension. A claimant may reapply again at any time the claimant's countable income falls below the limit. Certain expenses also may be used to offset (to reduce) countable income. Notably, qualified medical expenses may reduce countable income, and thereby help a veteran or spouse qualify for the pension benefit.

25. A veteran and his or her survivor(s) may generally be eligible for the VA pension if he or she:

- a. was discharged from service under other than dishonorable conditions;
- b. served 90 days or more of active military, naval or air service with at least 1 day during a period of war;
- c. the countable income is below the Maximum Annual Pension Rate;
- d. meets the net worth limitations; AND
- e. is any one of the following: (1) age 65 or older; (2) shown by evidence to have a permanent and total non-service-connected disability; (3) is a patient in a nursing home; or (4) is receiving Social Security disability benefits.

26. Those who qualify for the VA pension may also qualify for one of two supplemental pension benefits known as "Aid and Attendance (A&A)" or "Housebound." A veteran and his or



her survivor(s) who are eligible for the VA pension may receive the increased (i.e., supplemental) monthly Aid and Attendance pension amount if he or she is:

- a. Eligible for basic pension benefits; AND
- b. either (1) requires the aid of another person in order to perform activities of daily living, such as bathing, feeding, dressing, toileting, adjusting prosthetic devices, or protecting himself or herself from the hazards of his or her daily environment; (2) is bedridden, in that his or her disability or disabilities require that he or she remain in bed apart from any prescribed course of convalescence or treatment; (3) is a patient in a nursing home due to mental or physical incapacity; or (4) has corrected visual acuity of 5/200 or less, in both eyes, or concentric contraction of the visual field to 5 degrees or less.

**B. Financial eligibility for the VA pension program**

27. To be financially qualified to receive the VA pension, a claimant's (1) income for VA purposes must be under the Maximum Annual Pension Rate; and (2) the claimant's net worth must not exceed VA limitations.

28. Countable income for VA purposes is broadly defined and covers most sources of income received by a claimant and his or her eligible dependents. Earnings, disability and retirement payments, interest and dividend payments from annuities, and net income from farming or a business are all considered countable income. There is also a limited ability to reduce the total of countable income by deducting for certain qualifying expenses, such as unreimbursed medical expenses.

29. The VA defines "net worth," or "corpus of estate," as the "market value, less mortgages or other encumbrances, of all real and personal property owned by the claimant, except the

claimant's dwelling (single family unit), including a reasonable lot area, and personal effects suitable and consistent with the claimant's reasonable mode of life." See 38 C.F.R. §3.275(b) (2013).

30. The VA is required to "deny or discontinue the payment [of a VA pension] when the corpus of the estate of the veteran or, if the veteran has a spouse, the corpus of the estates of the veteran and of the veteran's spouse is such that under all the circumstances, including consideration of the annual income of the veteran, the veteran's spouse, and the veteran's children, it is reasonable that some part of the corpus of such estate be consumed for the veteran's maintenance." 38 U.S.C. §1522.

31. Currently, federal law does not set a specific maximum on allowable net worth for eligibility under the VA pension program. However, the VA's own procedural manual states that a formal administrative decision is required if the claimant has net worth of \$80,000 or more. Thus, any applicant with a net worth of less than \$80,000 has a higher chance of qualifying under this element of eligibility.

32. Consistent with the stated limitation that the VA pension is not intended to protect substantial assets or build up the beneficiary's estate for the benefit of heirs, VA regulations specifically bar the reduction of "net worth" as a result of certain transfers. For example, a gift to a relative residing in the same household as the claimant would not reduce the claimant's net worth. See 38 C.F.R. §3.276.

**C. The problem of certain deceptive business practices related to the VA pension program**

33. As the VA itself has reported in its own publication entitled *What Veterans and Their Families Should Know When Applying for Department of Veterans Affairs (VA) Pension Benefits*: "The U.S. Senate Committee on Aging (Committee) found that some organizations are

misrepresenting themselves while helping Veterans and survivors apply for the VA pension.” See *What Veterans and Their Families Should Know When Applying for Department of Veterans Affairs (VA) Pension Benefits*, p. 2, attached as Exhibit A. The VA reported that (1) “some organizations are marketing financial products and services to enable claimants whose assets exceed the VA pension program’s financial eligibility thresholds to qualify for VA pension benefits;” and (2) “these organizations may charge substantial fees for products and services that may not always be in claimants’ best long-term interests.” *Id.*

34. Moreover, the U.S. Government Accountability Office (GAO) has found that: (1) “there are over 200 organizations that market financial and estate-planning services to help pension claimants with excess assets meet financial eligibility requirements for pension benefits;” (2) “these organizations consist primarily of financial planners and attorneys who offer products such as annuities and trusts;” (3) “some products and services provided, such as annuities, may not be suitable for elderly Veterans because they may not have access to all their funds for their care within their expected lifetime without facing high withdrawal fees;” (4) “these products and services may result in ineligibility for Medicaid for a period of time;” and (5) “some organizations charged fees, ranging from a few hundred dollars for benefits counseling to \$10,000 for establishment of a trust.” See *Veterans’ Pension Benefits: Improvements Needed to Ensure Only Qualified Veterans and Survivors Receive Benefits*, GAO-12-540, available at <http://www.gao.gov/products/GAO-12-540>.

35. Under the VA’s regulations, a person must be accredited by VA to assist a claimant in the preparation, presentation, and prosecution of a claim for VA benefits—even without charge. VA accredits three types of individuals for this purpose: (1) representatives of VA-recognized

Veterans service organizations such as the V.F.W. and the American Legion; (2) independent claims agents; and (3) private attorneys.

36. The purpose of VA accreditation is to guarantee that claimants for VA benefits have responsible, qualified representation in the preparing, presenting, and prosecuting of claims before the VA. *See* 38 C.F.R. §14.626.

37. “Preparation and presentation of a VA claim includes, among other things, gathering the information necessary to file a claim for benefits, completing claims applications, submitting claim information to VA, and communicating with VA on behalf of a claimant.” *See* Exhibit A.

38. An individual who represents a VA benefits claimant before the VA must file the appropriate VA form, which is either a VA Form 21-22a, Appointment of Attorney or Agent as Claimant’s Representative, or a VA Form 21-22, Appointment of Veterans Service Organization as Claimant’s Representative, where the individual is accredited by a Veteran’s Service Organization such as the VFW or American Legion, which is, in turn, recognized by the VA and has derivative authority to accredit its own veteran service officers.

39. “A VA-accredited attorney or claims agent who is also a financial planner, may assist a claimant with a claim for A&A [Aid and Attendance]. However, financial planners may not use their VA accreditation for the purpose of promoting or selling financial products.” *See Exhibit A.*

40. “An accredited attorney or claims agent may generally charge claimants a fee only after an agency of original jurisdiction (e.g., a VA regional office) has issued a decision on a claim, a notice of disagreement has been filed, and the attorney or agent has filed a power of attorney and a fee agreement with VA.” *See Exhibit A.* In other words, it is illegal for any person or entity (regardless of accreditation) to charge an upfront fee for the initial filing of a VA Benefit claim under federal law.

41. Finally, the VA notes that promises to offer a guarantee that a claimant will be awarded 'Aid and Attendance' or that the processing of a claim will be expedited are patently misleading because VA is ultimately the adjudicator of claims for VA benefits. *See Exhibit A.*

## **DEFENDANTS' UNFAIR AND DECEPTIVE BUSINESS PRACTICES**

### **A. Defendants' business model and lack of VA accreditation**

42. Defendants AAWV and Atlantic Marketing Solutions, acting in concert under the direction and control of Mary Lou Schneider, target veterans and their families to sell annuities by misrepresenting that such a purchase is necessary to qualify the claimant for a VA pension.

43. AAWV represents that it educates veterans and their loved ones about "the VA Aid and Attendance benefit" at seminars presented in the community, when in fact, these "educational seminars" are primarily a means for the Defendants' insurance agents (so-called "professional members" of AAWV) to market and sell pre-selected insurance products, typically annuities, to veterans and their families.

44. The insurance agents market these insurance products to veterans as an effective way to qualify for VA pension benefits when, in reality, the insurance products are not needed to help the claimant qualify for VA pension benefits and may cause financial harm to the veteran or the veteran's family.

45. Mary Lou Schneider founded and began operating under the name AAWV in 2003 with the self-styled mission to educate wartime veterans and their families regarding Aid and Attendance. In 2006, she created the first separate business entity under that name, formally organizing AAWV as a Michigan domestic limited liability company.

46. In AAWV's original Articles of Organization, Mary Lou Schneider declared the purpose of AAWV was "to educate wartime veterans on aid and attendance."

47. AAWV's professional members regularly gave and continue to give presentations at assisted living facilities purportedly to educate residents about what they mislabel as 'the Aid and Attendance benefit.'

48. According to the corrected filing of its Articles of Organization, filed on December 19, 2006, AAWV was to be financed through dues assessed to its membership.

49. Mary Lou Schneider filed a certificate of correction on December 19, 2006, in which she stated that the original filing of January 31, 2006, contained an error. She stated that "The articles of organization was to form a nonprofit corporation."

50. In amendments filed on October 14, 2008, Mary Lou Schneider listed herself as the President and (Managing) Director of AAWV while listing (1) Lana Tapani as Secretary, Treasurer, Vice-President, and Director of AAWV; and (2) Attorney John E. Casterline as a Director.

51. About the same time, Mary Lou Schneider established Atlantis Marketing Solutions to sell insurance products to prospects identified at presentations at assisted living facilities.

52. The professional members of AAWV are the insurance agents of Atlantis Marketing Solutions.

53. Atlantis Marketing Solutions is an insurance Field Marketing Organization that (1) provides marketing materials and training about selling annuities to veterans and their spouses through "affinity marketing" strategies tied to its sister entity, the AAWV; and (2) contractually employs individuals (the professional members of AAWV) as captive insurance agents to sell the limited range of annuity contracts (products) it designates and continues to hold after the sale.

54. Insurance agents of Atlantis Marketing Solutions (in Illinois, “insurance producers”) are required to become professional members of AAWV and pay annual dues to AAWV. Under the terms of this agreement, non-payment of dues to AAWV will result in both the agent’s (or producer’s) captive agency with Atlantic Marketing Solutions being terminated as well as his or her membership to the AAWV.

55. The insurance producers who are employees of Atlantis Marketing Solutions and the professional members” of AAWV are not accredited by the U. S. Department of Veterans Affairs to represent a VA benefits claimant before the VA under 38 C.F.R. §§14.626-14.637.

56. Atlantis Market Solutions and AAWV are similarly not accredited to represent VA claimants.

57. Rather than obtain accreditation as a veterans service organization or having its professional members individually obtain VA accreditation, Defendants rely on the VA accreditation of a single individual for all of their claims: John E. Casterline.

58. John E. Casterline is an attorney licensed to practice law in the State of Michigan.

59. John E. Casterline is not licensed to practice law in Illinois.

60. As early as 2008, AAWV advertised that Mr. Casterline was a member of AAWV’s board of directors and that he had been accredited by the U.S. Department of Veterans Affairs to present VA benefits claims on behalf of others to the VA. According to AAWV, his responsibilities included “leading a national network of Elder Law Attorneys who work hand in hand with other professional members to insure compliance of all issues that face our wartime veteran population.”

**B. Defendants’ solicitation of consumers through “informational seminars” at assisted living facilities**

61. Defendants solicit consumers through a website, <http://www.usawarvet.org/>, and through other digital media available on the internet.

62. One such example of the digital media AAWV employs is a video of testimonials viewable on the website YouTube<sup>®</sup>. In the following example, John E. Casterline provides his personal endorsement of AAWV:

“Hi, my name is John Casterline. I am an attorney in southeast Michigan. I am an elder law attorney and as a result of that, I have been able to help a lot of veterans and their families do VA planning as well as the Medicaid planning that sometimes we have to deal with. I originally was introduced to AAWV when, uh, we were applying for the benefit for my wife’s aunt. Um, and I thought it was a little too good to be true. So, I came in to check it out, but I was sold on what they were doing and what the processes that they were taking and decided to join in with them and help other veterans or the deceased’s spouses of veterans obtain this benefit. We work with attorneys across the country so that we can properly coordinate the VA benefits that your professional member is going to bring to you with the local attorney who is going to make sure that it all coincides with the local or your state’s laws on Medicaid. I went from being the sceptic to the believer and now serve on the board of directors. It is a legitimate organization. It’s a benefit that is available that can greatly benefit your loved ones in their golden years. And if we can do anything to help make those golden years golden, I think we should do it. AAWV is doing just that.”

*See* AAWV testimonial, available at: <https://www.youtube.com/watch?v=2PO1EoIaNOW> (John Casterline speaks from 4:40 to 6:00), last visited on October 17, 2017.

63. On its website AAWV claims that “AAWV is a privately held community outreach service formed in 2002 to educate wartime veterans, surviving spouses and their families on the Aid and Attendance pension under the Improved Pension Program (IPP) payable by the Department of Veteran Affairs. AAWV is an organization that works in harmony with assisted living and private pay nursing home communities to educate veterans and families on the benefit, its qualifications, and what is needed to apply.” *See* [www.usawarvet.org/about/](http://www.usawarvet.org/about/) (last visited October 17, 2017).



64. AAWV proclaims at the top of the same web page: "Call 1-800-850-5504 to attend an informational seminar." *Id.*

65. The advertisement for Defendants' services as contained in the AAWV website is untruthful and misleading because the Defendants fail to disclose that the true purpose of AAWV is to drive consumers into purchasing annuities by misrepresenting that such a purpose is necessary to qualify for VA pension benefits.

66. Defendants also solicit consumers through presentations by AAWV professional members that are often held at assisted living facilities.

67. AAWV solicits assisted living facilities to serve as hosts for AAWV informational seminars about Aid and Attendance.

68. AAWV has referred to these assisted living facilities as "Veterans First" facilities. AAWV requests that the facility distribute AAWV brochures to all prospective and current residents, and host a minimum of two "seminars" per year, the first within sixty days of becoming a "Veterans First" facility.

69. One flyer used to solicit consumers to attend an AAWV seminar in an Illinois "Veterans First" assisted living facility states in part as follows:

#### WARTIME VETERANS AID SEMINAR

Robert Hart of the American Association for Wartime Veterans (AAWV) will present a free informational seminar titled "Aid and Attendance," at 7 pm Tuesday, November 24, at the Timbers of Shorewood, 1100 N. River Rd. The seminar is free and open to the public.

Hart will explain the benefits which are available to qualifying veterans, widowed spouses or disabled adult children. There are currently 26 residents at the Timbers who receive these benefits, and several others in the process of approval. Since the Timbers opened a decade ago, there have been approximately 50 to 60 residents who have been helped through this program.

Once awarded Aid and Attendance or Housebound status, veterans may obtain as much as \$1,732 a month, surviving spouses \$1,113 a month, and existing couple \$2,054 a month. Two veterans married to each other may obtain as much as \$2,676 a month. In addition to income, veterans and their spouses may qualify for free medications [*sic.*], medical equipment, incontinence supplies, glasses and hearing aids.

Hart will explain eligibility and how to initiate a claim. For example, the claimant's physician must declare the veteran as housebound and in need of assistance from another individual which may include services offered by assisted living. Also the veteran must have served at least 90 days active duty with one day of the 90 during a war period.

Founded in 2002, AAWV is a privately held community outreach service formed to provide information about the improved pension program to wartime veterans and surviving spouses. To date, approximately \$2.6 million a month is being paid in benefits as a result of AAWV's efforts. There is no charge for AAWV's services.

...

This seminar is free and open to the public. For more information call 815-###-####.

See Exhibit B.

70. In truth and in fact, the individuals who represent AAWV at these "free informational seminars" are insurance agents of Atlantis Marketing Solutions. These insurance agents fail to inform consumers that they are insurance agents of Atlantis Marketing Solutions or that they have paid fees to AAWV for the purpose of obtaining business through the AAWV seminars.

71. In the example above, Robert Hart is an Illinois insurance producer (Illinois Department of Insurance License #11735730), an agent of Atlantic Marketing Solutions, and a professional member of AAWV. Robert Hart is not accredited by the VA to represent pension claimants.

72. AAWV's flyers fail to disclose that the seminars are really an insurance sales presentation, in that the purpose is to steer attendees into purchasing annuities as part of their VA pension claim process.

73. Similarly, AAWV's flyers, which are directed in part towards people who are age 65 or older, fail to disclose that the seminar is designed to produce leads and that an insurance producer may contact that person.

74. Defendants' flyers are untruthful and misleading because the flyers fail to disclose that the true purpose of the seminar is to generate leads for the sale of annuities.

75. Professional members of AAWV conduct these "free informational seminars" by showing consumers a PowerPoint®-style presentation and distributing a pamphlet entitled "the American Association for Wartime Veterans." *See, e.g.*, AAWV Pamphlet, attached as Exhibit C.

76. At the seminars the professional members tell consumers that AAWV's only interest is to assist veterans in obtaining the "Aid and Attendance" pension benefit from the Veteran's Administration.

77. The professional members tell consumers that AAWV assistance comes at no cost to the veteran.

78. In some instances consumers receive testimonial letters about AAWV, and news-related items about the VA's supplemental Aid and Attendance benefit during the AAWV "free informational seminar."

79. At the seminars the professional members exaggerate the difficulty of submitting a claim for VA pension benefits and the difficulty in successfully obtaining a VA pension.

80. At the seminars the professional members falsely describe a purported lack of free resources available to assist claimants in submitting and obtaining a VA pension.

81. At the seminars the professional members state that the Defendants' services can expedite the VA claims process and that claimants who use the Defendants' services have a higher rate of success than those who apply on their own.

82. The professional members distribute business cards to consumers at the seminars. The business card contains the presenter's name and contact information, including the presenter's email address with an @usawarvet.org domain name. Nowhere on the card is it disclosed that the AAWV presenter is an insurance agent or that the AAWV presenter has a business relationship with Atlantic Marketing Solutions.

83. The Defendants designed their website, their flyers, and seminars to create the impression that the Defendants could lawfully provide assistance with VA benefits and that they were successful experts in that field. In fact, at no point were any of the Defendants operating in Illinois accredited to assist with the preparation, presentation, or prosecution of claims for VA benefits. Consumers are never informed of this material fact. Moreover, the Defendants never disclose on the website or in their flyers or at the seminars that the Defendants' true purpose is not to assist in the submission of VA claims but, instead, the true purpose is to drive claimants into purchasing annuities.

#### **C. The private meetings between the professional members and claimants**

84. At the seminars the professional members tell consumers that to receive the assistance offered, the veteran or the veteran's family must schedule a subsequent private meeting with the professional member.

85. At or prior to the private meeting, the professional member asks the claimant to complete an AAWV form that describes the claimant's income, assets, expenses, military entry and separation information. The claimant is required to return the form to the professional member

or fax it to 800-850-4074, which is the fax number to AAWV's office in Michigan. A blank copy of the form has been attached as Exhibit D.

86. At the private meetings, the professional member reviews the AAWV form, discusses the claimant's potential eligibility for VA pension benefits, and helps the claimant complete other forms as needed to apply for VA pension benefits. All of these actions require VA accreditation.

87. In the course of this meeting, the professional member will tell the claimant that the claimant will need to "reposition" assets to ensure financial eligibility for VA pension benefits.

88. The professional member will advise the claimant (1) to reposition assets by purchasing annuities, or, in some cases, (2) to meet with a specifically-recommended attorney to reposition assets through an irrevocable trust. The professional member claims that this repositioning is necessary to qualify for the Aid and Attendance benefit when, in some instances, the purchase of annuities or the gifting of assets is not necessary to obtain VA eligibility and may, in reality, cause financial harm to the claimant.

89. For example, in some instances professional members recommend that the claimant dissipate assets through this type of repositioning when the claimant already meets the financial eligibility requirements of the needs-based VA pension program. In other instances, the claimants are not screened for whether they would qualify for other VA benefits regardless of their financial situation, such as Dependency and Indemnity Compensation, which may be greater than the VA pension with the Aid and Attendance supplemental rate. The professional members do not advise claimants on these or any of other alternative (such as seeking disability rating or service injury enhancements, as described in further detail in paragraph 105 below) because the purpose of the private meeting is to steer the claimant into purchasing financial products by misrepresenting that such a purchase is needed to qualify for VA benefits.

90. The professional members earn fees for facilitating the purchase of these annuities.

91. When professional members recommend that the claimant create a trust to effect a gift transfer, the professional member recommends the claimant to certain attorneys who are part of the AAWV "recommended program" to create these trusts. In some cases, veterans or their families have paid these attorneys approximately \$2,000 per trust.

92. The professional members fail to inform consumers that they, Atlantis Marketing Solutions and AAWV, are not accredited to represent VA claimants, and they do not inform consumers of the Defendants' scheme to skirt the VA accreditation requirement by submitting every claim through Michigan Attorney John E. Casterline.

93. Through their advertisements, seminars, private meetings, and their work in assisting and submitting claims for VA pension benefits, the Defendants represent, expressly and by implication, that they all have the legal authority to assist in the preparation and submission of VA pension claims when, in reality, they do not.

**D. Defendants' submission of the VA claim paperwork.**

94. The professional members or the claimants send the completed VA pension claim paperwork to AAWV's so-called 'Advocacy Department,' which is located in Michigan.

95. VA claim paperwork is then typically forwarded to the VA under the VA claims representation of John E. Casterline, even though John E. Casterline has never met or spoken to the claimant.

96. Defendants never inform claimants that none of the Defendants or their professional members are authorized to submit and represent VA claimants. Defendants never inform claimants that, instead, their claim will be submitted by John E. Casterline in effort to skirt the VA accreditation rules. Defendants intended claimants to rely on these material omissions as the

Defendants' lack of accreditation would have affected consumers' decisions to retain the Defendants and purchase annuities or other financial products from the Defendants.

97. The scope of Defendants business is significant. Using the practices outlined above, Defendants have given hundreds of presentations on the VA pension program. From the sample period January, 2010, through November, 2012, alone, AAWV estimates that its professional members offered 143 free seminars to Illinois consumers, including in the following Cook County municipalities: Niles, Northbrook, Park Ridge, and Prospect Heights.

98. For the same sample period, AAWV estimates that AAWV professional members held 2,114 individual appointments with Illinois consumers.

99. From July 2007, through November, 2012, AAWV professional members in Illinois reportedly sold at least over 270 annuities to veterans and their families.

100. Mary Lou Schneider's business model has drawn the attention of the VA and other state regulators.

101. In October 2006, the Office for the General Counsel, Department of Veterans Affairs, warned Mary Lou Schneider that the AAWV may have been engaging in the unauthorized representation of claimants for veterans' benefit in violation of federal law covering such representation, and therefore requested that AAWV cease all preparation of claims for VA benefits and correct some noted misleading statements in the AAWV promotion materials. *See* VA Letter to Mary Lou Schneider, attached as Exhibit E.

102. Among other notable points, the letter pointed out the following to Ms. Schneider:

AAWV's promotional materials, at <http://www.usawarvet.com/>, state that AAWV relieves financial hardships "by assisting veterans and their loved ones in applying-and qualifying-for the Improved Pension Program." Further, the AAWV brochure that is available at [http://www.usawarvet.com/brochure/aawv\\_trifold.pdf](http://www.usawarvet.com/brochure/aawv_trifold.pdf) states, "[a]n [AAWV]

associate will walk you through the process of qualification each step of the way.” These statements suggest that AAWV will assist claimants in the preparation, presentation, and prosecution of their pension claims, which AAWV is not authorized to do. Further, AAWV employees cannot provide the assistance promised in the promotional materials without VA accreditation. *Id.*

103. In April 2010, Office for the General Counsel, Department of Veterans Affairs, sent a letter to the Michigan Attorney General stating the VA had recently received information that AAWV and Atlantic Marketing Solutions may be engaged in the unauthorized representation of claimants for veterans benefits contrary to federal law. *See* VA Letter to the Michigan Attorney General’s Office, attached as Exhibit F.

104. On October 14, 2014, the Commissioner of Commerce for the State of Minnesota took action against Atlantis Marketing Solutions for using sales techniques or marketing materials that were unclear or deceptive. Atlantis Marketing Solutions surrendered its Minnesota insurance license for two years and was ordered to cease and desist from violating any laws, rules or orders, pay a civil penalty of \$5,000 and all investigative costs. The Consent order was directed to Mary L. Schneider at AMS, 48643 Hayes Road, Shelby Road, Shelby Township, MI 48315. (MN Dept. of Commerce File #25041A/JMB.)

#### **E. How consumers are affected by Defendants’ practices**

105. In some instances, when consumers rely on Defendants representations as described above and follow their recommendations to qualify for the benefits under the VA pension program, the actions recommended by Defendants and followed by consumers lead to harmful consequences from a VA Benefits law perspective, such as:

- a. Failure to advise spouses of veterans that they may qualify for Dependency and Indemnity Compensation, a non-needs based program that pays more than a Surviving Spouse’s Pension with Aid and Attendance;



- b. Failure to advise a surviving spouse of the possibility of accrued benefits and substitution in the case where the veteran dies with some form of prior VA claim;
- c. For a veteran, failure to review a case for a possible Claim for Compensation for a service-connected injury;
- d. For a veteran, the failure to review a case for the possibility of increasing existing VA disability ratings for a service-connected injury;
- e. For a veteran, the failure to review for the possible ability to qualify for Aid and Attendance with a current VA disability rating, a non-needs based program;
- f. For a surviving spouse, the possibility of qualifying for a supplemental Aid and Attendance payment under the Dependency and Indemnity Compensation program;
- g. Failure to review the availability of a supplemental Aid and Attendance benefit for a qualifying spouse where veteran has a VA disability rating.
- h. Failure to file immediately a notice of intent to file a claim regarding a future VA pension application using a VA Form 21-0966; and
- i. Failure to control whether a purchased annuity would even serve as sufficient evidence of a recognizable transfer of property (i.e., failures to screen for any retained beneficial interests in the purchased annuity or incomplete implementations of legal trust documents.).

106. In some instances Defendants also harm consumers by steering the consumer to purchase certain financial products, such as annuities, by misrepresenting that such a purchase is necessary to qualify for VA pension benefits.

## CONSUMER ILLUSTRATIONS

107. The unlawful conduct of Defendants is ongoing and continuous. Therefore, any examples provided of specific consumer experiences are simply illustrations of the Defendants' pattern and practice of deceptive or unfair acts or practices. Plaintiff reserves the right to prove that consumers other than those who have complained to the Office of the Illinois Attorney General have been injured because of Defendants' unlawful practices as that information is obtained.

### **A. John Bruno, Sr., Veteran**

108. John Bruno, Sr., was a World War II (WWII) veteran, having served in both the United States Army and the United States Navy.

109. In 2007, when he was 86 years old, John Bruno lived at Belmont Village, an assisted living facility in Oak Park, Cook County, Illinois.

110. John Bruno paid about \$4,000 per month to live at Belmont Village, which he did for about four years until his death in 2011.

111. Through the assistance of his daughter, Maryanne Peterson, John Bruno turned to AAWV for assistance in 2007.

112. On a visit to see her father one day in 2007, a staff member at Belmont Village introduced Maryanne Peterson to James Cauthorn, who happened to be at the facility that day. The staff member, apparently knowing that John Bruno was a veteran, told Maryanne Peterson that James Cauthorn helps veterans.

113. James Cauthorn told her that he was conducting a seminar on VA pension benefits the following week at and gave her an event flyer advertising it. He said he worked for AAWV and

that he would present information on a financial benefit program that might be of help to veterans.

114. Maryanne Peterson attended the seminar the following week, which was held in a Holiday Inn in Lisle, Illinois.

115. At the seminar, James Cauthorn explained that the AAWV's mission is to educate people about money that was available through the VA and about which few veterans knew. James Cauthorn further explained that one has to apply for the benefit, and that he knew how to file the VA paperwork.

116. James Cauthorn told the attendees that he could increase their likelihood of a successful VA pension claim if they allowed him to assist in the completion and submission of their VA pension claim. He stated that the next step would be to schedule a one-on-one appointment with him.

117. After the seminar Maryanne Peterson approached James Cauthorn to set up a personal appointment with him, believing that James Cauthorn was offering a public service not related to any commercial enterprise and that he was solely going to assist her and her father file for VA pension benefits.

118. During the seminar, James Cauthorn did not disclose (1) the existence of VA accreditation rules; (2) that he was not accredited under those rules; or (3) the availability of individuals and organizations that are authorized to assist in the preparation and submission of VA pension claims and do so without charge.

119. During the seminar James Cauthorn failed to disclose that he was an insurance agent of Atlantis Marketing Solutions and that he had paid AAWV a fee in order to conduct seminars to generate leads for the sale of insurance products.

120. During the seminar James Cauthorn did not disclose that at the private meeting he would attempt to steer the consumer into purchasing an annuity for which he would earn a fee.

121. At the time the seminar, John Bruno received Social Security income and had the following assets: (1) the sale of a condominium in Florida for approximately \$12,000; and (2) two savings accounts totaling around \$100,000 in each account at their highest balances.

122. Following the sale of his home in Florida, John Bruno's savings were steadily depleted to pay for the assisted living facility for his residence and care at Belmont Village.

123. Maryanne Peterson met James Cauthorn for the one-on-one meeting at his office in Lisle, Illinois, where he reaffirmed that he could handle all of the VA pension claim paperwork for her.

124. When Maryanne Peterson asked if she could do it by herself, James Cauthorn told her yes, but that her chances would be much better if he would be the one to do it.

125. Again, he did not explain that there are many other veteran service organizations who can provide such assistance for free.

126. James Cauthorn told Maryanne Peterson that her father could not keep the money he had in his possession to be financially eligible for VA pension benefits.

127. He told her that if her father had any amount in his savings account, her father would need to put such money into an annuity to ensure eligibility for VA pension benefits.

128. When Maryanne Peterson asked how he got paid for his work, James Cauthorn replied that the issuer of the annuity would pay James Cauthorn a fee.

129. At the time of this one-on-one meeting, John Bruno's total assets, including the savings accounts noted above, were between approximately \$80,000-\$90,000.

130. James Cauthorn did not explain that if a claimant has assets over \$80,000, a claimant may still be financially eligible for VA pension benefits upon the issuance of a formal net worth

administrative decision by the VA. To the contrary, James Cauthorn stated that her father would not be financially eligible for VA pension benefits unless her father transferred virtually all of his savings into an annuity.

131. In a second one-on-one meeting with Maryanne Peterson, James Cauthorn provided more detailed information about the particular annuity that he wanted her father to purchase: a single-premium deferred annuity entitled "American Valor II" offered by Great American Insurance Company.

132. At this second meeting, James Cauthorn provided instructions on the paperwork she would need for the application. Based on James Cauthorn representation, Maryanne Peterson believed that James Cauthorn himself would submit her father's VA pension claim. James Cauthorn never told her that somebody else would submit the claim, or that somebody else would be her father's accredited representative on the claim.

133. Based on James Cauthorn's representations, Maryanne Peterson and her father decided to submit a VA claim through Mr. Cauthorn and, accordingly, purchased an American Valor II annuity through James Cauthorn for \$68,000.

134. Although the VA subsequently awarded John Bruno VA pension benefits, James Cauthorn and the Defendants failed to file or inform Maryanne Peterson or her father about a page form, VA Form 21-0966, which would have entitled her father to receive months of benefit back pay upon successfully obtaining his VA pension benefit. Moreover, James Cauthorn caused John Bruno to purchase an annuity by misrepresenting that such a purchase was necessary to financially qualify for VA benefits.

**B. Esther Bullis, Surviving Spouse of a Veteran**

135. Harry A. Bullis was a World War II veteran of the United States Army who died in 2002.

136. He was survived by his spouse, Ether Bullis, and his daughters, Kathryn Ligus and Roslyn Steig.

137. Kathryn Ligus, an Illinois resident who lives in Winnebago County, turned to AAWV for assistance in 2008 after her mother moved into an assisted living facility named Fairview Residence in Rockford, Illinois.

138. In about July, 2007, Karyn Ligus received an AAWV business card of James Cauthorn from an employee of the assisted living facility where her mother lived.

139. In the Spring of 2008, Karyn Ligus had a private meeting with James Cauthorn at what she initially understood to be the AAWV office in Lisle, Illinois.

140. James Cauthorn introduced himself at this meeting as a representative of AAWV and its Regional Director, as well as the named principal of Cauthorn Financial.

141. James Cauthorn spoke to her about VA pensions benefits, including the Aid and Attendance pension supplement. He told Karyn Ligus that not too many people knew about this VA benefit.

142. Part of his job, he told her, was to help people.

143. At the meeting Karyn Ligus told James Cauthorn that Esther Bullis' only major asset was a mobile home worth about \$60,000 and that her total assets were less than \$80,000.

144. James Cauthorn told Karyn Ligus her mother could apply for VA pension benefits, but he also said that if her mother subsequently sold the mobile home she would need to reposition the cash from the sale to maintain her financial eligibility for the VA pension.

145. James Cauthorn told Karyn Ligus that her mother could not have more than \$2,000 in her checking account, even though there is no VA Survivor's Pension eligibility rule that limits cash in a checking account to no greater than \$2,000.

146. He told Karyn Ligus to contact him right away when her mother sold the mobile home so that he could help maintain her mother's VA eligibility and that her mother could get into trouble with the VA if Karyn Ligus did not contact James Cauthorn after the sale.

147. James Cauthorn told Karyn Ligus that he would help submit Esther Bullis' VA pension claim without charge as a service he was offering to veterans and their families. James Cauthorn did not mention that the VA prohibits individuals or entities for charging upfront fees to submit VA pension claims.

148. Karyn Ligus provided the paperwork needed for Esther Bullis' VA pension claim to James Cauthorn, and Esther Bullis ultimately received a VA Survivor's Pension in 2008. Esther Bullis continued to receive the pension benefit until her death in 2014.

149. During his meeting with Karyn Ligus, James Cauthorn did not disclose (1) the VA accreditation rules; (2) that James Cauthorn was not accredited under those rules; (3) the availability of other individuals and organizations that can assist in filing claims for free; (4) that he an insurance agent of Atlantis Marketing Solutions and that he had paid AAWV to obtain leads for the sale of annuities; or (5) her mother's right, as a VA claimant, to file VA Form 21-0966 to obtain pension back pay.

150. In or around March 2009, Karyn Ligus informed James Cauthorn that her mother had sold her mobile home and that the net proceeds from the sale were around \$46,000.

151. She told James Cauthorn that, because of his prior representations, she was concerned that the sale might cause an issue with Esther Bullis' continued eligibility for her VA pension.

152. James Cauthorn told Karyn Ligus that her mother might be liable to pay the VA all of the pension money that her mother had received from the VA if the VA learned that her mother had

a large amount of cash in her checking account, and she agreed to meet with James Cauthorn to discuss how he could help.

153. The meeting occurred on or around March 30, 2009, in James Cauthorn's office in Rockford, Illinois.

154. At this second meeting, James Cauthorn told Karyn Ligus that the sale proceeds needed from the mobile home needed to be repositioned to avoid having assets that exceeded the eligibility criteria for the VA pension benefit that Esther Bullis was currently receiving.

155. James Cauthorn recommended that the sale proceeds should be used to purchase two single premium annuities—the Strategy 10 Index Annuity offered by ANICO—in the name of Esther Bullis' children, Karyn Ligus and her sister Roslyn Steig.

156. Following James Cauthorn's advice, Karyn Ligus and Roslyn Steig, bought two ANICO Strategy 10 Index Annuity contracts for \$23,000 each (for a total purchase of \$46,000).

157. Karyn Ligus and Rosalyn Steig were both named as the policy owners of these two annuity contracts, and Esther Bullis was named as the beneficiary of both of these annuity contracts.

158. James Cauthorn never discussed any other financial options, and he never disclosed that even with the cash from the sale of the mobile home, Esther Bullis' assets were still below the \$80,000 threshold upon which the VA will conduct its formal net worth review.

159. James Cauthorn never discussed or otherwise disclosed to Karyn Ligus that he had a financial conflict of interest due to his receipt, directly or indirectly from AAWV, Atlantis Marketing Solutions, Mary Lou Schneider, or any other third-party entity, any rewards, inducements, or non-cash compensation as incentives to sell this annuity product.



160. The Defendants, through Mr. Cauthorn's misrepresentations, caused Karyn Ligus, Roslyn Steig, and Esther Bullis to purchase unnecessary annuities as Esther Bullis was already qualified to receive VA benefits and there are no VA rules that require this type of divestiture to maintain VA eligibility, despite Mr. Cauthorn's false assertions to the contrary.

**C. Roslyn Weiss, Surviving Spouse of a Veteran**

161. Harold Weiss, was a World War II veteran of the United States Navy who was survived by his widow, Roslyn Weiss, and his son, Richard Weiss.

162. By 2008 Roslyn Weiss was living in a federally subsidized apartment building in Naperville, Illinois. At that time she had approximately \$15,000 in assets.

163. At that time Richard Weiss began researching nursing home, assisted living facility and home care options for his mother as well as the means that would be used to pay for such arrangements.

164. Richard Weiss attended an AAWV information seminar between 2008 and 2010 in Naperville, Illinois.

165. The presenter for AAWV informed Richard Weiss and the others at the presentation that to obtain VA benefits a claimant had to essentially assert that the claimant had no assets. The AAWV presenter said AAWV would help them do this.

166. The presenter for AAWV said that AAWV had a 100% success rate in obtaining VA benefits for consumers who applied for benefits through the AAWV's program. The presenter said that it was virtually impossible for a claimant to successfully obtain VA benefits on their own.

167. From the seminar and follow up conversation with the AAWV presenter immediately after the seminar, Richard Weiss understood that AAWV's program entailed entering into a

financial arrangement where AAWV would manage the claimant's assets, thereby allowing the claimant to assert in the VA application that the claimant had no assets, all for the purpose of obtaining for VA benefits.

168. Richard Weiss understood that there would be some fees associated with the financial arrangement proposed by the AAWV presenter, and he did not believe that his mother could afford to pay those fees.

169. From the information provided by the AAWV presenter, Richard Weiss believed that his mother would not qualify for VA benefits because she had at about \$15,000 in assets, and he did not believe that his mother could afford to retain AAWV to dissipate her assets through AAWV's program.

170. As a result, Richard Weiss's mother never applied for or received an award of any VA benefits after this presentation and before her death in January, 2013, even though she would have likely qualified for the Survivor's Pension.

## **VIOLATIONS**

### **COUNT I**

#### **CONSUMER FRAUD AND DECEPTIVE BUSINESS PRACTICES ACT**

171. The People re-allege and incorporate by reference the allegations in Paragraphs 1 to 170.

172. While engaged in trade or commerce, the Defendants have committed unfair and/or deceptive acts or practices declared unlawful under Section 2 of the Consumer Fraud Act, 815 ILCS 505/2, by:

- a. Representing, expressly or by implication, that AAWV is a community outreach service formed to provide information to wartime veterans and their surviving spouses, when in fact AAWV was formed primarily to generate leads for the sale of insurance and related financial products by its members who are insurance agents affiliated with Atlantic Marketing Solutions.
- b. Representing, expressly or by implication, that the individuals who present AAWV seminars are offering free information regarding the VA pension program, when in fact, the AAWV presenters' primary purpose is to schedule a personal appointment with the veteran or his or her family to sell insurance and related financial products.
- c. Failing to disclose that AAWV's presenters are insurance agents who have paid a fee to AAWV for the opportunity to conduct the presentation in the name of AAWV and for the purpose of generate leads for subsequent sales of insurance products.
- d. Failing to clearly and conspicuously disclose that AAWV seminar presenters are insurance producers who may attempt to sell products to those who attend the AAWV seminars.
- e. Distributing advertisements for "free seminars" without disclosing in the advertisement that the seminar is also an "insurance sales presentation," as required by the Illinois Department of Insurance regulations relating to the advertisement of annuities, 50 Ill. Adm. Code 909.85(e).
- f. Distributing advertisements for seminars directed at people who are age 65 or older that fail to disclose the seminar is designed to produce leads and that an insurance producer may contact the person, as required by the Illinois Department of Insurance regulations relating to the advertisement of annuities, 50 Ill. Adm. Code 909.85.

- g. Representing, expressly or by implication, that the VA pension process is very difficult to navigate on the claimant's own, and misrepresenting the purported lack of free, accredited resources available to help applicants through the VA pension process, when in fact, there are VA accredited professionals who are trained and qualified to file claims on behalf of veterans at no charge.
  - h. Falsely claiming that Defendants can expedite the VA pension process;
  - i. Stating that claimants who use Defendants' services have a higher rate of success of obtaining a VA pension than those who do not use the Defendants' services.
  - j. Presenting themselves as experts in the VA pension process but then failing to file VA Form 21-0966 to ensure that claimants have the opportunity to receive retroactive pension payments.
  - k. Representing, expressly or by implication, that AAWV's professional members are VA accredited to assist in the preparation of a claim for the VA pension, when in fact they are not.
  - l. Representing, expressly or by implication, that AAWV is VA accredited to assist in the preparation of a claim for the VA pension, when in fact it is not.
  - m. Providing inaccurate and incomplete information about the financial eligibility rules for the VA pension program;
  - n. Misrepresenting that some consumers must purchase annuities to qualify or maintain their financial eligibility for the VA pension program when such a purchase is not required.
179. These acts and practices offend public policy; are immoral, unethical, oppressive, or unscrupulous; and have caused or are likely to cause substantial injury to consumers.

## **REMEDIES**

173. Section 7 of the Consumer Fraud Act provides:

(a) Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

(b) In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

815 ILCS 505/7.

174. The Consumer Fraud Act further provides that “[i]n any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.”

815 ILCS 505/10.

## **PRAYER FOR RELIEF**

Wherefore, the Plaintiff prays that this Honorable Court enter an Order:

A. Finding that Defendants have engaged in trade or commerce within the meaning of Section 2 of the Consumer Fraud Act;

B. Finding that the Defendants have violated Section 2 of the Consumer Fraud Act, 815 ILCS 505/2, by, but not limited to, the unlawful acts and practices alleged herein;

C. Preliminarily and permanently enjoining the Defendants from engaging in the deceptive and unfair acts and practices alleged herein;

D. Declaring that all contracts entered into between the Defendants and Illinois consumers by the use of methods and practices described herein are unlawful and rescinded, and requiring that full restitution be made to all affected Illinois consumers;

E. Revoking, forfeiting or suspending any and all licenses, charters, franchises, certificates or other evidence of authority of the Defendants to do business in the State of Illinois;

F. Assessing a civil penalty of \$50,000.00 if the Court finds the Defendants have engaged in methods, acts or practices declared unlawful by the Act without the intent to defraud; if the Court finds Defendants have engaged in methods, acts or practices declared unlawful by the Act with the intent to defraud, then assessing a statutory civil penalty of \$50,000.00 per violation, as provided in Section 7 of the Consumer Fraud Act, 815 ILCS 505/7;

G. Assessing an additional civil penalty in the amount of \$10,000 per violation of the Act found by the Court to have been committed by the Defendant against a person 65 years of age and older as provided in Section 7(c) of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/7(c);

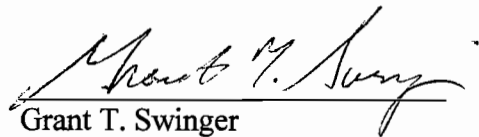
H. Requiring the Defendants to pay all costs for the prosecution and investigation of this action, as provided by Section 10 of the Consumer Fraud Act, 815 ILCS 505/10; and

I. Providing such other and further equitable relief as justice and equity may require.

Respectfully Submitted,

THE PEOPLE OF THE STATE OF ILLINOIS,  
by LISA MADIGAN,  
ATTORNEY GENERAL OF ILLINOIS

BY:

  
Grant T. Swinger  
Assistant Attorney General  
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