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VETERANS FILE SUIT AGAINST ALLEGED “SCAM ARTISTS” WHO PEDDLE ILLEGAL HIGH INTEREST LOANS

**Lawsuit seeks to halt the practice of selling veterans’ benefits to investors
while pocketing big profits**

GREENVILLE, SOUTH CAROLINA, September 1, 2017 – Three disabled and medically retired veterans filed a lawsuit today in federal court against a group of companies and individuals, charging that their business practices violate federal law. The filing in the U.S. District Court for the District of South Carolina alleges that the defendants conspire together to prey upon financially vulnerable veterans by offering illegal, costly deals that strip the veterans of their federally protected military pensions and benefits.

According to the complaint, the defendants are engaged in a scheme that induces veterans to enter into costly, unconscionable agreements that directly violate federal laws. The scheme includes contracts in which the veterans are charged undisclosed interest rates (far in excess of rates allowed by usury statutes), and in which the veterans sell their retirement or disability benefits for a period of months or years in exchange for a lump sum payment.

“The behavior alleged in the complaint is reprehensible,” said Anne Richardson, directing attorney of Public Counsel’s Consumer Law Project, a pro bono law firm representing the plaintiffs. “The victims are veterans who served their country and were injured in the line of duty. Instead of offering them fair business terms, we allege that the defendants looked to bilk them out of their disability benefits through illegal high interest loans.”

“Unfortunately these three victims are just the tip of the iceberg,” said Adelaide Anderson, a staff attorney with Public Counsel. “We have reason to believe there are hundreds, perhaps thousands of veterans who have been fleeced by the defendants through similar schemes over the past six-plus years. This lawsuit is an attempt to protect our nation’s veterans from this alleged nationwide racket.”

According to the complaint, a collection of federal laws prohibits “any agreements purchasing military pensions or benefits,” and that the defendants nevertheless broker transactions in which a third-party investor “buys” a veteran’s future VA benefits, and the veteran receives a one-time payment.

“I feel like I was in a vulnerable spot, and they took advantage of me,” said plaintiff Chad Wright, a veteran who injured his back in a parachute training jump on a rainy night, and receives disability payments. “My wife and I were in danger of losing our home, and to keep a roof over our four daughters’ heads, I agreed to a deal with the defendants out of desperation.”

“Because the veteran and the investor do not interact, neither realizes that the defendants are skimming off nearly half of the money that the investor intends to loan the veteran, and that the veteran is paying at least 25% interest,” stated attorney Anne Richardson. “In one case we were able to calculate that the veteran received only \$23,523.10 of the \$44,978.22 that the investor paid. The other \$21,455.12 ‘disappeared.’”

Over the past three years, state securities regulators in at least seven different states have entered orders barring multiple defendants named in the lawsuit from engaging in the illegal sale of securities associated with pension purchases. However, state efforts have only met with partial success. For example, Arkansas reopened their investigation when it determined that one of the defendants – Andrew Gamber – simply continued “to operate a similar enterprise under another company name.”

Most recently, the Mississippi Securities Division found that defendants SoBell Corp., BAIC, Voyager Financial Group and Andrew Gamber were “offering and selling unregistered securities, and engaging in fraud in connection therewith.” In March 2017, a federal court in Texas ordered several of the defendants to produce documents in response to a subpoena from the Securities Exchange Commission.

“American taxpayers’ money should reach the veterans that our country wants to support, not be diverted to others who reap huge profits at veterans’ expense,” shared attorney Adelaide Anderson. “The veterans have already sacrificed so much, the minimum we can do is ensure that the law is upheld and that they are treated with respect.”

The current lawsuit was filed in South Carolina Federal Court because certain defendants in the lawsuit are located in Easley, SC, and that forum is identified in the plaintiffs’ documents as the place where any legal proceeding must be instituted.

The plaintiffs are also represented on a pro bono basis by the law firms of Jones Day, and Jackson Lewis P.C.

Each of the three plaintiffs was honorably discharged from the military after being injured in service to their country. They live in Maryland, New Jersey, and South Carolina.

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