Office of the New York State Attorney General

Letitia James Attorney General

September 8, 2026

Hon. Jacob A. Brown
United States Bankruptcy Court
Middle District of Florida
Bryan Simpson United States Courthouse
300 Hogan Street, Suite 3-150
Jacksonville, Florida 32202

Re: Trajector Holdings, LLC et al.: Case 3:26-bk-03286-JAB Chapter 11 Cases

Dear Hon. Chief Judge Brown:

The Attorneys General of New York and Illinois write to advise the Court that they have ongoing investigations and intend to commence legal action against Trajector Holdings, LLC, Trajector Medical, LLC, and other related entities, on behalf of the People of the respective states for fraudulent, illegal and deceptive business practices. The basis for the investigations is set forth for informational purposes, and to alert the Court that the states are asserting that certain contracts which constitute a portion of the bankruptcy estate are void and unenforceable as a matter of law. Furthermore, it is expected that the investigations will reveal that money being held by the estate was collected through illegality and fraud and should not be considered property of the estate.

Trajector's Business Practices Appear to Violate State and Federal Laws

Trajector Medical, LLC (collectively with its related companies "Trajector") sells services to U.S. military veterans purporting to assist them in filing benefits claims with the U.S. Department of Veterans Affairs ("VA"). The Attorneys General investigations include, but are not limited to whether Trajector misrepresents to veterans the services it will provide, roping consumers into long-term contingency-style contracts promising to pay Trajector "success fees," typically calculated as a fraction of any amount by which their ongoing benefits payments from the VA increase in the future. The States allege these fees are illegal under state and federal law.

The Attorneys General are also investigating whether Trajector misuses the personal information that it gathers from veterans through its use of "callbots," a computer system Trajector uses to automatically call government agency phone numbers, enter veterans' personal information, and receive information concerning the status of their claims – often without their involvement or awareness. When veterans' claims result in new benefits or increases in benefits,

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Trajector bills them for its claimed percentage of any increase in benefits, even when Trajector had little to no involvement in facilitating the consumers' successful benefits claims. Veteran consumers have complained that they were surprised to receive bills from Trajector calculated as a portion of their benefits increases when they were unaware of any work that Trajector performed to justify its charges.

The Attorneys General have concerns that Trajector has divided its operations among different companies—such as Trajector Medical LLC and Benefits Karma, LLC, in an attempt to avoid liability for charging veterans for its services in assisting with their claims applications. Investigations to date and public filings from the Debtors have revealed that these companies are owned and operated by the same principals.

State Enforcement is an Exercise of Police and Regulatory Power

Providing benefits-services to veterans in exchange for money explicitly violates federal and State law, and it is these violations that form the basis of the individual state investigations. *See* 38 U.S.C. § 5904(c)(1) (Federal law prohibiting charging fees for VA benefits services); GBL 349 (New York's Unfair, Deceptive, or Abusive Acts and Practices Law); § 349-f(2)(a) (New York's Pension Poaching Law); New York Executive Law § 63(12) (prohibiting fraud and illegality); 815 ILCS 505/1 et seq. (Illinois' Consumer Fraud and Deceptive Business Practice Act); 815 ILCS 505/2YYY (Illinois' prohibition on deceptive practices targeting veterans and military members). To evade law enforcement, Trajector has more recently begun marketing its services as concerning claims for government benefits generally, but we understand from reporting and from consumer complaints that much of its ongoing business concerns claims for VA benefits.

As the instant investigations are predicated upon the States' exercise of police and regulatory powers, it is the intention of our offices to continue with investigatory proceedings against Trajector Holdings and affiliates, which filed for Chapter 11 bankruptcy protection on July 23, 2026, before Your Honor. *See* 11 U.S.C. § 362(b)(4); *In re Guardia*, 522 B.R. 734, 735 (Bankr. S.D. Fla. 2014) (*citing, inter alia, In re Nelson*, 240 B.R. 802, 805 (Bankr. D. Me. 1999) and *Ngan Gung Rest., Inc. v. New York (In re Ngan Gung Rest., Inc.)*, 183 B.R. 689 (Bankr. S.D.N.Y. 1995)); *In re Lubin*, No. 8:23-bk-03168-RCT, 2023 WL 5775729, at *2-3 (Bankr. M.D. Fla. Aug. 18, 2023); *In re Berry*, No. 19-14527-BKC-RBR, 2019 WL 3992719, at *2 (Bankr. S.D. Fla. June 26, 2019).

While section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a), provides for a stay that is automatic and immediate upon the filing of a bankruptcy petition, it does not apply to "the commencement or continuation of an action or proceeding by a governmental unit . . . to enforce such governmental unit's . . . police and regulatory power," 11 U.S.C. § 362(b)(4), and therefore does not preclude the States from pursuing claims for violations of state and consumer financial law.

Furthermore, it bears emphasis at this stage that should the investigation reveal that any money being held by the estate consists only of the proceeds of illegal and fraudulent contracts, such property is not property of the estate at all but is to be held in constructive trust for the victims, in this case, defrauded military veterans. Imposition of constructive trusts are subject to state law and have been expressly permitted in bankruptcy proceedings in Florida. *See In re General Coffee Corp.*, 828 F.2d 699 (11th Cir. 1987); *Absolute Activist Value Master Fund Limited v. Devine*, Case

No. 2:15-cv-328-FtM-29MRM, 2016 WL 1572388, at *9-10 (M.D. Fla. Apr. 19, 2016) (establishing a constructive trust as an equitable, "flexible remedy, with no unyielding formula" designed "to prevent an unjust enrichment of one person at the expense of another as the result of fraud, undue influence, abuse of confidence or mistake in the transaction that originates the problem."); *In re Gherman*, 103 B.R. 326, 332 (S.D. Fla. 1989) (imposing constructive trust in bankruptcy proceeding).

While the investigations will continue, the Attorneys General will not seek enforcement of any money judgment against Trajector Holdings, LLC or affiliates, absent authority from the Bankruptcy Court. We look forward to working with the Court in the context of this case and are available at any time to discuss these matters further.

Very truly yours,

Deanna R. Nelson
Assistant Attorney General In Charge
Watertown Regional Office
New York State Office of the Attorney General
317 Washington Street, 10th Fl.
Watertown, New York 13601
(315) 523-6080
Deanna.nelson@ag.ny.gov
Federal Bar Roll # 508997

Haley L. Comella
Assistant Attorney General
Consumer Fraud Bureau
Office of the Illinois Attorney General
115 S. LaSalle St.
Chicago, Illinois 60603
(312) 814-3153
Haley.comella@ilag.gov