

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

**STATE OF NEBRASKA, ex rel.
DOUGLAS J. PETERSON,
ATTORNEY GENERAL,**

Plaintiff,

v.

**NAVIENT CORPORATION,
NAVIENT SOLUTIONS, LLC,
PIONEER CREDIT RECOVERY,
INC., and GENERAL REVENUE
CORPORATION,**

Defendants.

Case No. CI 22 - _____

COMPLAINT

COMES NOW, the State of Nebraska, ex rel. Douglas J. Peterson, Nebraska Attorney General, by and through the undersigned Assistant Attorney General (hereinafter "Attorney General", "State of Nebraska", or "Plaintiff"), and brings this action against Defendants, Navient Corporation; Navient Solutions, LLC; Pioneer Credit Recovery, Inc.; and General Revenue Corporation; (hereafter referred to collectively as "Defendants") for violating the Consumer Protection Act, Neb. Rev. Stat. § 59-1601 et seq. ("Consumer Protection Act" or "CPA"), and states as follows:

INTRODUCTION

1. The Attorney General brings this action pursuant to the Consumer Protection Act to protect the public and pursuant to its statutory and common law authority, powers, and duties.
2. The State of Nebraska has cause to believe that Defendants have violated the CPA.
3. The State of Nebraska also has cause to believe that this action is in the public interest

because Defendants have deceived, misled, and caused harm to consumers from Nebraska.

PARTIES

4. The Plaintiff in this case is the State of Nebraska, ex rel. Nebraska Attorney General Douglas J. Peterson. The Nebraska Attorney General is responsible for enforcement of Nebraska consumer protection laws, including, the CPA and other state and federal laws that affect Nebraska consumers. Pursuant to Neb. Rev. Stat. § 59-1608, the Attorney General may bring an action in the name of the State against any person to restrain and prevent the doing of any act prohibited by the CPA.

5. Defendants in this case are as follows:

- a. Navient Corporation (“Navient Corp.”) – a Delaware corporation with its principal executive offices in Wilmington, Delaware.
- b. Navient Solutions, LLC (“Navient”) – a wholly owned subsidiary of Navient Corporation, is a corporation headquartered in Wilmington, Delaware. Navient was formerly known as Sallie Mae, Inc. or Sallie Mae, and was a subsidiary of SLM Corporation (“Former SLM Corporation”) until April 2014. In April 2014, the Former SLM Corporation separated into two publicly traded entities: Navient Corp. and a new SLM Corporation. After the 2014 separation, Sallie Mae, Inc. changed its name to Navient Solutions, Inc. In 2017, Navient Solutions, Inc. changed its name to Navient Solutions, LLC.
- c. Pioneer Credit Recovery, Inc. (“Pioneer”) – a wholly owned subsidiary of Navient Corporation, is a corporation based in Arcade, New York.
- d. General Revenue Corporation (“GRC”) – a formerly wholly owned subsidiary of

Navient Corporation and an Ohio corporation with its principal executive offices in Mason, Ohio.

JURISDICTION

6. The District Court of Lancaster County has jurisdiction over Defendants pursuant to Neb. Rev. Stat. § 59-1608.01 because Defendants have transacted business within the State of Nebraska at all times relevant to this Complaint.

VENUE

7. Venue for this action properly lies in the District Court of Lancaster County pursuant to Neb. Rev. Stat. § 59-1608.01 because Defendants have transacted business within the State of Nebraska at all times relevant to this Complaint.

FACTUAL ALLEGATIONS

8. Many students in the State of Nebraska finance their educations in part through federal and/or private student loans.

9. The State alleges that before the Former SLM Corporation split, Sallie Mae and its lending affiliates originated subprime student loans that Sallie Mae expected would default at high rates, and which did default at high rates.

10. Borrowers and cosigners have complained that Navient's billing and payment systems made it difficult for borrowers and cosigners to control the application and allocation of their payments.

11. The State alleges that Navient encouraged federal student loan borrowers to contact it if they experienced difficulty repaying, and represented to borrowers that it would help them make the right decision for their situation.

12. The State alleges that in the course of servicing federal student loans, Navient placed

some borrowers who were experiencing long-term financial distress or hardship into forbearances or offered forbearances to such borrowers without adequately exploring whether an alternative repayment plan, such as an income-driven repayment (“IDR”) plan, would be more appropriate for their circumstances.

13. The State alleges that Navient’s IDR renewal notifications to federal student loan borrowers did not adequately advise borrowers of the subject matter and urgency of the notifications. The companies improved these notifications in December 2012 and March 2015, respectively, after which they achieved higher levels of IDR recertification.

14. The State alleges that Navient misinformed some borrowers and cosigners concerning the qualifications and criteria for cosigner release on some private student loans. Between 2013 and 2016, Navient changed some of its cosigner release procedures and disclosures.

15. The State alleges that Pioneer and GRC misinformed some defaulted federal student loan borrowers about certain requirements and consequences of options for getting their loans out of default, rehabilitation and consolidation.

CAUSE OF ACTION

VIOLATIONS OF THE CONSUMER PROTECTION ACT

(Neb. Rev. Stat. § 59-1601 et seq.)

16. The State re-alleges and incorporates by reference all of the allegations contained in paragraphs 1-15 as though fully set forth herein.

17. The State of Nebraska alleges that Defendants’ conduct, described above, occurred in trade or commerce, affected the public interest, and that Defendants (or their predecessors) violated the Nebraska Consumer Protection Act, Neb. Rev. Stat. § 59-1601 et seq., by:

- a. Originating private student loans that defaulted at high rates in order to gain

access to federally guaranteed or otherwise more profitable loan volume between 2001 and 2009;

- b. Representing that Navient would help federal student loan borrowers find payment options that fit their circumstances and budget and minimized costs, and then offering or placing borrowers into forbearances without first exploring IDR plans;
- c. Maintaining billing and payment systems that made it difficult for borrowers and cosigners to control the application and allocation of their payments and furnishing incorrect information related to cosigner release; and
- d. Collecting student loans in an unfair or deceptive manner.

PRAYER FOR RELIEF

WHEREFORE, the State of Nebraska respectfully request that this honorable Court:

A. Find that Defendants' acts – as described herein – are unfair or deceptive acts or practices in trade or commerce, affecting the public interest, and in violation of the Nebraska Consumer Protection Act, Neb. Rev. Stat. § 59-1601 et seq.

B. Permanently enjoin and restrain Defendant, its agents, employees, and all other persons and entities, corporate or otherwise, in active concert or participation with any of them, from engaging in unfair, deceptive, or misleading conduct, acts, or practices which violate the Consumer Protection Act, including but not limited to the in the unfair and deceptive acts and practices alleged herein, pursuant to Neb. Rev. Stat. § 59-1608;

C. An order necessary to restore to any person an interest in any moneys or property, real or personal, which may have been acquired by means of an act prohibited by the Consumer Protection Act, pursuant to § 59-1608(2);

D. Order Defendants to pay an award of a civil penalty for each and every violation of the CPA pursuant to Neb. Rev. Stat. § 59-1614

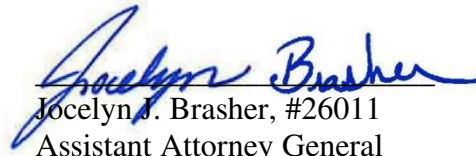
E. Order Defendants to pay all costs and attorney's fees for the prosecution and investigation of this action, pursuant to Neb. Rev. Stat. § 59-1608; and

F. Grant Plaintiff such other and further relief as this Court deems equitable and proper.

Respectfully submitted this 13th day of January 2022.

Douglas J. Peterson, #18146
Attorney General of Nebraska

BY:



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