

**IN THE COURT OF COMMON PLEAS  
FRANKLIN COUNTY, OHIO**

STATE OF OHIO, <i>ex rel.</i>	)	
ATTORNEY GENERAL OF OHIO	)	CASE NO.
DAVE YOST	)	
30 E. Broad St., 14 <sup>th</sup> Floor	)	
Columbus, Ohio 43215	)	
	)	
PLAINTIFF,	)	JUDGE
	)	
v.	)	
	)	
NAVIENT CORPORATION	)	<b>COMPLAINT FOR DECLARATORY</b>
123 Justison Street, Suite 300	)	<b>JUDGMENT, INJUNCTIVE RELIEF,</b>
Wilmington, Delaware 19801	)	<b>CONSUMER RESTITUTION, AND</b>
	)	<b>CIVIL PENALTIES</b>
NAVIENT SOLUTIONS, LLC	)	
123 Justison Street, Suite 300	)	
Wilmington, Delaware 19801	)	
	)	
PIONEER CREDIT RECOVERY, INC.	)	
20 Parker Lane	)	
Perry, New York 14530	)	
	)	
And	)	
	)	
GENERAL REVENUE CORPORATION	)	
4660 Duke Drive, Suite 200	)	
Mason, Ohio 45040	)	
	)	
DEFENDANTS.	)	

Plaintiff, State of Ohio ex rel. Attorney General Dave Yost, commences this action pursuant to the Consumer Sales Practices Act, R.C. 1345.01 et seq. (“CSPA”) against Defendants Navient Corporation, Navient Solutions, LLC, Pioneer Credit Recovery, Inc., and General Revenue Corporation. Defendants offered, marketed, promoted, and sold student loans to borrowers and by servicing and collecting on borrowers’ student loans. Defendants have engaged in practices that harmed borrowers by offering, marketing, promoting and selling risky

and expensive subprime loans that they knew or should have known were likely to default and, while servicing student loans, failing to perform necessary servicing duties and making misrepresentation in those servicing duties causing harm to borrowers. The Ohio Attorney General has commenced this action to enjoin Defendants from engaging in unfair or deceptive trade practices, to obtain relief for Ohio consumers harmed by Defendants' unfair or deceptive trade practices, and to seek civil penalties for Defendants' unlawful conduct.

### **JURISDICTION AND VENUE**

1. Dave Yost, Ohio Attorney General, having reasonable cause to believe that violations of Ohio's consumer protection laws have occurred, brings this action in the public interest and on behalf of the State of Ohio under the authority vested in him by R.C. 1345.07.
2. The actions of Defendants, hereinafter described, have occurred in Franklin County, Ohio and across the state of Ohio and, as set forth below, are in violation of the CSPA, R.C. 1345.01 et seq., and its Substantive Rules, O.A.C. 109:4-3-01 et seq.
3. This Court has jurisdiction over the subject matter of this action pursuant to R.C. 1345.04.
4. Venue is proper pursuant to Ohio Civ. R. 3(C)(3) because Defendants transact business in Franklin County by servicing and collecting on student loans owed by borrowers in Franklin County and across the state of Ohio.

### **DEFENDANTS**

5. Navient Corporation ("Navient Corp.") is a Delaware corporation with its principal executive offices in Wilmington, Delaware.
6. 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. changes its name to Navient Solutions, LLC.

7. Pioneer Credit Recovery, Inc. (“Pioneer”), a wholly-owned subsidiary of Navient Corporation, is a corporation based in Arcade, New York.
8. General Revenue Corporation (“GRC”) is formerly a wholly-owned subsidiary of Navient Corporation and an Ohio corporation with its principal executive offices in Mason, Ohio.

#### **FACTS**

9. Many students in the State of Ohio finance their educations in part through federal and/or private student loans.
10. 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.
11. 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.
12. 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.

13. 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.
14. 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.
15. 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.
16. 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.

**PLAINTIFF’S CAUSE OF ACTION:**  
**VIOLATIONS OF THE CONSUMER SALES PRACTICES ACT**

17. Plaintiff incorporates Paragraphs 1 through 16 of this Complaint as if set forth in their entirety.
18. Defendants committed unfair or deceptive acts or practices in violation of the CSPA, R.C. 1345.02(A), 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**, Plaintiff respectfully prays that this Court:

1. ISSUE a declaratory judgment declaring that each act or practice complained of herein violates the CSPA in the manner set forth in the Complaint.
2. ISSUE a permanent injunction enjoining Defendants, doing business under their names or any other names, and their agents, representatives, salespeople, employees, independent contractors, successors, or assigns, and all persons acting in concert or participating with it, directly or indirectly, from further violating the CSPA, R.C. 1345.01 et seq., and its Substantive Rules.
3. GRANT a monetary judgment against Defendants in an amount sufficient to reimburse all consumers found to have been damaged by the Defendants' unfair or deceptive acts and practices.

4. ASSESS, FINE, and IMPOSE upon the Defendants a civil penalty in the amount of Twenty-Five Thousand Dollars (\$25,000.00) for each separate and appropriate violation described herein pursuant to R.C. 1345.07(D).
5. GRANT Plaintiff its costs in bringing this action, including, but not limited to, the costs of collecting on any judgment awarded.
6. ORDER Defendants to pay all court costs.
7. GRANT such other relief as the Court deems to be just, equitable and appropriate.

Respectfully submitted,

DAVE YOST  
Ohio Attorney General

*/s/ Teresa A. Heffernan*

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Teresa A. Heffernan (0080732)  
Section Counsel  
30 E. Broad St., 14<sup>th</sup> Floor  
Columbus, OH 43215  
Phone: (614) 466-1305  
Fax: (866) 921-5521  
Teresa.Heffernan@OhioAGO.gov  
*Counsel for Plaintiff, State of Ohio*