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**COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT**

COMMONWEALTH OF
KENTUCKY,

Plaintiff,

v.

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

Defendants.

NO.
COMPLAINT

I. PLAINTIFF

1.1 The Plaintiff is the Commonwealth of Kentucky.

1.2 The Attorney General is authorized to commence this action pursuant to KRS 367.190 of the Kentucky Consumer Protection Act, KRS 367.110 *et seq.*

II. DEFENDANTS

2.1 Navient Corporation (“Navient Corp.”) is a Delaware corporation with its principal executive offices in Wilmington, Delaware.

2.2 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

1 two publicly traded entities: Navient Corp. and a new SLM Corporation. After the 2014
2 separation, Sallie Mae, Inc. changed its name to Navient Solutions, Inc. In 2017, Navient
3 Solutions, Inc. changed its name to Navient Solutions, LLC.

4 2.3 Pioneer Credit Recovery, Inc. (“Pioneer”), a wholly-owned subsidiary of Navient
5 Corporation, is a corporation based in Arcade, New York.

6 2.4 General Revenue Corporation (“GRC”) is formerly a wholly-owned subsidiary
7 of Navient Corporation and an Ohio corporation with its principal executive offices in Mason,
8 Ohio.

9 **III. JURISDICTION**

10 3.1 The Commonwealth files this complaint and institutes these proceedings under
11 the provisions of the Kentucky Consumer Protection Act, KRS 367.110 *et seq.*

12 3.2 Defendants have engaged in the conduct described below in Franklin County and
13 elsewhere in the Commonwealth of Kentucky. This Court has jurisdiction over this matter
14 pursuant to KRS 367.190.

15 **IV. VENUE**

16 4.1 Venue is proper in Franklin County pursuant to KRS 367.190 because Defendants
17 transact business in Franklin County by servicing and collecting on student loans owed by
18 borrowers in Franklin County.

19 **V. FACTS**

20 5.1 Many students in the Commonwealth of Kentucky finance their educations in part
21 through federal and/or private student loans.

22 5.2 The Commonwealth alleges that before the Former SLM Corporation split, Sallie
23 Mae and its lending affiliates originated subprime student loans that Sallie Mae expected would
24 default at high rates, and which did default at high rates.

1 5.3 Borrowers and cosigners have complained that Navient’s billing and payment
2 systems made it difficult for borrowers and cosigners to control the application and allocation of
3 their payments.

4 5.4 The Commonwealth alleges that Navient encouraged federal student loan
5 borrowers to contact it if they experienced difficulty repaying, and represented to borrowers that
6 it would help them make the right decision for their situation.

7 5.5 The Commonwealth alleges that in the course of servicing federal student loans,
8 Navient placed some borrowers who were experiencing long-term financial distress or hardship
9 into forbearances or offered forbearances to such borrowers without adequately exploring
10 whether an alternative repayment plan, such as an income-driven repayment (“IDR”) plan,
11 would be more appropriate for their circumstances.

12 5.6 The Commonwealth alleges that Navient’s IDR renewal notifications to federal
13 student loan borrowers did not adequately advise borrowers of the subject matter and urgency of
14 the notifications. The companies improved these notifications in December 2012 and March
15 2015, respectively, after which they achieved higher levels of IDR recertification.

16 5.7 The Commonwealth alleges that Navient misinformed some borrowers and
17 cosigners concerning the qualifications and criteria for cosigner release on some private student
18 loans. Between 2013 and 2016, Navient changed some of its cosigner release procedures and
19 disclosures.

20 5.8 The Commonwealth alleges that Pioneer and GRC misinformed some defaulted
21 federal student loan borrowers about certain requirements and consequences of options for
22 getting their loans out of default, rehabilitation and consolidation.

23 **VI. FIRST CAUSE OF ACTION**

24 6.1 The Commonwealth incorporates Paragraphs 1.1 through 5.8 herein as if set forth
25 in their entirety.

