

STATE OF VERMONT

**SUPERIOR COURT
WASHINGTON UNIT**

CIVIL DIVISION

STATE OF VERMONT,

Plaintiff,

DOCKET NO. _____

v.

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

Defendants.

COMPLAINT

The State of Vermont (“Plaintiff” or “State”) by and through the Vermont Attorney General, brings this action against Defendants Navient Corporation; Navient Solutions, LLC; Pioneer Credit Recovery, Inc.; and General Revenue Corporation (collectively referred to as “Defendants”) for violations of the Vermont Consumer Protection Act, 9 V.S.A. § 2453 (the “CPA”) which prohibits unfair and deceptive acts and practices.

I. PARTIES

A. PLAINTIFF

1. The Vermont Attorney General is authorized under the CPA, 9 V.S.A § 2458, to commence an action to enforce the CPA’s prohibitions on unfair and deceptive acts and practices in commerce.

2. The Vermont Attorney General also has the right to appear in any civil action in which the State has an interest. 3 V.S.A § 157. The Attorney General has an interest in ensuring that entities that do business in Vermont do so in a lawful manner.

B. DEFENDANTS

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

4. 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.

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

6. 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.

II. JURISDICTION AND VENUE

7. The State files this Complaint and institutes these proceedings under the provisions of the CPA, 9 V.S.A § 2458.

8. This Court has jurisdiction over the Defendants because Defendants have transacted substantial business in the State and engaged in the conduct alleged herein has been committed in the State of Vermont.

9. Defendants were, at all times relevant hereto, engaged in commerce throughout the State of Vermont by servicing and collecting on student loans owed by borrowers in Vermont..

10. Venue lies in the Washington Unit of the Superior Court of the State of Vermont pursuant to 12 V.S.A. § 402.

11. This action is in the public interest.

III. LAW

12. The Vermont Consumer Protection Act, 9 V.S.A. § 2453, prohibits unfair or deceptive acts and practices in commerce.

IV. FACTS

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

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

V. FIRST CAUSE OF ACTION

21. The State realleges and incorporates by reference each of the allegations contained in all the paragraphs of this Complaint as through fully set forth herein.

22. The State of Vermont alleges that Defendants' conduct, described above, occurred in trade or commerce, affected the public interest, and that Defendants (or their predecessors) violated the Vermont Consumer Protection Act, 9 V.S.A. § 2453, 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.

VI. PRAYER FOR RELIEF

WHEREFORE, the State of Vermont respectfully request the Court enter judgment in its favor and the following relief:

- a. A judgment in its favor and against Defendants on each cause of action asserted in the Complaint.
- b. An injunction pursuant to 9 V.S.A. § 2458(a) enjoining Defendants from engaging in any acts that violate the Vermont Consumer Protection Act, including, but not limited to, the unfair and deceptive acts and practices alleged herein;
- 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 9 V.S.A. § 2458(b)(2);
- d. Statutory civil penalties in the amount of \$10,000 for each violation of the Vermont Consumer Protection Act; pursuant to 9 V.S.A. 258(b)(1);
- e. The award of costs and fees to the State of Vermont; and
- f. Such other and further relief as the Court deems appropriate.

DATED this 13th day of January, 2022.

STATE OF VERMONT

Thomas J. Donovan, Jr.
Attorney General

/s/ Merideth C. Chaudoir

By:

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