

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

PEOPLE OF THE STATE OF NEW YORK, by LETITIA JAMES, Attorney General of the State of New York,

Plaintiff,

v.

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

Defendants.

**SUMMONS**

Index No.

Plaintiff designates New York County as the Place of Trial

TO THE ABOVE-NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED to answer in this action and serve a copy of your answer, or if the complaint is not served with the summons to serve a notice of appearance, on the Plaintiff's attorney within twenty (20) days after the service of the summons, exclusive of the day of service. If the summons is not personally served upon you, or if the summons is served upon you outside of the State of New York, then your answer or notice of appearance must be served within thirty (30) days. In case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

Plaintiff designates New York County as the place of trial.

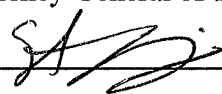
Venue is proper in New York County pursuant to CPLR § 503, because Plaintiff maintains an office at 28 Liberty Street, New York, NY 10005 in New York County.

Dated: New York, New York  
January 13, 2022

Respectfully Submitted,

LETITIA JAMES  
Attorney General of the State of New York

By: \_\_\_\_\_

  
Stewart Dearing  
Assistant Attorney General  
The New York Attorney General's Office  
28 Liberty Street, 20th Floor  
New York, NY 10005  
Tel: (212) 416-8320  
Email: [stewart.dearing@ag.ny.gov](mailto:stewart.dearing@ag.ny.gov)

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

PEOPLE OF THE STATE OF NEW YORK, by LETITIA JAMES, Attorney General of the State of New York,

Plaintiff,

v.

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

Defendants.

**COMPLAINT**

Index No.

Plaintiff, People of the State of New York, by Letitia James, Attorney General of the State of New York, hereby alleges the following:

**I. PLAINTIFF**

1. The Plaintiff is the People of the State of New York, by Letitia James, Attorney General of the State of New York (the “NYAG”).

2. The NYAG is authorized to commence this action pursuant to Executive Law § 63(12) and Article 22-A of the General Business Law.

**II. 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.

### **III. JURISDICTION AND VENUE**

7. The NYAG files this complaint and institutes these proceedings under Executive Law § 63(12) and Article 22-A of the General Business Law (“GBL”). Executive Law § 63(12) empowers the NYAG to seek injunctive relief, restitution, disgorgement, damages, and costs against any person or entity that has engaged in or otherwise demonstrated repeated or persistent fraudulent or illegal acts in the transaction of business. GBL § 349 of GBL Article 22-A, which prohibits deceptive acts or practices in the conduct of any business, empowers the NYAG to seek injunctive relief and restitution for deceptive acts or practices. GBL § 350-d authorizes the NYAG to seek penalties for violations of GBL Article 22-A.

8. Defendants have engaged in the conduct described below in New York County and elsewhere in the state of New York.

9. Defendants have waived the pre-litigation notice required by GBL §§ 349(c) and 350-c.

10. Venue properly lies in New York County pursuant to CPLR § 503, because Plaintiff maintains an office at 28 Liberty Street, New York, NY 10005 in New York County.

#### IV. FACTS

11. Many students in the State of New York finance their educations in part through federal and/or private student loans.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

**FIRST CAUSE OF ACTION**  
**VIOLATION OF EXECUTIVE LAW § 63(12)**

19. The NYAG incorporates Paragraphs 1 through 18 herein as if set forth in their entirety.

20. The NYAG alleges that Defendants' conduct, described above, violated Executive Law § 63(12) 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 unlawful or fraudulent manner.

**SECOND CAUSE OF ACTION**  
**VIOLATION OF GBL § 349**

21. The NYAG incorporates Paragraphs 1 through 18 herein as if set forth in their entirety.

22. The NYAG alleges that Defendants' conduct, described above, violated GBL § 349 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 a deceptive manner.

**PRAYER FOR RELIEF**

Wherefore, the NYAG respectfully requests the following relief:

- A. A declaration that Defendants' acts described above are unlawful, fraudulent, and deceptive acts or practices in violation of Executive Law § 63(12) and GBL § 349;
- B. An injunction pursuant to Executive Law § 63(12) and GBL § 349(b) enjoining Defendants from engaging in any acts that violate Executive Law § 63(12) or GBL § 349, including but not limited to, the unlawful, fraudulent, and deceptive acts and practices alleged herein;

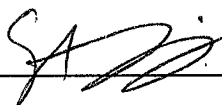
- C. An order providing for restitution, damages, or other monetary relief due to Defendants' violations of Executive Law § 63(12) and GBL § 349;
- D. An order directing Defendants to disgorge all profits due to Defendants' violations of Executive Law § 63(12);
- E. An award of a civil penalty for each and every violation of GBL Article 22-A, pursuant to GBL § 350-d;
- F. An award of the State's reasonable costs incurred in this action, pursuant to CPLR § 8303(a)(6); and
- G. Any other award the Court determines is just and equitable.

Dated: January 13, 2022  
New York, New York

Respectfully Submitted,

LETITIA JAMES  
Attorney General of the State of New York

By: \_\_\_\_\_

  
Stewart Dearing  
Assistant Attorney General  
The New York Attorney General's Office  
28 Liberty Street, 20th Floor  
New York, NY 10005  
Tel: (212) 416-8320  
Email: [stewart.dearing@ag.ny.gov](mailto:stewart.dearing@ag.ny.gov)

Of Counsel:

Jane M. Azia, Bureau Chief  
Bureau of Consumer Frauds & Protection

Laura J. Levine, Deputy Bureau Chief  
Bureau of Consumer Frauds & Protection