

**IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS  
CIVIL DIVISION**

**STATE OF ARKANSAS, *ex rel.*  
LESLIE RUTLEDGE, ATTORNEY GENERAL**

**PLAINTIFF**

**v. Case No.**

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

**DEFENDANTS**

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**COMPLAINT**

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The State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General (“the Attorney General” or “the State”), for its Complaint against Navient Corporation (“Navient Corp.”); Navient Solutions, LLC (“Navient”); Pioneer Credit Recovery, Inc. (“Pioneer”); and General Revenue Corporation (“GRC”), states:

**I. INTRODUCTION**

1. This is a consumer protection action brought to redress and restrain violations of the Arkansas Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-101 through 115 (“ADTPA”), under which the State seeks an order for an injunction, civil penalties, restitution for affected consumers, and other relief against Defendants.

2. The Attorney General asserts that these proceedings are in the public interest.

3. Defendants are the nation's largest student loan servicers and have engaged in widespread unfair and deceptive student loan servicing practices and abuses in originating predatory student loans.

## II. PARTIES

4. The Plaintiff is the State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General. Attorney General Rutledge is the chief legal officer of the State. Pursuant to § 4-88-104 and § 4-88-113, the State may seek civil enforcement of the ADTPA.

5. Navient Corp. is a Delaware corporation with its principal executive offices in Wilmington, Delaware.

6. Navient, a wholly-owned subsidiary of Navient Corp., 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.

7. Pioneer, a wholly-owned subsidiary of Navient Corporation, is a corporation based in Arcade, New York.

8. GRC is formerly a wholly-owned subsidiary of Navient Corp. and is an Ohio corporation with its principal executive offices in Mason, Ohio.

## III. JURISDICTION AND VENUE

9. At all times relevant to this lawsuit, the Defendants systematically and

continually did business and availed themselves of the privileges of conducting activities within the State of Arkansas. It also conducted activities to Arkansas consumers by servicing and collecting on student loans owed by borrowers in the state of Arkansas.

10. This Court has jurisdiction over this matter pursuant to Ark. Code Ann. §§ 4-88-104 and 4-88-113, and the common law of the State of Arkansas.

11. Venue is proper pursuant to Ark. Code Ann. §§ 4-88-104, 4-88-112, 16-60-103, and the common law of the State of Arkansas.

#### **IV. FACTUAL ALLEGATIONS**

12. Many students in the State of Arkansas finance their educations in part through federal and private student loans.

13. 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.

14. 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.

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

16. 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.

17. 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.

18. 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.

19. 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. VIOLATIONS OF LAW**

20. Defendants’ conduct, described above, occurred in trade or commerce, affected the public interest. Defendants (or their predecessors) violated the ADTPA, specifically, Ark. Code. Ann. §§ 4-88-107(a)(1) and (10) and 4-88-108(1) and (2), by:

a. Originating private student loans without regard to the borrowers’ ability to repay 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 above premises considered, the State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General, respectfully requests that this Court:

a. Enter an order and judgment against Defendants and in favor of the State for each violation alleged in this complaint.

b. Find that this cause of action is in the public interest.

c. Find that Defendants' acts and practices alleged herein are violations of the ADTPA, §§ 4-88-101 et seq.

d. Issue a permanent injunction pursuant to Ark. Code Ann. § 4-88-104 enjoining Defendants from engaging in any acts that violate the ADTPA, including, but not limited to, the unfair and deceptive acts and practices alleged herein;

e. Require Defendants, pursuant to Ark. Code Ann. § 4-88-113(a)(2)(A), to pay any consumer restitution that may be owed to Arkansas consumers affected by the unlawful acts and practices described herein

f. Impose civil penalties, pursuant to Ark. Code Ann. § 4-88-113(b), to be

paid to the State by Defendants in the amount of up to \$10,000 for each violation of the ADTPA proved at a trial of this matter, the full amount of which will exceed the amount necessary to establish federal diversity jurisdiction;

g. Require Defendants to pay all of the State's costs in this investigation and litigation, including, but not limited to, expert witness fees, and attorneys' fees and costs, pursuant to Ark. Code Ann. § 4-110-108 and § 4-88-113(e);

h. Find that Defendants are each a "controlling person" or a "facilitating person" within the meaning of Ark. Code Ann. § 4-88-113(d)(1) and that pursuant to Ark. Code Ann. § 4-88-113(d), each is personally liable for not only its acts which violated Arkansas law, but also jointly and severally liable for the individual and collective acts of the other Defendants; and

i. For all other just and proper relief to which the State may be entitled.

Respectfully submitted,

**LESLIE RUTLEDGE**  
**ATTORNEY GENERAL**

By: 

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