

**STATE OF NEW MEXICO
COUNTY OF SANTA FE
FIRST JUDICIAL DISTRICT COURT**

STATE OF NEW MEXICO, *ex rel.*
HECTOR H. BALDERAS, Attorney General,

Plaintiff,

v.

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

Defendants.

NO.

COMPLAINT

COMES NOW the State of New Mexico, *ex rel.* Hector Balderas, Attorney General, by and through undersigned counsel, and brings this Complaint against Navient Corporation, Navient Solutions, LLC, Pioneer Credit Recovery, Inc., and General Revenue Corporation. In support thereof, the State alleges as follows:

I. PLAINTIFF

1.1 The Plaintiff is the State of New Mexico.

1.2 The Attorney General is authorized to commence this action pursuant to the public interest of New Mexico and under the authority granted him by the New Mexico Unfair Practices Act (“UPA”), NMSA 1978, Sections 57-12-1 to -26 (2003, as amended through 2019) (“UPA”). *See* § 57-12-8 and § 57-12-15 (Attorney General authority to enforce and bring actions under UPA).

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 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.

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

2.4 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

3.1 The State files this Complaint and institutes these proceedings under the provisions of the New Mexico UPA. *See* §§ 57-12-1 to -26.

3.2 This Court has subject matter jurisdiction over this matter pursuant to *inter alia*, Article VI, Section 13 of the New Mexico Constitution.

3.3 This Court has personal jurisdiction over the Defendants pursuant to the New Mexico “long arm” statute because the Defendants transacted business within New Mexico at all times relevant to this Complaint. NMSA 1978, § 38-1-16 (1971).

IV. VENUE

4.1 Venue is proper in Santa Fe County pursuant to Section 57-12-8 because Defendants transact business in Santa Fe County by servicing and collecting on student loans owed by borrowers in Santa Fe County by using methods, acts, or practices unlawful under the UPA.

V. FACTS

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

5.2 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.

5.3 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.

5.4 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.

5.5 The State alleges that in the course of servicing federal student loans, Navient willfully 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.

5.6 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.

5.7 The State alleges that Navient willfully misinformed some borrowers and cosigners concerning the qualifications and criteria for cosigner release on some private student loans.

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

VI. FIRST CAUSE OF ACTION

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

6.2 The State of New Mexico alleges that Defendants' conduct, described above, occurred in trade or commerce, was harmful to the public interest, and that Defendants (or their predecessors) violated the UPA, §§ 57-12-1 to -26, by:

- a. Willfully 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. Willfully 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. Willfully 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. Willfully collecting student loans in an unfair or deceptive manner.

VII. PRAYER FOR RELIEF

Wherefore, the State prays for the following relief:

7.1 A declaration that Defendants' acts described above are unfair or deceptive acts or practices in trade or commerce, was harmful the public interest, and in violation of the Consumer Protection Act, §§ 57-12-1 to -26;

7.2 An injunction pursuant to Section 57-12-8 of the UPA enjoining Defendants from engaging in any acts that violate the UPA, including, but not limited to, the unfair and deceptive acts and practices alleged herein;

7.3 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 UPA, pursuant to Sections 57-12-8 and -9 of the UPA;

7.4 An award of up to \$5,000 in civil penalties for each and every violation of New Mexico's UPA, pursuant to Section 57-12-11 of the UPA;

7.5 An award of the State's reasonable costs and attorney's fees incurred in this action; and

7.6 Any other award the Court determines is just and equitable.

DATED this 13th day of January, 2022.

Respectfully submitted,

HECTOR H. BALDERAS
NEW MEXICO ATTORNEY GENERAL

BY: /s/ Serena R. Wheaton
Serena R. Wheaton
Assistant Attorney General
Consumer Protection Division
P.O. Drawer 1508
Santa Fe, New Mexico 87504
Voice: (505) 490-4846
Email: swheaton@nmag.gov