

borrowers' student loans.

3. Respondents have engaged in practices that have harmed countless student loan borrowers by: (a) peddling risky and expensive subprime loans that they knew or should have known were likely to default, and (b) while servicing student loans, failing to perform core servicing duties, thereby causing harm to borrowers and cosigners.

PARTIES

4. John M. Formella is the Attorney General of the State of New Hampshire. The Attorney General is authorized under RSA 358-A:4, III (a) and (b) to seek injunctive relief, restitution, and civil penalties against any person who he has reason to believe has engaged in or is about to engage in unfair or deceptive acts or practices in the conduct of trade or commerce in violation of the Consumer Protection Act. In accordance with RSA 358-A:4, I, the provisions of the Consumer Protection Act are administered and enforced by the Consumer Protection and Antitrust Bureau of the New Hampshire Department of Justice ("the Bureau").
5. Respondent Navient Corporation ("Navient Corp") is a Delaware corporation with its principal executive offices in Wilmington, Delaware.
6. Respondent 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.

FACTS

7. Many students in the State of New Hampshire finance their educations in part through federal and/or private student loans.
8. 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.
9. Borrowers and cosigners have complained that the Respondents' billing and payment systems made it difficult for borrowers and cosigners to control the application and allocation of their payments.
10. The State alleges that the Respondents 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.
11. The State alleges that in the course of servicing federal student loans, the Respondents 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.

12. The State alleges that the Respondents' 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.
13. The State alleges that the Respondents misinformed some borrowers and cosigners concerning the qualifications and criteria for cosigner release on some private student loans. Between 2013 and 2016, the Respondents changed some of its cosigner release procedures and disclosures.

CAUSE OF ACTION

14. The State realleges all prior allegations of this Complaint as though fully set forth herein.
15. The State of New Hampshire alleges that the Respondents' conduct, described above, occurred in trade or commerce, affected the public interest, and that the Respondents (or their predecessors) violated the Consumer Protection Act, 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 the Respondents 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.

PRAYERS FOR RELIEF

WHEREFORE, the State of New Hampshire, by and through the Office of the Attorney General, respectfully requests that this Honorable Court:

- (A) Following a hearing on the merits, issue an order that
 - (1) Declare that Respondents' acts described above are unfair or deceptive acts or practices in trade or commerce, affecting the public interest, and in violation of the Consumer Protection Act;
 - (2) Issue a permanent injunction in accordance with RSA 358-A:4, III (a), enjoining and restraining (a) the Respondents, (b) their officers, agents, servants, employees, attorneys, and (c) all persons in active concert or participation with anyone described in part (a) or (b) of this paragraph, directly or indirectly, from engaging in deceptive, misleading, or unfair acts or practices, or concealments, suppressions, or omissions, that violate the Consumer Protection Act, including specific injunctive relief barring the Respondents from engaging in the unlawful acts and practices set forth above;
 - (3) Require the Respondents to pay a civil penalty in the amount of \$10,000 for each violation of the Consumer Protection Act;

- (4) Require the Respondents to pay restitution to all affected borrowers;
- (5) Requires the Respondents to reimburse the State for the cost of the investigation and prosecution of this action; and
- (6) Grant any additional relief deemed just and proper.

Respectfully submitted,

THE STATE OF NEW HAMPSHIRE

By its attorney,

JOHN M. FORMELLA
ATTORNEY GENERAL,

Date: May 09, 2022

/s/ Brandon H. Garod
Brandon H. Garod, Bar #21164
Senior Assistant Attorney General
Consumer Protection and Antitrust Bureau
NH Department of Justice
33 Capitol Street
Concord, NH 03301-6397
(603) 271-1217
brandon.h.garod@doj.nh.gov