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[EXEMPT FROM FILING FEES
UNDER GOV. CODE, § 6103]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA, Plaintiff, v. **BALBOA STUDENT LOAN TRUST**, a Delaware statutory trust, Defendant.	Case No. BC 709870 **COMPLAINT FOR PERMANENT INJUNCTION, CIVIL PENALTIES, RESTITUTION, AND OTHER EQUITABLE RELIEF** (BUS. & PROF. CODE, § 17200 et seq.)

The People of the State of California ("People"), by Xavier Becerra, Attorney General of the State of California, bring this action against Balboa Student Loan Trust ("Defendant") for violating the Unfair Competition Law (Bus. & Prof. Code, § 17200 et seq.), and allege the following on information and belief:

JURISDICTION AND VENUE

1.   This Court has jurisdiction over the allegations and subject matter of the People's Complaint filed in this action, and the parties to this action; venue is proper in this County; and this Court has jurisdiction to enter this Judgment.

2.   This enforcement action is brought under Business and Professions Code section

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1 17200 et seq.

2 **DEFENDANT**

3 3. Defendant is a Delaware statutory trust, formed on October 10, 2014. It is the

4 current owner and holder of the private student-loan receivables at issue in this enforcement

5 action.

6 **FACTUAL BACKGROUND**

7 4. The People bring this action against Defendant for unlawful debt collection in

8 connection with private loans made to students who enrolled at Corinthian Colleges, Inc.

9 ("Corinthian"), a now-defunct for-profit, predatory chain of schools.

10 5. Corinthian's fraudulent business model relied on a constant enrollment of new

11 students, almost all of which needed federal financial aid and private student loans to pay

12 Corinthian's high tuition and fees.

13 6. Part of Corinthian's unlawful scheme involved steering students into high-interest

14 private student loans, as part of the "Genesis Loan Program." Through this program, private

15 lenders provided loans to Corinthian students, without revealing Corinthian's financial

16 involvement in the program. Among other things, the Genesis Loan Program allowed Corinthian

17 to appear compliant with federal law requiring that for-profit schools receive at least 10% of their

18 revenue from a source other than federal financial aid. 34 C.F.R. § 668.14(b)(16).

19 7. In August 2014, as Corinthian began to buckle under the weight of regulatory

20 scrutiny—including a critical enforcement action brought by the People (*People v. Heald College*

21 (S.F. Sup. Ct., Case No. Case No. CGC-13-534793))—Corinthian sold virtually all of its Genesis

22 loans to an unaffiliated third party, who in turn transferred the loans to Defendant.

23 8. Since then, Defendant has attempted to collect the unpaid balance of these loans

24 through various means, including by sending overdue notices to borrowers that threaten legal

25 action if the balance remains unpaid. Defendant has done so despite significant debt-collection

26 limitations agreed to by Defendant barring it from threatening borrowers with legal action.

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CLAIM 1

VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200

(UNFAIR COMPETITION)

9.   The allegations in paragraphs 1 through 8 are incorporated here by reference.

10.   Defendant has engaged in business acts or practices that constitute unfair competition as defined in the Unfair Competition Law, Business and Professions Code section 17200 et seq. These acts or practices include, but are not limited to, the following:

A.   Violating Civil Code section 1788.13, part of the Rosenthal Fair Debt Collection Practices Act, Civil Code section 1788 et seq., by making misrepresentations in connection with the collection of a consumer debt; and

B.   Violating Civil Code section 1788.17, part of the Rosenthal Fair Debt Collection Practices Act, Civil Code section 1788 et seq., by using false, deceptive, or misleading representations or means in connection with the collection of a consumer debt.

PRAYER FOR RELIEF

WHEREFORE, the People pray for judgment as follows:

1.   Under Business and Professions Code section 17203, that Defendant, its affiliates, subsidiaries, successors and assigns, its officers and employees, and all persons who act in concert with Defendant, be permanently enjoined from committing any unlawful, unfair, or fraudulent acts of unfair competition in violation of Business and Professions Code section 17200 as alleged in this Complaint;

2.   That the Court make such orders or judgments as may be necessary to prevent the use or employment by Defendant of any practice that constitutes unfair competition or as may be necessary to restore to any person in interest any money or property that may have been acquired by means of such unfair competition, under the authority of Business and Professions Code section 17203;

3.   That the Court assess a civil penalty of $2,500 against Defendant for each violation of Business and Professions Code section 17200 in an amount according to proof, under the authority of Business and Professions Code section 17206;

1   4.   That the People recover its costs of suit, including costs of its investigation; and

2   5.   For such other and further relief that the Court deems just and proper.

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4   Dated: June 13, 2018   Respectfully Submitted,

5   XAVIER BECERRA
                                                   Attorney General of California
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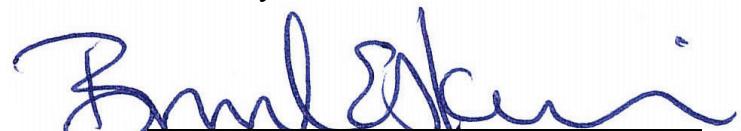
8   Bernard A. Eskandari
                                                   Supervising Deputy Attorney General
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COMPLAINT