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Superior Court of California
County of Los Angeles
JUN 13 2018

Sherri R. Carter, Executive Officer/Clerk
By: Oscar Chavez, Deputy

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 7 0 9 8 7 0

**[PROPOSED] FINAL JUDGMENT AND
PERMANENT INJUNCTION**

The People of the State of California (“People”), appearing through their attorney, Xavier Becerra, Attorney General of the State of California, by Supervising Deputy Attorney General Bernard A. Eskandari, and Balboa Student Loan Trust (“Balboa” or “Defendant”), appearing through its attorney, Scott M. Pearson of Ballard Spahr LLP, having stipulated to the entry of this Judgment by the Court without the taking of proof and without trial or adjudication of any fact or law, without this Judgment constituting evidence of or an admission by Defendant regarding any issue of law or fact alleged in the Complaint, without Defendant admitting any liability regarding allegations of violations that occurred prior to entry of this Judgment, and with all parties having waived their right to appeal, and the Court having considered the matter and good cause appearing:

1 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

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

5 2. Nothing in this Judgment alters the requirements of federal or state law to the
6 extent they offer greater protection to consumers.

7 **I. DEFINITIONS**

8 3. The following definitions shall apply for purposes of this Judgment:

9 A. “Balboa Genesis Loan” means any private student loan that was (a) made
10 to pay for tuition, cost of living expenses, or fees to attend a Corinthian school, and (b) acquired
11 by Balboa.

12 B. “Borrower” means a consumer who was a borrower of a Balboa Genesis
13 Loan, and his/her/its successors or assigns.

14 C. “Corinthian” means Corinthian Colleges, Inc., and all predecessors,
15 successors, subsidiaries, affiliates, and parents, including Heald, WyoTech, and Everest Colleges.

16 D. “Effective Date” means the date on which this Judgment is entered by the
17 Court.

18 E. “Record Date” means August 1, 2017.

19 **II. INJUNCTION AND REMEDIATION**

20 4. The injunctive provisions of this Judgment shall apply to Defendant as well as its
21 subsidiaries, successors, and the assigns of all or substantially all of the assets of its business, and
22 their directors, officers, employees, agents, independent contractors, partners, associates, and
23 representatives of each of them.

24 5. Defendant shall be and hereby is permanently enjoined and restrained, under
25 Business and Professions Code section 17203, from directly or indirectly engaging in any of the
26 following acts or practices:

27 A. Engaging in any collection activity with respect to the Balboa Genesis
28 Loans;

1 B. Accepting any future payment on the Balboa Genesis Loans on or after the
2 30th day following the Effective Date;

3 C. Furnishing information about debts allegedly owed on Balboa Genesis
4 Loans to third parties, including consumer-reporting agencies, on or after the 30th day following
5 the Effective Date, except that Defendant may (a) furnish such information as necessary to
6 remove tradelines placed with any consumer-reporting agency about Balboa Genesis Loans, as
7 required by paragraph 7 of this Judgment; (b) furnish any information requested by a
8 governmental agency; and (c) furnish information as may be requested by any Borrower;

9 D. Violating the Unfair Competition Law, Business and Professions Code
10 section 17200 et seq.; or

11 E. Violating the Rosenthal Fair Debt Collection Practices Act, Civil Code
12 section 1788 et seq., including without limitation, in debt-collection communications, threatening
13 to take action that cannot legally be taken or that Defendant has no intention of taking.

14 6. Within 60 days of the Effective Date, Defendant shall discharge and cancel (or
15 cause to be discharged and cancelled through third-party transfer) all amounts owed on the
16 Balboa Genesis Loans, including principal, interest, fees, and any other amounts.

17 7. Within 30 days of the Effective Date, for any Balboa Genesis Loan as to which
18 Defendant furnished negative trade-line information to credit-reporting agencies, Defendant shall
19 furnish (or cause a third party to furnish) deletion codes to those credit-reporting agencies to
20 delete such trade-line information from borrowers' credit reports.

21 8. Defendant shall use reasonable efforts to ensure that the debt relief provided in this
22 Judgment does not result in the issuance of 1099 forms to affected Borrowers.

23 9. Defendant shall make reasonable efforts to return to each Borrower whose last
24 known address recorded in Defendant's business records is located in the State of California
25 ("California Borrowers") the following payments, as applicable:

26 A. Any payment received by Defendant on or after the Record Date; and

27 B. Any payment made by a California Borrower within 90 days of receiving a
28 debt-collection communication that threatened litigation.

1 10. Within 12 months of the Effective Date, Defendant shall provide the People with
2 an accounting of any monetary amounts that Defendant was unable to return to California
3 Borrowers after reasonable efforts under Paragraph 9 and shall transfer the remaining monetary
4 amounts to the State Controller's Office in accordance with California's Unclaimed Property
5 Law, so that those amounts may be claimed by affected Borrowers.

6 11. Defendant shall include in any agreement to transfer the Balboa Genesis Loans (A)
7 a term requiring the transferee to abide by the terms of this Judgment, and (B) a term prohibiting
8 any subsequent transfer. Any transfer of the Balboa Genesis Loans shall effectuate the consumer
9 relief provided in this Judgment.

10 12. Within five business days of reaching an agreement in principle to transfer the
11 Balboa Genesis Loans, Defendants shall provide notice to the People.

12 13. Within 90 days of the Effective Date, Defendant or the transferee of the Balboa
13 Genesis Loans shall provide each Borrower of a Balboa Genesis Loan with an outstanding
14 balance with following notice. This notice shall be sent to the Borrower's most recently available
15 (A) postal address, and (B) if available, email address. The notice shall clearly and conspicuously
16 state the following:

17 A. The outstanding amount that had been owed under the Borrower's Balboa
18 Genesis Loan;

19 B. The amount owed under the Borrower's Balboa Genesis Loan as
20 referenced in the notice has been discharged and canceled in full and that the borrower no longer
21 owes any amounts under his or her Balboa Genesis Loan;

22 C. The Borrower will not be subjected to any new debt-collection or credit-
23 reporting activities related to his or her Balboa Genesis Loan;

24 D. The relief will not result in the issuance of an Internal Revenue Service
25 Form 1099-C; and

26 E. The relief described in the notice required by this paragraph is provided
27 pursuant to this Judgment.

28 14. No later than 30 days after the Effective Date, Defendant shall provide a proposed

1 form of notice to the People for their non-objection.

2 15. One year after entry of this Judgment, Defendant shall submit to the People a
3 written compliance report that, at a minimum, shall include a detailed description of the manner
4 and form in which Defendant has complied with this Judgment, and shall identify any remaining
5 tasks that Defendant must complete pursuant to this Judgment and a plan and timeline for
6 accomplishing those remaining tasks.

7 **III. ADDITIONAL PROVISIONS**

8 16. Defendant shall cooperate fully with the People as necessary to achieve the goals
9 and carry out the requirements of this Judgment.

10 17. Unless otherwise directed by the People, Defendant shall provide all submissions,
11 requests, communications, or other documents relating to this Judgment by email to the following
12 people:

13 Michael E. Elisofon	Bernard A. Eskandari
14 Supervising Deputy Attorney General	Supervising Deputy Attorney General
michael.elisofon@doj.ca.gov	bernard.eskandari@doj.ca.gov

15 18. This Court retains jurisdiction of this matter for purposes of construction,
16 modification, and enforcement of this Judgment.

17 19. The clerk is ordered to enter this Judgment forthwith.

18
19 ORDERED AND ADJUDGED at Los Angeles, California.

20
21 DATED: JUN 13 2013

JUDGE HOLLY J. FUJIE

22 JUDGE OF THE SUPERIOR COURT