

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

In re:)
)
ITT EDUCATIONAL SERVICES, INC., et al.,¹) Case No. 16-07207-JMC-7A
)
Debtors.) Jointly Administered

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS,
OVERVIEW OF METHODOLOGY AND DISCLAIMERS REGARDING
DEBTORS’ SCHEDULES AND STATEMENTS**

ITT Educational Services, Inc. (“ITT”), ESI Service Corp. (“ESI”), and Daniel Webster College, Inc. (“DWC”, and each of DWC, ITT and ESI, a “Debtor” and collectively, “Debtors”) hereby file their respective Schedules of Assets and Liabilities (“Schedules”) and Statements of Financial Affairs (“Statements”) in accordance with section 521 of title 11 of the United States Code (“Bankruptcy Code”) and Rule 1007 of the Federal Rules of Bankruptcy Procedure.

A. Debtors filed these chapter 7 cases (“Chapter 7 Cases”) on an emergency basis on September 16, 2016 (“Petition Date”) due to actions taken by the Department of Education and its senior secured lender. As a result, Debtors did not have time prior to the Petition Date to compile documents and records responsive to the questions on the Schedules and Statements. That task fell postpetition to Debtors’ four remaining employees, whose employment ended as of September 30, 2016, and Rust Consulting/Omni Bankruptcy (“Rust/Omni”), whom Debtors retained in the days immediately preceding the Petition Date on a flat fee basis to, among other things, assist with the compilation and preparation of the Schedules and Statements.

B. Deborah J. Caruso, the chapter 7 trustee for Debtors’ estates (“Trustee”), retained as independent contractors approximately six former employees to, among other things, continue to assist with the compilation and preparation of the Schedules and Statements after September 30, 2016, pursuant to the Court’s *Order Granting Trustee’s Application to Employ Former Employees Effective as of September 29, 2016 to Perform Essential Services Relating to the Preparation of the Affiliated Debtors’ Schedules of Assets and Liabilities and Statement of Financial Affairs* [Docket No. 254]. These former employees, when and as available, located relevant and responsive information on behalf of Debtors. Rust/Omni, and Debtors’ former employees, then compiled and sorted that information and prepared the Schedules and Statements, with help and guidance from Debtors’ counsel.

C. Catherine Nownes-Whitaker, an employee of Rust/Omni, has signed each set of Schedules and Statements. In signing the Schedules and Statements, Ms. Nownes is attesting to the process used by Rust/Omni and Debtors’ remaining personnel in gathering and presenting data in the Schedules and Statements. Ms. Nownes has not (and could not have) verified the completeness or accuracy of the financial data derived from Debtors’ books and records,

¹ The Debtors are ITT Educational Services, Inc., ESI Service Corp., and Daniel Webster College, Inc.

including responses, statements and representations concerning assets and liabilities of Debtors presented in the Schedules and Statements.

D. Ms. Nownes, Rust/Omni, and Debtors and their respective agents, employees, attorneys and advisors involved in the compilation and preparation of the Schedules and Statements (“Compilers”) do not guarantee or warrant the accuracy or completeness of the data, responses, statements, and representations that are provided in the Schedules and Statements, and none of the foregoing shall be liable for any loss or injury arising out of or caused in whole or in part by the acts, errors, or omissions, whether negligent or otherwise, in procuring, compiling, collecting, interpreting, reporting, communicating, or delivering the information contained in the Schedules and Statements. While commercially reasonable efforts have been made to provide accurate and complete information in the Schedules and Statements, inadvertent errors or omissions may exist. The Compilers expressly do not undertake any obligation to update, modify, revise, or re-categorize the information provided in the Schedules and Statements, or to notify any third party should the information be updated, modified, revised, or re-categorized. In no event will the Compilers be liable to any third party for any direct, indirect, incidental, consequential, or special damages (including, but not limited to, damages arising from the disallowance of a potential claim against Debtors or damages to business reputation, lost business, or lost profits), whether foreseeable or not and however caused, even if the Compilers are advised of the possibility of such damages.

E. In light of the foregoing, the Schedules and Statements are limited and must be read in connection with, and informed by, the following Global Notes and Statement of Limitations, Overview of Methodology and Disclaimers Regarding Debtors’ Schedules and Statements (“Global Notes”), which are incorporated by reference in, and comprise an integral part of, the Schedules and Statements.

Global Notes and Statement of Limitations

1. Description of Chapter 7 Cases. The Trustee has been appointed as trustee in the Chapter 7 Cases, which are being jointly administered pursuant to orders entered by the Court on October 4, 2016 [Docket Nos. 221 and 222]. Notwithstanding the joint administration of the Chapter 7 Cases for procedural purposes, each Debtor has filed its own Schedules and Statements. The Compilers have endeavored to present information in the Schedules and Statements reported as of the close of business on the Petition Date but has not been able to do so consistently throughout. The Compilers have endeavored to note those circumstances where information is not as of the Petition Date.

2. Global Notes Control. These Global Notes pertain to and comprise an integral part of all of the Schedules and Statements and should be referenced in connection with any review thereof. In the event that the Schedules and Statements differ from these Global Notes, the Global Notes control.

3. Reservations and Limitations. Reasonable efforts have been made to prepare and file complete and accurate Schedules and Statements; however, as noted above, inadvertent errors or omissions may exist. Debtors reserve all rights to amend or supplement the Schedules

and Statements as is necessary and appropriate. Nothing contained in the Schedules and Statements constitutes a waiver of any of Debtors' rights or an admission of any kind with respect to the Chapter 7 Cases or otherwise, including, but not limited to, any rights or claims of Debtors against any third party or issues involving substantive consolidation, equitable subordination, or defenses or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code or any other relevant applicable bankruptcy or non-bankruptcy laws to recover assets or avoid transfers. Any specific reservation of rights contained elsewhere in the Global Notes does not limit in any respect the general reservation of rights contained in this paragraph.

- (a) **No Admission.** Nothing contained in the Schedules and Statements is intended or should be construed as an admission or stipulation of the validity of any claim against Debtors, any assertion made therein or herein, or a waiver of Debtors' rights to dispute any claim or assert any cause of action or defense against any party.
- (b) **Recharacterization.** Notwithstanding that Debtors have made reasonable efforts to correctly characterize, classify, categorize, or designate certain claims, assets, executory contracts, unexpired leases, and other items reported in the Schedules and Statements, Debtors nonetheless may have improperly characterized, classified, categorized, or designated certain items. Debtors thus reserve all rights to recharacterize, reclassify, recategorize, or redesignate items reported in the Schedules and Statements at a later time as is necessary and appropriate.
- (c) **Classifications.** Listing (i) a claim on Schedule D as "secured," (ii) a claim on Schedule E as "priority," (iii) a claim on Schedule F as "unsecured," or (iv) a contract on Schedule G as "executory" or "unexpired" does not constitute an admission by Debtors of the legal rights of the claimant, or a waiver of Debtors' right to recharacterize or reclassify such claim or contract.
- (d) **Claims Description.** Due to the circumstances surrounding the filing of the Chapter 7 Cases, Debtors have been unable to verify the validity and amounts of many creditors' claims, or the creditor claims reflected in the Debtors books do not include unprocessed claims, either because processing of invoices was not completed or the Debtors had yet to receive invoices for goods and services. As a result, Debtors have labeled many claims as disputed, liquidated and/or contingent on the Schedules. Any failure to designate a claim on a given Debtor's Schedules and Statements as "disputed," "contingent," or "unliquidated" does not constitute an admission by the Debtor that such amount is not "disputed," "contingent," or "unliquidated." Debtors reserve all rights to dispute, or assert offsets or defenses to, any claim ("Claim") reflected on their respective Schedules and Statements on any grounds, including, without limitation, liability or classification, or to otherwise subsequently designate such claims as "disputed," "contingent," or "unliquidated" or object to the extent, validity, enforceability, priority, or avoidability of any Claim. Moreover, listing a Claim does not constitute an admission of liability by a Debtor against which the Claim is listed or by any of Debtors. Debtors reserve all rights to amend their Schedules and Statements as

necessary and appropriate, including, but not limited to, with respect to claim description and designation.

- (e) **Estimates and Assumptions.** The preparation of the Schedules and Statements required Debtors to make reasonable estimates and assumptions with respect to the reported amounts of assets and liabilities, the amount of contingent assets and contingent liabilities on the date of the Schedules and Statements, and the reported amounts of revenues and expenses during the applicable reporting periods. Actual results could differ from those estimates.
- (f) **Causes of Action.** Despite reasonable efforts, Debtors may not have identified and/or set forth all of their causes of action (filed or potential) against third parties as assets in their Schedules and Statements, including, without limitation, avoidance actions arising under chapter 5 of the Bankruptcy Code and actions under other relevant bankruptcy and non-bankruptcy laws to recover assets. Debtors reserve all rights with respect to any causes of action, and nothing in these Global Notes or the Schedules and Statements should be construed as a waiver of any such causes of action.
- (g) **Insiders.** Where the Schedules and Statements require information regarding “insiders,” Debtors have included information with respect to individuals who served as officers and directors (or the equivalent), as the case may be, during relevant time periods. Such individuals no longer serve as an officer or director of Debtors. The listing of a party as an insider for purposes of the Schedules and Statements is not intended to be, nor should it be, construed as a legal characterization of such party as an insider and does not act as an admission of any fact, right, claim, or defense, and all such rights, claims and defenses are hereby expressly reserved. Information regarding the individuals listed as “insiders” in the Schedules and Statements has been included for informational purposes only and such information may not be used for the purposes of determining control of Debtors, the extent to which any individual exercised management responsibilities or functions, corporate decision-making authority over Debtors, or whether such individual could successfully argue that he or she is not an “insider” under applicable law, including the Bankruptcy Code and federal securities laws, or with respect to any theories of liability or any other purpose.

Overview of Methodology and Disclaimers

1. Basis of Presentation. For financial reporting purposes, Debtors prepare consolidated financial statements that are filed with the Securities and Exchange Commission (“SEC”) and that are audited annually. Unlike the consolidated financial statements, these Schedules and Statements reflect the separate assets and liabilities of each individual Debtor. These Schedules and Statements do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States (“GAAP”); neither are they intended to reconcile to the financial statements filed by Debtors with the SEC. The Schedules and Statements contain unaudited information that is subject to further review and

potential adjustment. The Schedules and Statements reflect the Compilers' reasonable efforts to report the assets and liabilities of each Debtor on an unconsolidated basis.

2. Net Book Value. In certain instances, current market valuations for individual items of property and other assets are neither maintained by, readily available to, nor ascertainable by Debtors. Accordingly, unless otherwise indicated, the Schedules and Statements reflect net book values. Market values may vary, sometimes materially, from net book values. Debtors do not have the resources, and believe that it would be an inefficient use of the assets of Debtors' estates, for Debtors to obtain the current market values of their assets. Accordingly, Debtors have indicated in the Schedules and Statements that the values of certain assets and liabilities are undetermined. Also, assets that have been fully depreciated or that were expensed for accounting purposes either do not appear in these Schedules and Statements or are listed with a zero-dollar value, as such assets have no net book value. The omission of an asset from the Schedules and Statements does not constitute a representation regarding the ownership of such asset, and any such omission does not constitute a waiver of any rights of Debtors with respect to such asset.

3. Property and Equipment. Unless otherwise indicated, owned property and equipment are valued at net book value. Debtors may lease furniture, fixtures, and equipment from certain third-party lessors. Nothing in the Schedules and Statements is, or should be construed as, an admission as to the determination of the legal status of any lease (including whether any lease is a true lease or a financing arrangement), and Debtors reserve all rights with respect thereto.

4. Undetermined Amounts. The description of an amount as "unknown," "TBD," or "undetermined" is not intended to reflect upon the materiality of such amount.

5. Totals. All totals that are included in the Schedules and Statements represent totals of all known amounts. To the extent there are unknown or undetermined amounts, the actual total may be different than the listed total.

6. Intercompany Transactions. Prior to the Petition Date, Debtors engaged in intercompany transactions among Debtors resulting in intercompany accounts payable and accounts receivable. Receivables and payables among Debtors are reported on Schedule B and Schedule F, respectively. The listing of any amounts with respect to such receivables and payables is not, and should be construed as, an admission of the characterization of such balances, as debt, equity, or otherwise. Intercompany receivables and payables have been reported within the individual legal entities based on their net book value, which may be materially different from their realizable values.

7. Setoffs. Debtors routinely incur setoffs and net payments in the ordinary course of business. Such setoffs and nettings may occur due to a variety of transactions or disputes, including but not limited to, intercompany transactions, rebates, returns, refunds, negotiations, or application of prepayments or deposits. It would be unduly burdensome on Debtors' limited resources to list each such potential transaction, and all such potential setoff claims cannot be reasonably discerned at this time. Therefore, although such setoffs and other similar rights may have been accounted for when scheduling certain amounts, these ordinary course setoffs are not

independently accounted for, and as such, are or may be excluded from the Schedules and Statements. In addition, some amounts listed in the Schedules and Statements may have been affected by setoffs or nettings by third parties of which Debtors were not aware. Debtors reserve all rights to challenge any setoff and/or recoupment rights that may be asserted.

Specific Schedules Disclosures

8. Schedule A/B, Question 25. Textbooks and course supplies may have been purchased by ITT or DWC in the 20 day period prior to the Petition Date, but Debtors are unable to verify the amount or value of such inventory. Due to the actions of the Department of Education in August 2016 resulting in the cessation of all instruction at ITT's campuses, Debtors believe that any textbook or course supply inventory purchased in the 20 period prior to the Petition Date is minimal.

9. Schedule D – Creditors Holding Secured Claims. Debtors have not included on Schedule D parties that may believe their claims are secured through setoff rights or inchoate statutory lien rights.

10. Schedule E – Creditors Holding Unsecured Priority Claims. The Trustee and her professionals and advisors are currently conducting a review of Debtors' 401(k) and pension plans to determine individual participants' claims for contributions to that plan. The Trustee and her professionals are also conducting an audit of refunds, deposits and other amounts owed to former students of ITT and DWC. Those reviews and audits are ongoing. Further, Debtors may have an obligation to reimburse their employees for substantiated, qualifying expenses up to their annual election under Debtors' FSA plan benefits. However, Debtors do not have the requisite information from its third party administrator of such plans to know whether such claims exist and the amounts of such claims. As a result, Debtors are listing all employees on Schedule E as having potential priority claims in an unknown amount and listing student claims as disputed, unliquidated and contingent. The listing of a claim on Schedule E does not constitute an admission by Debtors that such claim or any portion thereof is entitled to priority status.

11. Schedule F – Creditors Holding Unsecured Nonpriority Claims. As of the time of filing of the Schedules and Statements, Debtors may not have received all invoices for payables, expenses, and other liabilities that may have accrued prior to the Petition Date. Debtors did not have the resources to close their books as of August 31, 2016 or as of the Petition Date. Further, the Trustee and her advisors are still conducting a review and audit of Debtors' obligations to students. Accordingly, the information contained in Schedules D, E, and F may be incomplete. The Debtors reserve their rights, but undertake no obligations, to amend Schedules D, E, and F if and as they receive invoices and as the Trustee's reviews and audits are completed.

12. Schedule G – Executory Contracts. While every effort has been made to ensure the accuracy of Schedule G, inadvertent errors or omissions may have occurred. Listing a contract or agreement on Schedule G does not constitute an admission that such contract or agreement is an executory contract or unexpired lease or that such contract or agreement was in effect on the Petition Date or is valid or enforceable. Debtors hereby reserve all of their rights to dispute the validity, status, or enforceability of any contracts, agreements, or leases set forth in Schedule G and to amend or supplement such Schedule as necessary.

Specific Statements Disclosures

13. Questions 1 and 2. The amounts listed in response to questions 1 and 2 on the Statements have been pulled directly from tax returns. They do not represent actual gross revenue and may include items properly and otherwise excluded on SEC and other public reporting.

14. Question 3. Prior to the Petition Date, Debtors maintained a centralized cash management system through which ESI made certain payments on behalf of ITT and DWC. Consequently, all payments to creditors and insiders listed in response to Questions 3b and 3c on each of the Statements likely reflect transfers made by ESI for the benefit of either ITT or DWC. Debtors have thus far been unable to tie each transfer to the respective Debtor on whose account it was made and therefore file a consolidated listing of the transfers as an exhibit to ESI's Statements.

15. Question 4. In response to question 4 on the Statements, Debtors restate and incorporate by reference the disclaimer listed under Section 3(g) of the Global Notes and Statement of Limitations above.

16. Questions 28 and 29. The individuals listed in response to questions 28 and 29 no longer serve as an officer or director of Debtors. The listing of a party as an officer or director for purposes of the Schedules and Statements is not intended to be, nor should it be, construed as a legal characterization of such party as an insider and does not act as an admission of any fact, right, claim, or defense, and all such rights, claims and defenses are hereby expressly reserved. The individuals have been included for informational purposes only and such information may not be used for the purposes of determining control of Debtors or the extent to which any individual exercised management responsibilities or functions, corporate decision-making authority over Debtors.

Respectfully submitted,

FAEGRE BAKER DANIELS LLP

/s/ Jay Jaffe

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Counsel for Debtors

Debtor Name	Daniel Webster College, Inc.
United States Bankruptcy Court for the Southern District of Indiana	
Case number (if known):	16-07209

Check if this is an amended filing

Official Form 207

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

04/16

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

Part 1: Income

1. Gross Revenue from business

None

	Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year		Sources of Revenue		Gross Revenue (before deductions and exclusions)
	From	To	<input type="checkbox"/> Operating a business	<input type="checkbox"/> Other	
1.1	1/1/2014	12/31/2014	<input type="checkbox"/> Operating a business	<input type="checkbox"/> Other	\$11,984,000.00
1.2	1/1/2015	12/31/2015	<input type="checkbox"/> Operating a business	<input type="checkbox"/> Other	\$12,529,000.00
1.3	1/1/2016	8/31/2016	<input type="checkbox"/> Operating a business	<input type="checkbox"/> Other	\$6,188,000.00

2. Non-business revenue

Include revenue regardless of whether that revenue is taxable. Non-business income may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

None

	From	To	Description of sources of revenue	Gross Revenue (before deductions and exclusions)
2.1	1/1/2014	12/31/2014	Other	\$34,621.00
2.2	1/1/2015	12/31/2015	Other	\$43,275.00

Part 2: List Certain Transfers Made Before Filing for Bankruptcy

In re Daniel Webster College, Inc.

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3. Certain payments or transfers to creditors within 90 days before filing this case

List payments of transfers - including expense reimbursements to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than \$6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

None

Creditor's name and address	Dates	Total amount or value	Reasons for payment or transfer <i>Check all that apply</i>
3.1 Please Refer to ESI exhibit.			<input type="checkbox"/> Secured Debt <input type="checkbox"/> Unsecured Loan Payments <input type="checkbox"/> Suppliers or vendors <input type="checkbox"/> Services <input type="checkbox"/> Other

4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider

List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or cosigned by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than \$6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. Insiders include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

None

Insider's name and address	Dates	Total amount or value	Reasons for payment or transfer
4.1 Please see attached SOFA Exhibit 4			

Relationship to debtor

5. Repossessions, foreclosures, and returns

List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller. Do not include property listed in line 6.

None

Creditor's name and address	Description of the property	Date	Value of property
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In re Daniel Webster College, Inc.

Case No. 16-07209

6. Setoffs

List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

None

	Creditor's name and address	Description of the action creditor took	Date action was taken	Amount
6.1	Cerberus Business Finance, LLC As Collateral Agent 875 Third Avenue New York, NY 10022	Exercised rights as secured creditor to take control of funds in debtor's depository accounts	9/9/2016 - 9/16/2016	Estimated amount of \$985,564.04

Last 4 digits of account number: XXXX-

Part 3: Legal Actions or Assignments

7. Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits

List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

None

Case title	Nature of case	Court or agency's name and address	Status of case
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8. Assignments and receivership

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

None

Custodian's name and address	Description of the property	Value
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Part 4: Certain Gifts and Charitable Contributions

In re Daniel Webster College, Inc.

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9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of gifts to that recipient is less than \$1,000

None

Recipient's name and address	Description of the gifts or contributions	Dates given	Value
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Part 5: Certain Losses

10. All losses from fire, theft, or other casualty within 1 year before filing this case.

None

Description of the property lost and how the loss occurred	Amount of payments received for the loss	Date of loss	Value of property lost
	If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received. List unpaid claims on Official Form 106 A/B (Schedule A/B: Assets - Real and Personal Property).		

Based solely on the fact that no claims for fire, theft or other casualty loss has been submitted by debtor under applicable insurance policies during the year preceding the petition date.

Part 6: Certain Payments of Transfers

11. Payments related to bankruptcy

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

None

Who was paid or who received the transfer? Address	If not money, describe any property transferred	Dates	Total amount or value
11.1 Please refer to ITT SOFA Exhibit 11 Email or website address			
Who made the payment, if not debtor?			

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12. Self-settled trusts of which the debtor is a beneficiary

List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device.
Do not include transfers already listed on this statement.

None

Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value
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13. Transfers not already listed on this statement

List any transfers of money or other property - by sale, trade, or any other means - made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs.
Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

None

Who received transfer? Address.	Description of property transferred or payments received or debts paid in exchange.	Date transfer was made	Total amount or value
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Part 7: Previous Locations

14. Previous addresses

List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

Does not apply

Address	Dates of occupancy
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Part 8: Health Care Bankruptcies

In re Daniel Webster College, Inc.

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15. Health Care bankruptcies

Is the debtor primarily engaged in offering services and facilities for:
- diagnosing or treating injury, deformity, or disease, or
- providing any surgical, psychiatric, drug treatment, or obstetric care?

- No Go to Part 9.
- Yes. Fill in the information below.

Facility name and address	Nature of the business operation, including type of services the debtor provides	If debtor provides meals and housing, number of patients in debtor's care
	Location where patient records are maintained	How are records kept? <input type="checkbox"/> Electronically <input type="checkbox"/> Paper

Part 9: Personally Identifiable Information

16. Does the debtor collect and retain personally identifiable information of customers?

- No
- Yes. State the nature of the information collected and retained. Student information protected under Family Education and Right to Privacy Act

Does the debtor have a privacy policy about that information?

- No
- Yes.

17. Within 6 years before filing this case, have any employees of the debtor been participants in any ERISA, 401(k), 403(b), or other pension or profit-sharing plan made available by the debtor as an employee benefit?

- No Go to Part 10.
- Yes. Does the debtor serve as plan administrator?

- No. Go to Part 10.
- Yes. Fill in below:

Name of plan	Employer identification number of plan EIN:
Has the plan been terminated?	
<input type="checkbox"/> No <input type="checkbox"/> Yes	

Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units

In re Daniel Webster College, Inc.

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18. Closed financial accounts

Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred?

Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

None

Financial institution name and address	Last 4 digits of account number	Type of account	Date account was closed, sold, moved, or transferred	Last balance before closing or transfer
		<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Brokerage <input type="checkbox"/> Other		

19. Safe deposit boxes

List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

None

Depository institution name and address	Names of anyone with access to it. Address	Description of contents	Does debtor still have it?
			<input type="checkbox"/> No <input type="checkbox"/> Yes

20. Off-premises storage

List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

None

Facility name and address	Names of anyone with access to it. Address	Description of contents	Does debtor still have it?
			<input type="checkbox"/> No <input type="checkbox"/> Yes

Part 11: Property the Debtor Holds or Controls That the Debtor Does Not Own

In re Daniel Webster College, Inc.

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21. Property held for another

List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property.

None

Owner's name and address	Location of the property	Description of the property	Value
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Certain creditors and/or parties in interest may assert that Debtors hold property, including but not limited to student records, student loan funds and/or deposits made by or on behalf of students, in trust for the benefit of students or third parties. Debtors do not dispute or otherwise take a position with respect to those assertions. Student records are located at Debtor's corporate headquarters and the locations listed in response to question 20. Student loan funds and deposits are either in Debtors' bank accounts or have been seized by Cerberus Business Finance, LLC.

Part 12: Details About Environmental Information

For the purpose of Part 12, the following definitions apply:

- Environmental law means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium)
- Site means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.
- Hazardous material means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders.

- No
 Yes. Provide details below.

Case title	Court or agency name and address	Nature of the case	Status of case
Case number			<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

In re Daniel Webster College, Inc.

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23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?

- No
- Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
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24. Has the debtor notified any governmental unit of any release of hazardous material?

- No
- Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
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Part 13: Details About the Debtor's Business or Connections to Any Business

25. Other businesses in which the debtor has or has had an interest

List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case. Include this information even if already listed in the Schedules.

- None

Business name and address	Describe the nature of the business	Employer identification number. Dates business existed
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In re Daniel Webster College, Inc.

Case No. 16-07209

26. Books, records, and financial statements**26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.** None

	Name and address	Dates of service
26a.1	Angela K. Knowlton 13000 North Meridian Street Carmel, IN 46032	11/2014 - 09/28/2016
26a.2	Dan Fitzpatrick 1240 Clay Spring Drive Carmel, IN 46032	2005 - 07/2015
26a.3	Rocco Tarasi 13000 North Meridian Street Carmel, IN 46032	07/2015 - 09/14/2016

26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case. None

	Name and address	Dates of service
26b.1	Deloitte 111 Monument Circle Suite 4200 Indianapolis, IN 40204	2014 & 2015
26b.2	Katz, Sapper & Miller, LLP 800 East 96th Street Suite 500 Indianapolis, IN 46240	12/31/2012 - 12/31/2015

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed. None

	Name and address	If any books of account and records are unavailable, explain why
26c.1	ITT Educational Services, Inc. 13000 N. Meridian Street Carmel, IN 46032-1404	

26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case. None**Name and address**

The debtors provided financial statements in the ordinary course of business to certain parties for business, statutory, credit, financing and other reasons. Recipients have included regulatory agencies, financial institutions, investment banks, shareholders, customers, vendors, debt holders and their legal and financial advisors. Financial statements have also been available to the public through SEC filings and provided to other parties as requested.

In re Daniel Webster College, Inc.

Case No. 16-07209

27. Inventories

Have any inventories of the debtor's property been taken within 2 years before filing this case?

- No
- Yes. Give the details about the two most recent inventories

Name of the person who supervised the taking of the inventory	Date of inventory	The dollar amount and basis (cost, market, or other basis) of each inventory
 Name and address of the person who has possession of inventory records		

28. List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.

	Name	Address	Position and nature of any interest	% of interest, if any
28.1	ITT Educational Services, Inc.	13000 North Meridian Street Carmel, IN 46032	Owner	100%

In re Daniel Webster College, Inc.

Case No. 16-07209

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

- No
 Yes. Identify below.

	Name	Address	Position and nature of any interest	Period during which position or interest was held
29.1	Michael Diffily	13000 North Meridian Street Carmel, IN 46032	President	1/18/2011 - 9/14/2016
29.2	Richard Zeeman	13000 North Meridian Street Carmel, IN 46032	Vice President and Secretary	5/23/2005 - 9/6/2016
29.3	Angela Knowlton	13000 North Meridian Street Carmel, IN 46032	Vice President and Treasurer	11/2014 - 9/28/2016
29.4	Lynn A. Brooks	13000 North Meridian Street Carmel, IN 46032	Board of Director	Unknown
29.5	N. Brad Gleason	13000 North Meridian Street Carmel, IN 46032	Board of Director	Unknown
29.6	John N. Racho	13000 North Meridian Street Carmel, IN 46032	Board of Director	Unknown
29.7	John Whittaker	13000 North Meridian Street Carmel, IN 46032	Board of Director	Unknown
29.8	John A. Yena	13000 North Meridian Street Carmel, IN 46032	Board of Director	Unknown
29.9	June M. McCormack	13000 North Meridian Street Carmel, IN 46032	Board of Director	Unknown
29.10	Rodney J. Conard	13000 North Meridian Street Carmel, IN 46032	Board of Director	Unknown
29.11	James A. Homer	13000 North Meridian Street Carmel, IN 46032	Board of Director	Unknown

In re Daniel Webster College, Inc.

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30. Payments, distributions, or withdrawals credited or given to insiders

Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

- No
- Yes. Identify below.

Name and address of recipient	Amount of money or description and value of property	Dates	Reason for providing this value
30.1 Please Refer to SOFA 4 Exhibit.			
Relationship to debtor			

31. Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?

- No
- Yes. Identify below.

Name of the parent corporation	Employer identification number of the parent corporation
31.1 ITT Educational Services, Inc.	36-2061311

32. Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?

- No
- Yes. Identify below.

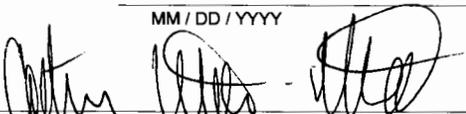
Name of the pension fund	Employer identification number of the pension fund
32.1 ESI 401(k) Plan, No. 001	36-2061311

Part 14: Signature and Declaration

WARNING Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

In accordance with and subject to the Global Notes and Statement of Limitations, Overview of Methodology and Disclaimers Regarding Debtor's Schedules and Statements, I, Catherine Nownes-Whitaker, an employee of Rust Consulting/Omni Bankruptcy ("Rust/Omni"), the Debtor's claims and noticing agent, declare under penalty of perjury, that the process used by Rust/Omni and the Debtor's remaining personnel in gathering and presenting data in the Schedules was consistent with those practices employed in bankruptcy cases of similar size, scope, and/or circumstances.

Executed on. 10/27/2016
MM / DD / YYYY


Signature of individual signing on behalf of the debtor

Printed name Catherine Nownes-Whitaker

Position or relationship to the debtor Rust Consulting/Omni Bankruptcy Representative

Are additional pages to Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy (Official Form 207) attached?

- No
- Yes

STATEMENT OF FINANCIAL AFFAIRS

EXHIBIT 4

PAYMENTS TO INSIDERS

Daniel Webster College, Inc.

Case No. 16-07209

SOFA 4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider

NAME	DATES	TOTAL AMOUNT	REASONS FOR PAYMENT/TRANSFER	RELATIONSHIP TO DEBTOR
DIFFILY, MICHAEL E.	09/08/2015	\$ 300.97	MEALS & ENTERTAINMENT	PRESIDENT
DIFFILY, MICHAEL E.	09/25/2015	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	10/09/2015	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	10/13/2015	\$ 474.71	MEALS & ENTERTAINMENT	PRESIDENT
DIFFILY, MICHAEL E.	10/23/2015	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	11/06/2015	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	11/12/2015	\$ 125.00	PROFESSIONAL DEVELOPMENT	PRESIDENT
DIFFILY, MICHAEL E.	11/20/2015	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	12/04/2015	\$ 5,840.79	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	12/18/2015	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	12/31/2015	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	01/15/2016	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	01/29/2016	\$ 5,840.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	02/11/2016	\$ 200.23	MEALS & ENTERTAINMENT	PRESIDENT
DIFFILY, MICHAEL E.	02/11/2016	\$ 325.00	MEMBERSHIPS, DUES & FEES	PRESIDENT
DIFFILY, MICHAEL E.	02/12/2016	\$ 5,890.78	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	02/26/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	03/08/2016	\$ 126.38	MEALS & ENTERTAINMENT	PRESIDENT
DIFFILY, MICHAEL E.	03/11/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	03/17/2016	\$ 380.63	MEALS & ENTERTAINMENT	PRESIDENT
DIFFILY, MICHAEL E.	03/17/2016	\$ 125.00	PROFESSIONAL DEVELOPMENT	PRESIDENT
DIFFILY, MICHAEL E.	03/25/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	04/08/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	04/22/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	04/28/2016	\$ 144.46	MEALS & ENTERTAINMENT	PRESIDENT
DIFFILY, MICHAEL E.	05/06/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	05/20/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	06/03/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	06/07/2016	\$ 610.28	MEALS & ENTERTAINMENT	PRESIDENT
DIFFILY, MICHAEL E.	06/17/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	07/01/2016	\$ 88.24	TRAVEL	PRESIDENT
DIFFILY, MICHAEL E.	07/01/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	07/15/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	07/29/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	08/02/2016	\$ 1,016.04	TRAVEL	PRESIDENT
DIFFILY, MICHAEL E.	08/02/2016	\$ 254.59	MEALS & ENTERTAINMENT	PRESIDENT
DIFFILY, MICHAEL E.	08/12/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	08/26/2016	\$ 7,179.66	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	09/06/2016	\$ 8,615.59	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E.	09/06/2016	\$ 8,648.79	PAYROLL	PRESIDENT
DIFFILY, MICHAEL E. TOTAL:		\$ 186,249.74		
GRAND TOTAL:		\$ 186,249.74		