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From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2022/02/11/whittle-school-foreclose-building-intelsat.html>

# Whittle School's D.C. home faces upcoming foreclosure auction

Feb 11, 2022, 11:50am EST

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The D.C. building occupied by the Whittle School is the subject of a scheduled March foreclosure auction to satisfy a big debt, according to a recent notice filed with the D.C. Recorder of Deeds.

The 601W Cos., a New York-based investment firm, has owned 4000 Connecticut Ave. NW since 2012, according to public records. Berkley Properties, a Nanuet, New York-based commercial real estate developer, became a minority partner in 2018 with a \$15 million investment, per deed records. The land on which the building was constructed is owned by the federal government and is ground leased to private entities.

The balance owed on the debt totals nearly \$162.4 million, according to the foreclosure notice.

The Whittle School is aware of the potential auction, Chris Whittle, the private K-12 education company's CEO and chairman, said in an email.



SARA GILGORE

The Whittle School building at 4000 Connecticut Ave. NW is scheduled for a March 2022 foreclosure auction.

“The School, friends of the school, and potential educationally-oriented co-tenants of the school have been making plans to be bidders at the auction should it occur so that there would be no possibility of disruption of our current or planned school operations,” Whittle said. “Our parent body has also been made aware of this possibility and have formed a group of families with extensive capital market experience to assist.”

Michael Silberberg, who is named in the foreclosure notice, is the founder and CEO of Berkley Properties, as well as a managing member of The 601W Cos. He did not respond to requests for comment, and neither did Berkley Properties or 601W Cos.

Berkely and 601W have invested together before in a joint venture that was later subject to foreclosure. Last year, the Civic Opera Building in Chicago, owned by a JV of 601W and Berkley, fell behind on loan payments, resulting in a \$195 million foreclosure lawsuit, Crains' Chicago reported. In Minneapolis, meanwhile, the joint venture sued its debt holder on the "Dayton's Project" over allegations of a "predatory loan-to-own scheme," the Minnesota Lawyer reported.

The 4000 Connecticut lender and its affiliates — listed in the notice as Axonic Capital LLC, a New York-based commercial real estate debt lender; 4000 Connecticut TCA Lender LLC, based in the Cayman Islands; and Sequoia IDF Asset Holdings SA, a public limited company incorporated in Luxembourg — started the foreclosure process in early January and notified the owner on Feb. 1, according to deed records. A representative for Axonic Capital did not respond to requests for comment.

The building is scheduled to be auctioned March 24 at the D.C. office of Baltimore-based Alex Cooper Auctioneers, according to the notice. Franz Rassman, an attorney at Fried, Frank, Harris, Shriver & Jacobson LLP law firm in D.C., was listed on the notice as the contact to stop the foreclosure sale. Rassman did not respond to a request for comment.

The State Department opened the 650,000-square-foot building in 1984 as the headquarters of the International Telecommunications Satellite Organization (Intelsat), which

became a private company in 2001. In 2012, Intelsat sold the building for \$85 million to The 601 W. Cos, according to deed records and Washington Business Journal reporting.

Then, in August 2018, Whittle School & Studios entered into a sublease agreement, according to deed records. At that time, 601W and Berkley received a \$170 million loan from Ladder Capital Finance LLC — an affiliate of New York-based mortgage lender Ladder Capital Corp (NYSE: LADR) — and Sequoia IDF Asset Holdings, according to deed records. Ladder Capital is not named in the foreclosure notice. The debt appears to have shifted to Axonic in May 2020, according to deed filings.

Whittle renovated the property into an educational complex to house the D.C. campus, which opened in September 2019 as the \$187 million project was wrapping up. The campus operations were snagged by Covid delays, and Whittle's company has been accused in lawsuits and mechanic's liens of not paying roughly \$35 million to contractors for construction work and services they performed on the D.C. site and the company's other campuses in Shenzhen, China, and Brooklyn, New York.

The outstanding mortgage debt, combined with what contractors allege the school owes them, totals more than \$200 million, according to Washington Business Journal reporting.

The Whittle School's landlords are wrapped up in the allegations of unpaid work, too, according to court documents. The affiliates of 601W Cos. and Berkley Properties have been copied in the mechanic's liens filed by contractors now active in D.C. Superior Court. They're represented by Paul Schrader, an attorney with Fullerton & Knowles P.C., who has argued in court documents that the companies weren't part of those contracts and therefore isn't liable for claims of unpaid work, court records show.

A Jan. 26 lawsuit filed by Kogok Corp., a sheet metal contractor based in Upper Marlboro, alleges the building owners owes it \$524,873.04 for unpaid work on the renovations dating back to 2018, court records show. Attorneys for Kogok, listed in court records as Adam Harrison and Jordan Stave of Harrison Law Group, didn't respond to requests for comment.

**Hannah Denham**

Staff Reporter

*Washington Business Journal*



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From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2022/02/11/whittle-school-latest-claims.html>

# Children's National, engineering giant among latest companies to seek payment for Whittle School work

Feb 11, 2022, 5:00am EST

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The list of companies and other groups that allege they haven't been paid for goods, services or construction work at the Whittle School & Studios' Northwest D.C. campus keeps growing. Now, it includes Children's National Hospital and a global engineering firm.

The latest five lawsuits and mechanic's liens bring the total amount sought by Whittle's contractors to roughly \$35 million, according to documents filed with the D.C. Recorder of Deeds and D.C. Superior Court.

Chris Whittle, chairman and CEO of the Whittle School & Studios, has told the Washington Business Journal before that the coronavirus pandemic threw his fundraising into chaos and wrecked the company's finances, which resulted in the delays of



JOANNE S. LAWTON

Chris Whittle, chairman and CEO of Whittle School & Studios, opened the school on the redeveloped site of Intelsat's former headquarters in D.C. in 2019.

contractor payments and the cancellation of the Brooklyn campus. Whittle also has another campus in Suzhou, China under construction. He said in November that he's engaged in a series of bridge financings that he's hopeful will cover the cost of outstanding bills.

"It's actually a sizable recapitalization," he told the Washington Business Journal in November. "[We] look forward to paying all those balances."

It is unclear if Whittle School & Studios has yet paid any of the previous court-ordered amounts. Whittle declined to comment on this story.

The latest claim arrived last month. On Jan. 13, the American branch of London-based design and engineering giant Arup filed a notice of mechanic's lien, through the D.C. Recorder of Deeds, against the Whittle School for \$448,000. Arup provided engineering services for the D.C. campus at 4000 Connecticut Ave. NW dating back to January 2017 and extending until the filing date, according to the notice.

Older cases, meanwhile, are just coming to light.

In July, D.C. Superior Court Judge Robert Rigsby awarded Children's National Hospital \$243,707.78 in its lawsuit against the Whittle School, in which the D.C.-based pediatric hospital alleged the school hadn't paid for services provided starting in August 2019, according to court documents. The complaint, which outlined the hospital's contract with the Whittle School to provide nursing coverage, telehealth medical and specialty services, consultations, assessments and care for five years, was initially filed March 17.

Spokespeople for Children's National did not respond to requests for comment, and neither did the hospital's attorney listed in court documents as Jennifer Routh of D.C. firm McDermott Will & Emery LLP.

Also last July, Mindshift Technologies Inc., a Sterling-based IT outsourcing and cloud services provider and subsidiary of Ricoh USA Inc., filed a small claims case against Whittle School &

Studios in D.C. Superior Court, alleging the school owed it almost \$7,680 for unpaid work, court records show. Mindshift Technologies said in its July 12 filing that it had entered a contract with the school in September 2019 for IT support and technological services, according to court documents.

A hearing date isn't set yet, according to the court docket. Mindshift Technologies didn't respond to requests for comment, and neither did Shirien Badawi of Seledde Law Group LLC, the Baltimore-based attorney that the documents list as representing Mindshift.

In June 2021, Singer Equipment, an Elverson, Pennsylvania-based company, sued Whittle School & Studios in D.C. Superior Court, claiming the school never paid for food service furniture and equipment totaling nearly \$211,000, according to court documents. Singer Equipment claimed it entered a contract with the Whittle School in May 2019 for its D.C. campus, and, besides a \$90,000 deposit, "Whittle has failed and refused to pay," the company alleged in its complaint. A hearing is scheduled for March 25, and the case will be heard by Judge William Jackson, according to the court docket.

Singer Equipment and attorneys listed in the complaint with Friedland Misler PLLC, a D.C. law firm, did not respond to requests for comment.

In May, School Specialty Inc., an educational supplies company based in Greenville, Wisconsin, filed a small claims case against the Whittle School & Studios in the D.C. Superior Court, alleging the Whittle School owed it \$6,898.29 for unpaid goods and interest, according to court documents. School Specialty said in its filing that it provided school supplies between October 2019 and January 2020, according to court documents. A hearing with Judge Jorge Vila is scheduled for March 1, according to the docket.

School Specialty did not respond to a request for comment, and neither did Richard Kind, the Baltimore-based attorney at Law Offices of Kind & Dashoff, listed as representing the company in court records.

**Hannah Denham**

Staff Reporter

*Washington Business Journal*



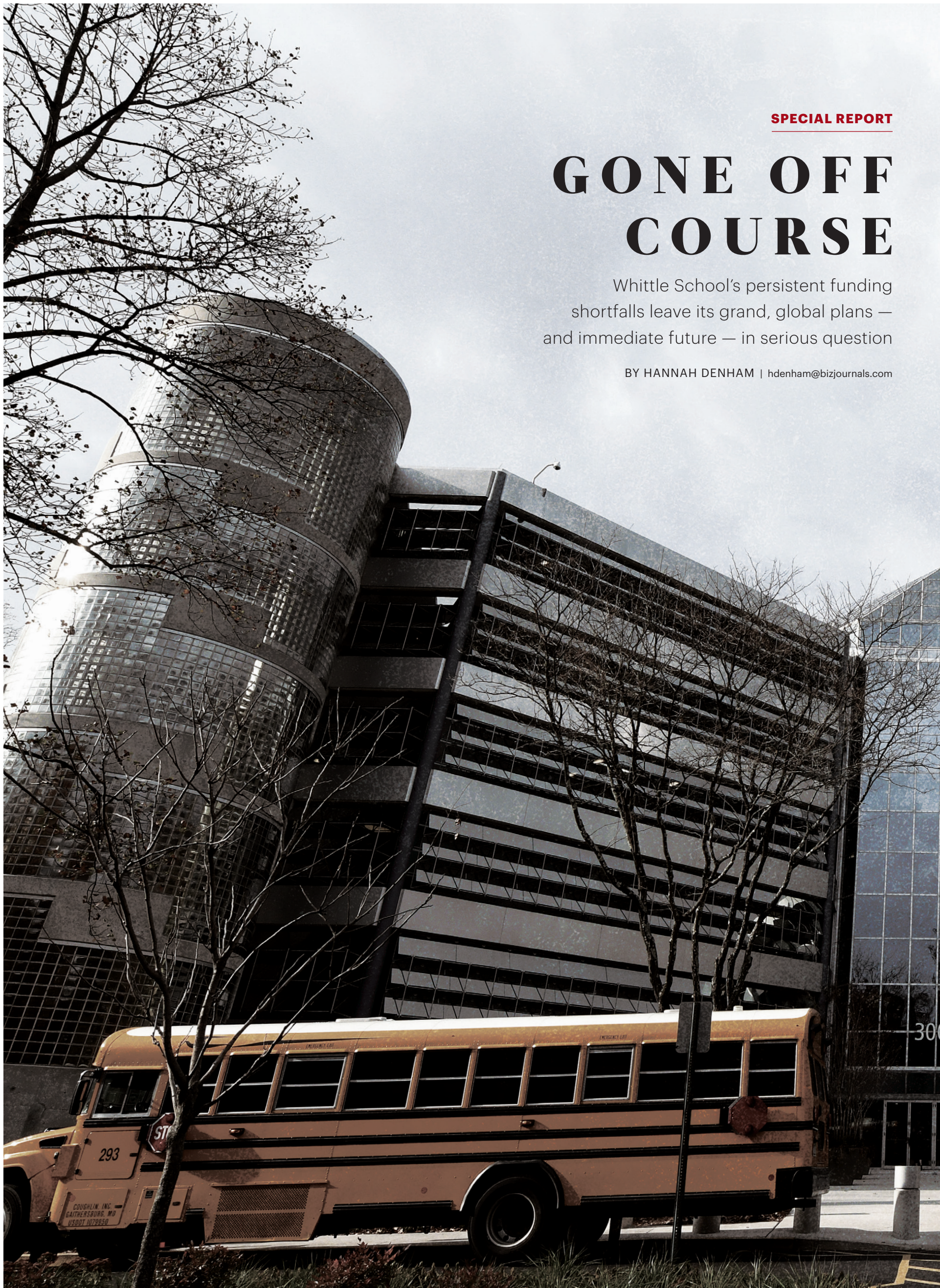


**SPECIAL REPORT**

# GONE OFF COURSE

Whittle School's persistent funding shortfalls leave its grand, global plans — and immediate future — in serious question

BY HANNAH DENHAM | [hdenham@bizjournals.com](mailto:hdenham@bizjournals.com)

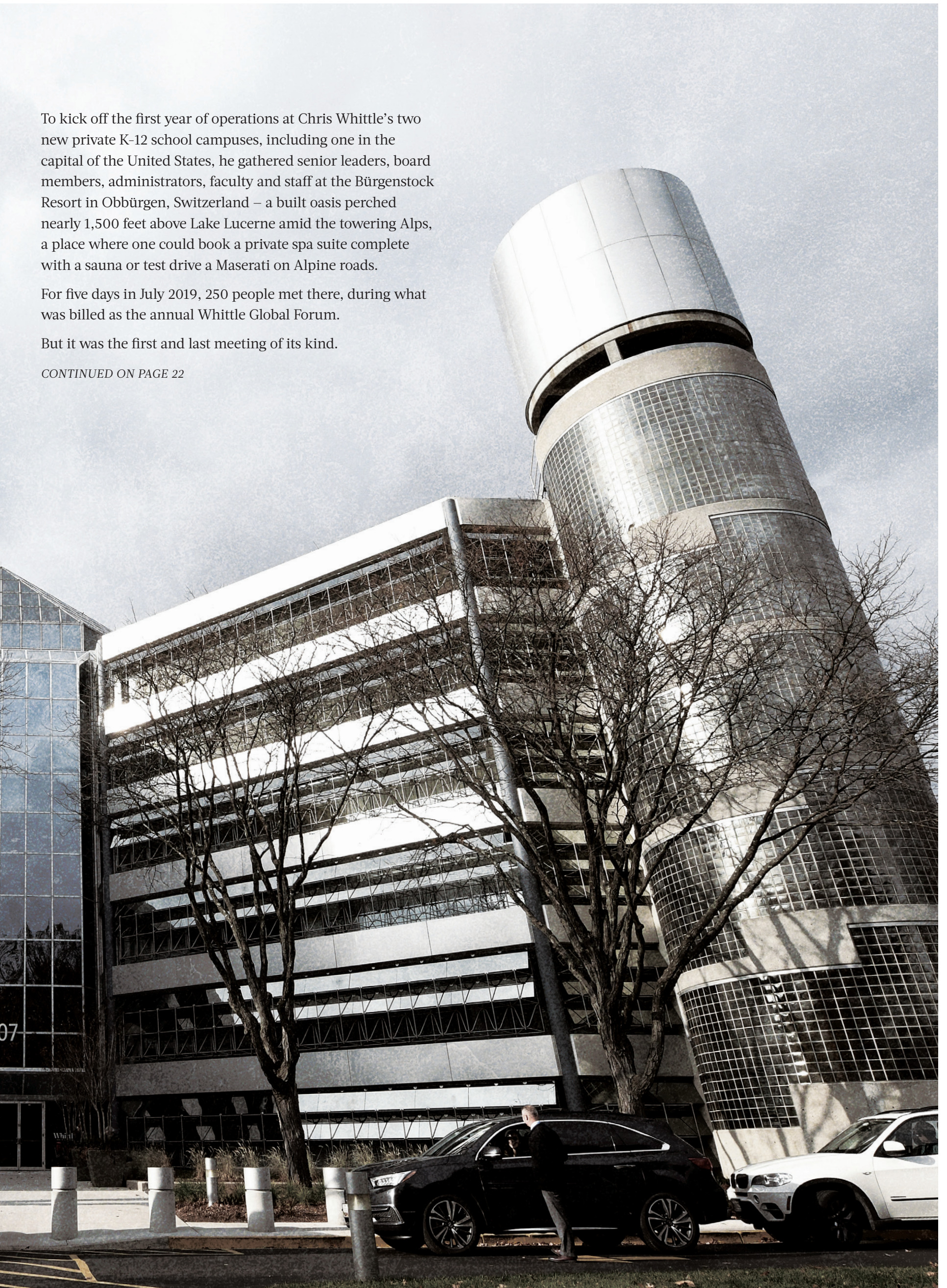


To kick off the first year of operations at Chris Whittle's two new private K-12 school campuses, including one in the capital of the United States, he gathered senior leaders, board members, administrators, faculty and staff at the Bürgenstock Resort in Obbürgen, Switzerland – a built oasis perched nearly 1,500 feet above Lake Lucerne amid the towering Alps, a place where one could book a private spa suite complete with a sauna or test drive a Maserati on Alpine roads.

For five days in July 2019, 250 people met there, during what was billed as the annual Whittle Global Forum.

But it was the first and last meeting of its kind.

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## SPECIAL REPORT

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Chris Whittle, an education reform entrepreneur who spent decades launching startups, had pronounced high hopes at the time for his next venture, the Whittle School & Studios, which he founded in 2015 to transform private primary and secondary education through an international, experiential focus. Instead, the chairman and CEO's massive plan, to open 30 campuses across the world, has resulted in only two of the planned for-profit, private schools – a financially sapped campus in Northwest D.C. and an unresolved relationship with a better-performing campus in Shenzhen, China – even as the company had to abandon a third site midway in New York and hit construction delays on a fourth in Suzhou, China.

At the heart of the problem are serious financial struggles that continue to bedevil the D.C. school that Chris Whittle himself has acknowledged in multiple interviews with the Washington Business Journal, as well as to senior leaders and, later, teachers and parents, according to interviews and his own email correspondence. His explanations cling to this being collateral damage from the Covid pandemic, as investors pulled out, travel between D.C. and China halted, construction slowed, costs skyrocketed and education was completely reimaged.

Despite the financial stumbling blocks, he and current leaders say the D.C. school, wrapping up its third academic year and graduating its first class of 14, has provided students a unique education at a state-of-the-art facility that's prepared them well as global learners – with a curriculum that just scored International Baccalaureate status, Chris points out.

"Whittle Schools is the only educational organization that launched major campuses simultaneously in China and the United States in the fall of 2019," he said. "In a crisis, everything is second-guessed and there is ample 'armchair quarterbacking.' [It] brings to mind the saying that goes something like this: 'Success has a thousand fathers [and] mothers, and trouble is an orphan.'"

But a different timeline that predates Covid has emerged through lawsuits, mechanic's liens and interviews with nearly three-dozen current and former administrators, advisory board members, teachers, staffers, parents, students, vendors and the D.C. campus' landlord, in addition to more than 300 pages of documents and emails obtained and reviewed by the Business Journal over several months.

Sources point to financial issues and outstanding debts that began before the Whittle School opened its doors in 2019. They said the school faced higher-than-usual teacher turnover due in part to delayed pay and fur-

loughs, allegations of months' worth of unpaid rent to its landlord and more than \$35 million owed to at least 23 contractors and vendors, per lawsuits and mechanic's liens that specifically address the D.C. campus. And despite the school's high tuition, at more than \$40,000 a year and \$70,000 a year for boarding, parents had to intervene in December, cobbling together their own funds to pay teachers, per emails, interviews and documentation.

Many of the school's critics declined to speak on the record, fearing the effect on their and remaining staff's career prospects, while families and students expressed concerns about getting into another school. But a key point prevailed in their respons-

**"IT WAS ALWAYS THE  
SMOKE AND MIRRORS  
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WITH THE PROMISE  
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WASN'T COMING."**

FORMER TEACHER  
WHO REQUESTED ANONYMITY



JOANNE S. LAWTON / WBJ

es: The Whittle School has not been financially well for some time.

"It was always the smoke and mirrors of keeping us there with the promise of something that wasn't coming," said a former teacher who requested anonymity.

Manny Rivera, who became head of school for the Whittle School's D.C. campus in spring 2021, said many of the school's financial pains will soon end should additional investments get locked in, as Chris Whittle has repeatedly suggested. "Obviously, it would be terrific to have millions and millions of dollars in our bank account and not have to worry about these things," Rivera said in an interview. "But that day is hopefully around the corner."

**Crisis brewed before Covid**

The Switzerland conference was extravagant, said former advisory board members, administrators and teachers who worked at the Whittle School at the time and attended. Rooms at the resort ran from \$1,000 to \$1,500 per night, they said, though Chris Whittle said a company board member negotiated that down to a "much lower" rate that he didn't disclose.

In all, he said the event's full cost came to \$1.5 million, that he and the board would never approve a bill higher than that. But administrators who attended the conference or reviewed receipts put that figure much higher.

"This was the most flashy, bawdy waste of money that we had ever seen,





HANNAH DENHAM / WBJ

THE ATRIUM OF THE WHITTLE SCHOOL, PRESENT DAY, TOP, AND CHRIS WHITTLE WITH A CLASS OF STUDENTS IN 2019.

which made us all feel like there must be gobs of money in this thing,” said a former teacher in attendance. “People started to realize, ‘Wait, we’re kind of spending money haphazardly here.’”

A purpose of the conference, as well as meetings among faculty for pedagogical discussions, was to attract international investors, said former administrators familiar with the matter. It’s unclear how well that worked or what investments the conference helped secure, but Chris Whittle said such a meeting, halfway between the U.S. and China, was necessary for the global venture to succeed.

“Any new school that is launching should invest heavily in preopening professional development in order

to ensure that its faculty and school leadership are ‘on the same page’ and aligned with mission,” Whittle said. “A global school needs to do that even more because of the wide geographic differences [and] culture.”

Yet, the conference stung later for some headquarters employees who quickly fell victim to budget constraints, said a former staff member. He said he and other corporate colleagues were hired with offers that included bonuses of up to 25% of their base pay – but they didn’t actually receive those bonuses for nearly two years.

The D.C. school’s initial problems dated back to its buildout with a stop-work order in February 2019 and a 50% penalty on its \$1.42 million permit fee

because it didn’t complete the necessary permitting process with D.C.’s Department of Consumer & Regulatory Affairs, delaying its construction. Work resumed in April and resulted in school officials adjusting their plans to use only about a third of the building, at 4000 Connecticut Ave. NW, while the rest was under construction.

Shortly before school started Sept. 4, 2019, the Whittle School pivoted to a plan to open its doors from its Tilden Street entrance. From there, they ushered in the then-186 students school officials said they enrolled that year, as well as 60 faculty and staff, into a smaller wing with classrooms on

## STUDENT ENROLLMENT REMAINS A HURDLE

For each of its past three falls, the Whittle School’s D.C. student enrollment has declined, remaining vastly below its original vision of 1,000 students signing up yearly and causing a hit to its bottom line.

During the school’s 2019-2020 kickoff, school officials said 186 students registered for a campus whose total capacity is 2,500. The admissions office offered financial aid to a majority of enrollees, a former administrator familiar with the matter said. Of that year’s \$42,000 to \$44,000 tuition cost, depending on the student’s grade, some families agreed to pay roughly 30% of that, the former administrator said.

Despite the revenue crunch, Chris Whittle said he’s proudest of that financial aid track record, where the percentage has increased per family since 2019.

By the fall of 2020, enrollment dipped to between 170 and 180 students, Whittle had previously told the Business Journal. And the D.C. campus kicked off the 2021-2022 year with 150 students after “a lot of families” had left, Head of School Manny Rivera told parents in a September meeting, per a recording obtained by the Business Journal. As of May, the school counted “fewer than 130” students, 14 as boarding students, Rivera said in a recent interview. Rivera and Chris Whittle declined to share exact enrollment figures.

While Rivera said he expects enrollment to be “small” next fall, both he and Chris attributed the declines to the school’s relative newness in the D.C. market, launching just months before the Covid pandemic hit its investments, in-person learning and faculty ranks. Live recruiting events were canceled, Whittle said, and prospective students could neither travel nor tour the campus.

Both say they anticipate a boost from international students, citing the Department of Homeland Security’s long-awaited approval in May to issue I-20 visas, allowing recruitment of students without U.S. passports. “This has hugely positive implications for our future enrollment growth,” Rivera wrote in a recent school newsletter. “We can now immediately begin recruiting and accepting students from overseas.”

The goal, and revenue target, has long been to attract international students from countries like China, Thailand, Vietnam and India as boarding students, Rivera told the Business Journal. Within the next few years, he said, the school could grow to more than 500 students and reach a financial point “where our expenses don’t exceed our revenues.” — Hannah Denham

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**SPECIAL REPORT**



**“THE POTENTIAL  
OF THE TEAM WAS  
VERY HIGH.**

**I REALLY RESPECT  
THE AMBITION  
THAT THEY HELD.”**

PAVEL LUKSHA, FOUNDER AND DIRECTOR  
OF GLOBAL EDUCATION FUTURES



PHOTOS OF  
CLASSROOMS AND A  
DORM AT WHITTLE  
SCHOOL JUST AFTER  
ITS OPENING DAY IN  
SEPTEMBER 2019

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two floors, per interviews with former administrators and teachers who were on campus during the first year. Dorms were still under construction, so boarding students were given a new residence: the former 4H Convention Center in Chevy Chase, prior teachers said. Some teachers said their classrooms lacked pencils or books that fall.

Chris Whittle denied that the school experienced financial problems before the pandemic, though he acknowledged “due to the permit matter prior to the opening, we had some shortages even early on.” The school, he said, invested more than \$12 million in books, furniture, fixtures, equipment and technology in D.C., or “north of \$60,000 per student” that year.

“We were well-capitalized via the Series A, Series B and Series C financing,” he said. “We often ‘synced up’ payments to coincide with our financings, but that is customary in early-stage entities.”

The school, in 2017, had carefully selected a global advisory board from prominent names in the education sector – which some board members said were never consulted through the pandemic. Three members said in interviews that they haven’t heard at all from the Whittle School since the spring of 2020 and assumed the board was dissolved during the crisis. One was Anthony Appiah, a New York University philosophy professor who had attended the Switzerland conference in 2019 and met board members in London and New York before he said communications went dark in 2020.

“I just assumed that because of the pandemic that there were problems with movement of students, but nobody told me that and I didn’t ask. I was waiting to be contacted,” Appiah said. “There’s no point in calling them if they don’t want your advice.”

Before Covid, board members met via quarterly phone calls and annual in-person meetings, Chris said, acknowledging no gathering since March 2020. The company’s board of directors were unpaid, but its advisory board was supposed to receive an annual stipend, he said. “Because we had urgent matters to attend to, we have not held meetings during the pandemic,” he said. “We have not compensated members during the pandemic, and I doubt that any would have accepted such during the crisis.”

#### From uncertain to worse

The school’s expenses – for its supplies, lab equipment, travel and more – were often borne by the personal credit cards of its employees, according to former headquarters staff and a past head of school, as well as administrators and teachers. There were no corporate credit cards, they said.

At least two administrators said

they counted between \$10,000 and \$20,000 of expenses on their personal credit cards at a time; other former teachers recalled only getting school supplies when the heads of schools purchased them on their cards. They were always reimbursed, they said, but sometimes after up to a month, resulting in late fees. Chris Whittle declined to comment on those claims.

Several administrators and teachers said many necessary resources for the school’s opening were being leased, from vans that transported students to laptops ordered through American Express. Spotty Wi-Fi, they said, meant classrooms leaned on hotspots from at least the second year on. Rivera said 85% of the campus’ internet wiring is now complete as part of ongoing construction.

In addition to its classrooms, dorms and gym, the D.C. campus was originally designed to include a cafeteria, kitchen with a private chef, “maker space” for collaborative work, and two theaters. But construction remains unfinished on the building, which is largely closed off and unused today.

In February 2021, halfway through the second academic year, school operations shifted to another part of the campus, on the International Drive side of the building, where it uses all the floors around two atriums, as well as some space surrounding a third atrium, per a January 2021 newsletter sent to families by former Head of School Shane Mulhern and confirmed during a May tour of the D.C. campus.

For a school that had already seen less overall enrollment than expected (see story, Page 23), the pandemic further shriveled up anticipated boarding revenue after such accommodations were no longer necessary – those students were sent home or lived with other students’ families, per interviews with current boarding students and emails that another former head of school, Ara Brown, sent to families. Add to that: The school only just recently received the necessary approvals from the Department of Homeland Security to offer boarding services to foreign students, according to Rivera and Chris Whittle, a change both said will drastically improve the D.C. campus’ prospects.

The difficulties belie the talent initially assembled by Chris Whittle, said Pavel Luksha, the Amsterdam-based founder and director of Global Education Futures who was recruited to join Whittle School’s board as an adviser in 2018. “I cannot judge the things, such as financial discipline and so on, but I really hold a lot of respect for Chris and the team that he brought and the other advisers that were there,” Luksha said in an interview. “The potential of the team was very high. I really respect the ambition that they held.”

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## PLANS FOR GLOBAL CAMPUS NETWORK HIT SNAGS

There was a pivotal moment during the fall of 2019 when Chris Whittle and his company’s headquarters team were weighing options to open a campus in Brooklyn, New York — an endeavor he estimated would cost at least \$110 million.

That’s \$50 million that the Whittle School invested in the building, mostly as rent deposits, plus what Chris Whittle himself anticipated would be another \$60 million in financing, he said. But support for the project was far from unanimous.

Many questioned if this was possible, a former headquarters employee said. Chris Whittle went for it anyway, announcing the campus in late 2019. Months later, much of the committed \$60 million fell through because of an “act of God” clause as Covid cases swept across New York City, Chris said. “We could not continue with its construction,” he said. “What we recover remains to be seen.”

Into spring 2021, Chris Whittle was still telling parents through newsletters that the planned campus was underway — at first, in the same spot with resumed construction, then elsewhere in New York City, according to emails to families and teachers obtained by the Business Journal. In June, he told the Business Journal that Whittle School & Studios does plan to set up a campus in New York City, but not at the same planned site in Brooklyn.

Former administrators said in interviews that some of Whittle School’s original investors were starting to show wariness over the school’s spending during the 2020-2021 academic year. “We were told, ‘You have this amount of money to run the school. Do not overspend because we have no future investments that we know about. We want to give Chris the opportunity to raise the investments,’” one former administrator said, repeating what he was told by senior leadership.

In the meantime, Chris Whittle had told the community he had found another deal he hoped would save the school: a merger with GEMS Education, owned by Sunny Varkey of The Varkey Group. Varkey was a longtime, Dubai-based associate of Chris’ through one of the latter’s previous for-profit education ventures, Avenues: The World School, another global private school network Chris Whittle co-

founded in 2012 that now operates three locations in New York, Brazil and China, with a fourth slated for Silicon Valley this fall.

In Chris Whittle’s letter dated April 14, 2021, to Whittle School parents and staff, he said a merger with GEMS Education would focus on the Varkey Group’s private school campus in Chicago, with plans to expand to four other campuses in Europe and Africa. He wrote that he had signed a Dec. 24 preliminary agreement and that the two schools’ enrollment teams were collaborating, with plans to close the merger in May.

“Varkey and I do not anticipate any problems,” Whittle wrote in the newsletter. “The agreements we have signed spoke to material matters, and our relationship dates back decades.”

Ultimately, Chris Whittle told the Business Journal this month, the two parties couldn’t agree on terms. He declined to give more details, but said nearly \$100 million from a private equity fund didn’t come through as a result. Varkey didn’t respond to a request for comment.

At the same time, Whittle School had planned another campus in China, launching construction for a 1.6 million-square-foot site in Suzhou, Chris Whittle had said in an April 2021 newsletter to students’ families. Whittle had originally said, in an interview and school newsletter, that that campus would open by last fall, but construction has since hit delays. He said this month that it’s slated to open this coming fall.

As for the Shenzhen campus that’s been open, it enrolled 740 paying students by its first day in fall 2019, and now is up to roughly 1,000 students, according to Chris Whittle. But despite its relative success, he said a shifting Chinese governmental landscape around education has limited how much influence his company has to call the shots at that campus. When Whittle School & Studios initially invested \$80 million in the Shenzhen campus, which it planned to recover, Chris said the Chinese government required that it keep the investment if the Whittle School wanted to collect tuition.

“We were dealt a ‘double whammy,’ one with Covid and the other with large-scale changes in the educational terrain of China,” Whittle said. “Our relationship? TBD.”

— Hannah Denham

## “WE COULD NOT CONTINUE WITH ITS CONSTRUCTION. WHAT WE RECOVER REMAINS TO BE SEEN.”

CHRIS WHITTLE ON WHITTLE SCHOOL’S NEW YORK CAMPUS

## SPECIAL REPORT

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However, Luksha added, he wasn't paid as anticipated, either as an advisory board member or a vendor. His company was contracted to lead two projects in 2019 to help develop the school's organizational model and curriculum – services he said were worth tens of thousands of dollars. He said he sent an invoice to the Whittle School a few months afterward, but hasn't heard from the school since May 2020.

"I realized that to sue Whittle wouldn't get us anywhere too far because probably the financial difficulties were very serious, and we probably would not be the first ones to be paid," Luksha said. "It is what it is."

Chris Whittle said he wasn't aware of this issue.

### Flush with talent, issues with pay

Chris Whittle indeed has an eye for recruiting the best of the best, said former administrators, teachers and parents. For the school's faculty, he found a slew of prominent teachers across the U.S. and even China in 2018 and 2019 to fill early cohorts and design a core curriculum. They, in turn, lent the burgeoning school more credibility.

Recruits hailed from the likes of Sidwell Friends School in D.C. and Bethesda, Cranbrook Schools in Michigan and The Wheeler School in Rhode Island. Many were drawn to not only the promise of project-based curriculum and an academic start-up environment, but also offers with high pay – the annual salary ranged from \$70,000 to \$90,000 for teachers, higher than similar jobs at other D.C. schools, according to interviews. For some administrators, that pay jumped to \$100,000, in some cases topping \$200,000, per interviews.

But it didn't take long for payroll issues to emerge for some faculty and staff, at least as early as May 2020 and through March 2022, according to interviews and at least 18 emails indicating late salary payments that suggested the school was awaiting money to be wired or financial deals to be closed. Those emails were sent by Chris or other administrators, such as Rivera or Director of Operations Joe Keeney. Keeney, who declined to comment, is also founder and chairman of 4th Sector Solutions, a consultancy for charter and private schools, where he previously helped Chris Whittle and others launch the Friendship Public Charter School in 1997 and later served as president of another former Whittle venture, Edison Charter Schools.

Teachers said in interviews they were constantly stressed they wouldn't be able to pay rent, support their families or even maintain jobs in an industry where new posts are rarely available past July. D.C. faculty started to see delays in their payments about a

year after Whittle School's Manhattan employees did, according to former staff interviews and obtained emails.

"Staff would find out that they hadn't paid the cleaning people for months because they just stopped showing up one day. They had members of the leadership team emptying trash cans to keep that up," said a former D.C. campus employee who left within the last year. "The big question that was always asked at every meeting was: Where is the money going?"

Chris Whittle said since Covid's start, the school has met all but one of 70 payroll periods, save for one paid by parents. He declined to comment on payment status for vendors, including cleaning, catering and security.

**“SO, WE STAFFED UP, AND IT’S GOING TO BE THAT WAY GOING FORWARD, BECAUSE IF WE’RE OUT THERE RECRUITING AND FAMILIES COME, THEY DON’T WANT TO SEE A BARE-BONES FACULTY.”**

MANNY RIVERA, HEAD OF WHITTLE SCHOOL'S D.C. CAMPUS



"Teachers are always our first priority," he said. "On a half a dozen or so, we've been a day or two late, so we acknowledge that."

Rivera agreed the school's financial stability is a main concern among teachers but that "people all want to be here." "They just want to make sure that the financial stability, that the finances are going to be here and that we can have some predictability," Rivera said. "They don't want to worry about whether or not there's going to be a payroll period that's not met."

Chris Whittle said his own pay took a cut through the pandemic. He didn't disclose specific figures but said his employment contract with the Whittle School & Studios' global corporation –

originally called G30 Management in court records and early campus plans to indicate its planned 30 locations – stipulates base pay and a potential bonus he said he hasn't received, but no incentives for opening new campuses. He said he didn't collect pay in the first three years starting in 2015, nor since fall 2021. "I've always believed that organizational leaders must 'lead by example' in such matters, including but not limited to 'putting your money where your mouth is,'" he said. "Upon the Covid crisis, when I requested that certain [members] of our leadership – not faculty – reduce their pay to help us weather the storm, I took the largest reduction in pay on both a percentage and absolute basis."





WHITTLE SCHOOL'S D.C. SITE IS SHOWN HERE IN MAY, DAYS BEFORE IT HELD ITS FIRST STUDENT GRADUATION CEREMONY.



PHOTOS BY HANNAH DENHAM / WBJ

### Hopes of financing, unfulfilled

One question repeatedly bubbles up among former administrators, teachers and parents: How was the school's initial funding spent?

The school's early fundraising assertions date back to 2017, when Chris Whittle claimed in media reports, including to *Town and Country Magazine* in 2018, that he had already raised \$700 million in funding to support his vision for a new global campus network.

Today, Chris Whittle relays a different number than what appeared in *Town and Country* – though he clarified that the \$700 million by 2018, when the magazine's story published, included separate developer capital. He

told the *Business Journal* that between 2015 and spring 2020, he thought he had reached his \$400 million projection in Series A, B and C financing. That was until about 60 days before Covid hit, when he said two investors pulled about \$70 million from that last round. The ultimate sum included about \$25 million from Whittle himself – he said he mortgaged his home to invest in Whittle School & Studios.

The full \$330 million that resulted, he said, was spent to build and launch its four campuses: D.C. and Shenzhen, as well as the yet-to-open Suzhou and, later, Brooklyn, which fell through (see story, Page 25). Each of the campus' developers pitched in another combined \$600 million or so

toward the buildouts, he said, declining to offer more details.

"It varies, but a campus launch cost ranges from \$75 [million] to \$100 million each of our capital," he said. "Then there's developer capital on top of that."

Chris Whittle declined to specify how much cash the company has on hand now, saying the school currently pays its bills with tuition revenue and \$30 million in "bridge financing" – mostly debt, with some equity kicked in – that he said in November, and again this month, he had brought in since the Covid pandemic started. He declined to share details or names of those investors, but said one-third are existing shareholders, another third are new investors and a final third are "friends of the school," including parents. That money, he said, went toward covering the school's operating expenses and 70 payroll periods.

There are no public records of those "bridge" investments, and Chris said he was prohibited by confidentiality clauses from providing proof or documentation confirming the funding.

In the school's early days, Chris cited enthusiastic investors – Beijing private equity firm Hony Capital; Nolan Securities Corp., a brokerage incorporated in Colorado; and a handful of partners at a New York investment firm who wrote personal checks in support of Whittle School & Studios, as he described to *Town & Country Magazine*. Partners and spokespeople for all three firms did not respond to requests for comment.

Much of its earliest investments came from China. A lead investor was Chinese company Ping An Insurance Co., based in Shenzhen, which contributed an "undisclosed amount" of financing to Whittle School, according to records listed in venture data firm PitchBook. Ping An Insurance could not be reached for comment. Then, sometime before July 2020, undisclosed investors contributed \$20 million in financing, per PitchBook.

Other lead investors included Industrial and Commercial Bank of China, the country's largest bank, in Beijing, and Taiwanese financial group Fubon, Chris Whittle told the *Business Journal* this month, adding that the duo and Ping An remain current investors. Another Los Angeles-based private equity firm, Cottonwood Management, contributed funding at some point, Whittle said, adding that he didn't know how much.

### The money trail up to now

Since at least January 2021, Chris Whittle has repeatedly assured senior leadership, down to parents, that subsequent funding is imminent and will be further supplemented by bridge financings or loans, according to several interviews, as well as emails and newsletters he sent. But many said

they remain skeptical of whether those dollars will arrive after so many delays.

Multiple teachers and administrators said their paychecks at times listed different accounts based in the Cayman Islands, Delaware or sometimes China. Whittle School & Studios has multiple LLCs and other holding companies based in Delaware, London, New York and China, and roughly eight other locations, according to public records filed with secretaries of state and courts and confirmation by Chris Whittle.

"In global entities such as us, this is completely commonplace and, indeed, legally required," he said. "Our investors exist all around the world and, thus, they wire funds from many jurisdictions to us. It is the only way it could work."

But even when money came in from investors, the school's former staffers said there wasn't a clear spending plan for it. "Money was trickling in," said a former teacher who worked at the school its first year. "We were kind of told that money was coming from the Cayman Islands, and they would do a request, say, for \$8 million. And they would get \$8 million for the quarter and just burn through it."

When the pandemic hit, Chris has repeatedly said, his fundraising campaigns came to a standstill, among other hits to the school's enrollment, operations and construction and as campuses were forced to temporarily close. In the spring and summer of 2020, the school received two Paycheck Protection Program loans from the Small Business Administration totaling \$4.5 million, according to SBA data, which listed the company as retaining 41 staff members. A few months later, many of the company's headquarters staff were "reduced" and some faculty were later furloughed, some said in interviews and Chris Whittle confirmed. Others left on their own, no longer trusting that Whittle's vision could sustain itself, other former teachers said.

"We reduced significantly our overall headcount at our global, HQ level to deal with the Covid crisis," Whittle said. "During one brief moment, we ask[ed] a handful of individuals to go on furlough, but we quickly brought them back."

In June 2020, Alexander Shing, chairman and CEO of investor Cottonwood Management, was brought on as executive chairman and chief restructuring officer for Whittle School & Studios Holding Ltd., a holding company for the Whittle School campuses and global operations, according to a statement to the *Business Journal* by Mulhern, Whittle School's former chief operating officer and head of school. Mulhern's statement, shared by Cottonwood Management's public



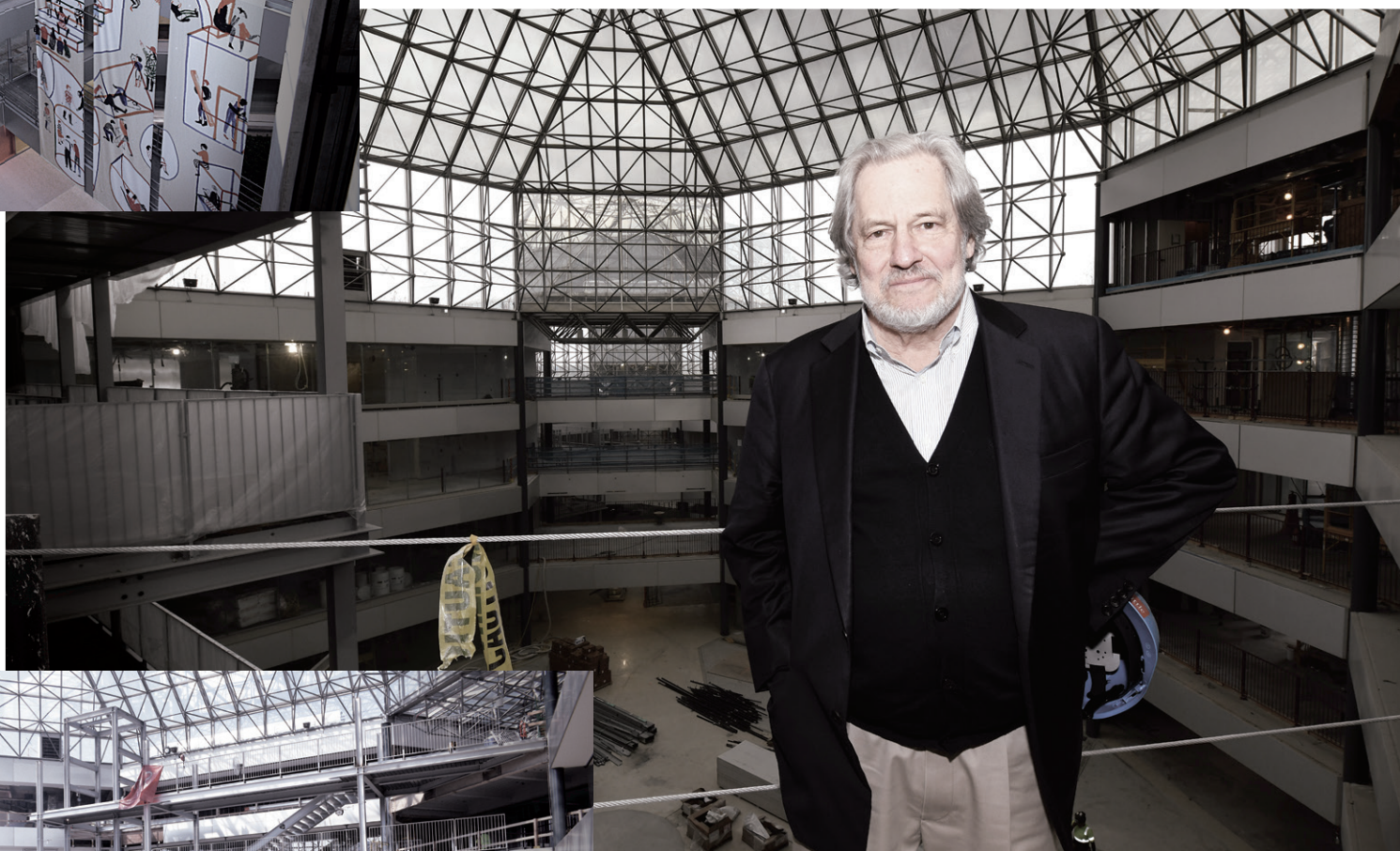
## SPECIAL REPORT

**“HE HASN’T BEEN ABLE TO RUN THE SCHOOL AS HE ANTICIPATED, AND HE HASN’T BEEN ABLE TO PAY RENT. AS A RESULT OF THAT, WE HAVEN’T BEEN ABLE TO PAY OUR LENDERS. THAT LED TO EVERYTHING WITH THE FORECLOSURE.”**

MARK KARASICK, 601W’S MANAGING DIRECTOR



SARA GILGORE / WBJ



JOANNE S. LAWTON / WBJ



SARA GILGORE / WBJ

ON OPENING DAY, CONSTRUCTION WAS STILL ONGOING ON PORTIONS OF THE D.C. SCHOOL FOUNDED BY CHRIS WHITTLE, SHOWN ABOVE IN NOVEMBER 2019.

CONTINUED FROM PAGE 27

relations firm, said Shing was brought into the role based on “his restructuring expertise and experience navigating and addressing complex financial structures.”

Chris Whittle confirmed Shing’s role, which he said was to help the school reduce costs during the worst of the pandemic. He did so, Whittle said, by cutting back on the company’s global team, which at the time he added was working on more than a dozen potential school launches around the world. Shing’s position was meant to

be short term, Chris said – he resigned in June 2021 and is no longer affiliated with Whittle School & Studios.

Cottonwood declined to comment beyond Mulhern’s statement.

Eight months later, Cottonwood was described as a potential investor in discussions with Whittle School that chose not to go through with funding for a “capital transaction,” according to a Feb. 9 email sent by Rivera to the families of students and staff members.

#### Signs of success at the school

Rivera and others at the school point to an institution that, to be sure, has

faced financial troubles, but is still serving an important educational purpose for the children who attend class each and every day.

Rivera said the teaching roster has rebounded in the last year, reflecting his focus on faculty retention since he became head of school – a factor he said has been key to student enrollment. When he joined the school in the spring of 2021, it counted 28 or 29 staff members; it’s up to 42 or 43 staff members now, he said. He and Chris Whittle did not provide an exact faculty and staff count.

“First thing I said: We’ve got to

rebuild staff. We’ve lost a lot of people. That was a very big concern of parents,” Rivera said. “So, we staffed up, and it’s going to be that way going forward, because if we’re out there recruiting and families come, they don’t want to see a bare-bones faculty.”

Rivera, a Harvard education doctorate alum and former superintendent for the Rochester school system in New York and New London system in Connecticut, goes way back with Chris Whittle, at least to 1994 through the latter’s Edison Schools venture. Rivera joined Whittle School & Studios in August 2017, leading faculty recruit-

ment, then faculty members themselves as dean, and then chancellor, before taking on his current role.

As part of the Whittle School's global team, Rivera said he's on the phone with Chris Whittle and others each Tuesday morning, plus more calls in between, to stay in the loop on investor developments and D.C.'s operational needs. He writes a biweekly newsletter for families, with financial updates from Whittle himself. Both he and Whittle said the leadership has been transparent with the school's constituencies about its financial challenges.

### The children and their futures

In his May 26 commencement speech to the school's first class of 14 graduating seniors, Chris Whittle gave 10 points of advice, per a copy of his speech he shared with the Business Journal.

Pick out a signature uniform and stick to it, like his own khakis, striped shirt, blue vest, blue jacket and the occasional red bowtie.

Trust people, as the "bad guys" are few. "I've only known three out of thousands I've been lucky to know," he said.

Think big, start small, and sweat "the tiniest of details," citing Elon Musk's SpaceX and his plans for Mars.

Be globally minded, as the world is deeply intertwined.

Continue studying languages.

Don't lose hope. "Things are, actually, far more workable than they may appear to us," he said.

Work as if failure isn't an option, but remember failure isn't a sin, either.

Don't hurry life.

Learn from your observations at the Whittle School, not just what you were told. "Teachers and leaders committed to you and to a larger cause, working much of the time without the resources they deserve," he said.

And thank your parents, for their struggles and sacrifices on your behalf.

Each of the graduates had been accepted into college, including Georgetown University, Northeastern University, the University of St. Andrews in Scotland and the University of Amsterdam in the Netherlands, some of those seniors said during an early May tour of the D.C. campus. It underlies something that current leadership, former administrators and teachers can all agree on – the brilliance and curiosity of the students undergirds the school culture. Former teachers said the children were a big reason they stayed as long as they did.

"The kids as they walk in and every morning – the upper-school kids watch out for the little ones. The little ones love the upper-school kids," Rivera said. "It is the most incredible, caring, nurturing environment I have ever been in."

The school just received another

notable academic boost: International Baccalaureate certification, which required teacher training and a new grading and testing process. It was a quest first launched in February 2021 by Valmir Gomes, assistant head of school for middle and upper schools in D.C. The program is already underway for current juniors with plans to graduate its first class of diploma earners in the next academic year, Gomes said, citing "the Whittle way of doing IB," with an emphasis on hands-on, experiential learning.

"What's been really special for me about being here is everyone kind of came because it's so brand new. They came with this idea of really believing in the mission and wanting to make it a reality," said 2022 spring graduate JiaJia Fu, who started attending the D.C. campus with its first cohort in fall 2019, in an interview. "I think that really manifests in the way that teachers get to design their curriculum from scratch, and we all have been part of starting clubs and founding athletic teams and helping shape that curriculum, too."

Sandra Gobar, who has been teaching art at the D.C. campus since August, recently led a class of sixth-graders as they watched a documentary on a particular artist, then worked to recreate a still life piece of art with assorted candy and acrylic paint.

"If you raise the bar," Gobar said, "they'll reach it."

### Debt, and rent payments, pile up

The Whittle School's D.C. campus resides in a massive, 650,000-square-foot building owned by a New York City real estate firm.

And for at least two and a half years, the school has only paid infrequent, small portions of its rent there, causing the site to go into foreclosure proceedings earlier this year, its landlord said.

The building, at 4000 Connecticut Ave. NW, as well as 3400 International Dr. NW and 3007 Tilden St. NW, is owned by The 601W Cos. and a smaller minority partner, Berkley Properties LLC, based in Nanuet, New York, according to property records filed with the D.C. Recorder of Deeds. Berkley didn't respond to requests for comment.

"He hasn't been able to run the school as he anticipated, and he hasn't been able to pay rent," Mark Karasick, 601W's managing director, said of Chris Whittle, during an interview in May. "As a result of that, we haven't been able to pay our lenders. That led to everything with the foreclosure."

When Chris signed the sublease agreement in August 2018, he said he put down a \$50 million security deposit – that's confirmed by Karasick, who said that sum was applied toward the property's debt. Chris said in an

## WHITTLE FALLS ON LIEN TIMES

Whittle School has been accused in mechanic's liens and lawsuits of allegedly not paying at least \$35.1 million to 23 contractors for construction work and services they performed on the D.C. site, as well as on its active campus in Shenzhen and the planned, now inactive campus in Brooklyn, New York.

That's per court documents filed at U.S. District Courts of the District of Columbia and the Eastern District of Pennsylvania, D.C. Superior Court and Chesterfield General District Court in Virginia, plus other claims filed with the D.C. Recorder of Deeds and D.C. small claims. Among the largest of claimants is general contractor Turner Construction Co, which alleged alongside nine of its subcontractors that it's owed \$32.2 million in total unpaid construction work dating back to February 2018.

Chris Whittle acknowledged the outstanding vendor bills, blaming them on the Covid pandemic. When asked about allegations that started in fall 2019, he told the Business Journal last November he didn't know why his company didn't follow through with payment at that time.

A former headquarters employee said there were constant clashes with D.C. campus leaders on the need to pay vendors before asking them to do more work. "All the while, we

were working with various vendors that weren't getting paid. At some point, each of us in our respective departments were like, 'We'd much rather not have these vendors continue to do work,'" the staffer said.

In at least four cases against Whittle School & Studios, in which the judge ruled in favor of a vendor, two Wells Fargo bank accounts linked to Whittle School were garnished to satisfy the debt, according to court documents. In three of those cases – filed by ChatterBlast Media LLC, Flik International Corp. and Children's National Hospital, resulting in a combined \$1.54 million in awards to those companies – Wells Fargo filed responses that indicated that Whittle School either didn't have any funds in the account in question or the account couldn't be found.

"It was just every day – vendors and unkept promises," said a former headquarters worker. "There's always some big deal that Chris is cooking up that's supposed to save everything and that never comes through."

The list below shows cases where judgments were filed. For each, unless otherwise stated, court dockets didn't indicate as of June 6 that the Whittle School has paid the awarded amount, and the vendors didn't return a request for comment

– Hannah Denham

► **ARC Intermedia Inc.**, a King of Prussia, Pennsylvania-based digital marketing agency, sued for **\$89,049** plus interest in unpaid services dating back to October 2019 in U.S. District Court for the Eastern District of Pennsylvania. It ruled in favor of ARC in August 2021.

► **Bennett Elia Inc.**, a Dallas design firm, sued for **\$494,236** in unpaid services, interest and fees, dating back to August 2019 in the District Court for the 134th District for Dallas County, Texas. The judge found in favor of Bennett Elia in May 2021, but it has yet to receive funding, said Partner Randy Elia. Bennett Elia's request was OK'd for a U.S. marshal to seize the Whittle School's electronic equipment, computers, printers and furniture April 7 to satisfy its debt, per D.C. Superior Court records. As of June 1, the seizure has yet to be carried out, and Elia declined to comment on the writ. Whittle said he had no knowledge of it.

► **ChatterBlast Media LLC**, a Philadelphia digital marketing agency, sued for **\$91,362** in unpaid services starting in December 2019 in U.S. District Court for the Eastern District of Pennsylvania. The judge sided in August 2021 with ChatterBlast, which received **\$5,804.91** in garnished funds through Wells Fargo, but still has outstanding discovery requests.

► **Children's National Hospital** in D.C. sued for **\$243,707** in unpaid nursing services that started in August 2019 in D.C. Superior Court. The hospital won a judgment from the court in July 2021.

► **Flik International Corp.**, a catering company based in Rye Brook, New York, sued for **\$1.2 million** plus interest in unpaid vendor services dating back to September 2019 in U.S. District Court for the District of Columbia, which ruled in favor of Flik in February 2021. In October 2021, the judge ruled to garnish the school's Wells Fargo bank account to award Flik **\$43,278**,

plus any additional funds deposited after that point.

► **KID Museum**, of Bethesda, sued for **\$18,995** in unpaid services starting in September 2019, in D.C. Superior Court. The judge ruled in favor of the museum in March 2021.

► **SC Stevenson Consulting Inc.**, a Midlothian, Virginia-based development and design consultant, was awarded **\$9,772** in small claims through the Chesterfield General District Court in June 2021.

► **Singer Equipment**, a furniture and equipment firm in Elverson, Pennsylvania, sued for **\$210,976** in unpaid food service equipment, starting in December 2019, in D.C. Superior Court. In March, the judge ruled in favor of Singer.

► **Kogok Corp.**, an Upper Marlboro sheet metal contractor, sued for **\$524,873** in unpaid labor and materials as a subcontractor of Shapiro & Duncan, starting in September 2018. D.C. Superior Court ruled in favor of Kogok in March.

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## SPECIAL REPORT

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interview that the current monthly rent is roughly \$2.5 million. Karasick could not be reached again to confirm that. Commercial real estate company Jones Lang LaSalle Inc. estimated that the average annual “direct asking rent” per square foot for office leases in Upper Northwest D.C. was \$40.91 for the first quarter of 2022, which would estimate a monthly rent of nearly \$2.2 million for a building of this size in the submarket.

The Whittle School honored the lease terms for the first eight to 10 months, Karasick said. A former administrator confirmed that rent was paid, sometimes late, but in full through the end of 2019.

Chris Whittle, when asked about rent during a May interview, confirmed that he was “not always” current on payments, but that it was more a factor of the pandemic. “We’re not the only people during Covid that had that issue,” he said. “Up until Covid, we were completely current.”

On Feb. 1, the property’s lenders – Cayman Islands investment firms Axonic Capital and Taconic Capital, as well as a Luxembourg public limited company named Sequoia IDF Asset Holdings SA – informed 601W of its notice of foreclosure on the leasehold interest of the building, listing the balance owed on the debt at nearly \$162.4 million, according to deed records. Karasick said in May that the figure now stands at about \$112 million.

An auction was scheduled for March 24, but was halted after Axonic Capital and Taconic Capital signed a deal April 13 to sell the debt and assign the lease and rents to Winthrop Management, a real estate firm based in Jericho, New York, according to public records and confirmations by Karasick and Chris. Winthrop didn’t return calls for comment. Sequoia IDF spokesman Steve Cook confirmed it is still a lender.

Neither Taconic Capital, whose offices are in New York, London and Hong Kong, nor New York’s Axonic Capital responded to requests for comment.

“They were very patient and understanding, but the patience ran out. They moved on,” Karasick said of the former lenders. “You try to figure out when you have to pay a mortgage and you have no income, or little to no income.”

601W was also pulled into some of the mechanic’s liens filed against Whittle School & Studios over claims of unpaid bills (see story, Page 29) – an issue Karasick said made it harder to find new lenders for the property. As part of a lawsuit filed by Turner Construction Co. and its subcontractors, 601W attorneys filed in November 2020 to have the charges against the landlord dismissed from the case, a motion the

judge granted a month later.

The building sits on federally owned land. 601W had originally purchased the structure from its former occupant, Intelsat, in 2012 for \$85 million with a \$225 million mortgage and \$155 million equity investment, per 601W’s website. When 601W signed the 30-year sublease with Whittle School, the agreement included a \$175 million tenant improvement allowance – an investment paid by 601W – to help turn the quasigovernmental satellite telecommunications giant’s former local headquarters into a school.

“In the 30 years of real estate that 601W has been in, we haven’t experienced anything like this, especially with Covid,” Karasick said of the status of his agreement with the Whittle School. “It’s been a very, very painful and agonizing few years.”

**“OUR PLAN IS THAT WE’LL GIVE BACK SOME OF THAT UNFINISHED SPACE TO THE LANDLORD, AND THEY CAN USE THAT FOR OTHER TENANTS.”**



PHOTOS BY HANNAH DENHAM / WBJ

THE FORMER INTELSAT BUILDING TOTALS 650,000 SQUARE FEET. WHITTLE OCCUPIES ABOUT 300,000.

**This year, more dire than ever**

The first day of school in August for the 2021-2022 academic year brought payroll issues back to the fore for the school, according to emails obtained by the Business Journal. This time, parents were the ones to step up.

“They relied on those families to keep it going,” said a former teacher who left within the last year. “It seemed ethically not quite right to continue to be part of that organization.”

As the year went on, Whittle School was unable to sufficiently pay Securitas, which typically ran the security crew for the campus, leading to individuals temporarily serving as “fire watch security guards,” according to a Nov. 29 email Rivera sent to D.C. staff without disclosing those individuals’ identities. Securitas declined to comment.

That email also said that the school had yet to pay Bethesda caterer Ridgewells Catering for student lunches, which were then replaced by pizza deliveries. Ridgewells CEO Susan Lacz said its last payment, that too a partial one, came in November from the Whittle School. She said she’s still owed \$171,042 for daily breakfasts and lunches for students, plus meals for the boarders.

“I hate to punish the students,” Lacz said in an interview. “I hate that they had to suffer, but at that point, we were really trying to survive ourselves.”

That was the second year that school lunches were paused, though parents were still charged, with only a 10% refund on those meals, according to interviews with current and former parents and a Sept. 25, 2020, email sent by Mulhern, the head of school at the time.



**OBVIOUSLY, THAT  
REDUCES OUR RENT,  
WHICH IS HELPFUL  
TO US, AND IT ALSO  
REDUCES OUR OVERALL  
OPERATING COST.”**

CHRIS WHITTLE,  
FOUNDER OF WHITTLE SCHOOL

Then came the most financially worrisome point for Chris Whittle, per a Dec. 21 letter he emailed to faculty, staff, families and students. In it, he disclosed to families and friends an escalating need to cover the school's financial gaps, including payroll, ever since investors had promised two blocks of funding but pulled out in early 2020. Many senior leaders, he wrote, had gone “months” with zero or reduced pay, and teacher pay had sometimes been two to five days late.

“Due to these capital shortages, for 22 months, the leadership team and I have struggled to make each payroll and pay our critical suppliers,” Whittle wrote in the letter. “Via a series of bridge financings from shareholders and friends of the school and through a relentless amount of ‘failure is not an option’ effort, we were able to make, for our teachers, each and every one

of the 44 payrolls during this crisis period but, always placing D.C. teacher compensation first, we have done less well with suppliers.

“Always before, we have been able to find a solution, but any amount is eluding us now,” he wrote. “It has been seven years since we began work on the school, and this is the most worried I have ever been that we may not be able to continue and to fulfill what we all set out to do.”

Without additional funds within the week, he said, Whittle School would need to find families placements in other schools, beg previous investors to pay teachers or find new jobs for the faculty and staff.

“Your leadership team is not failing you right now. I am,” Whittle wrote in the letter. “It is my accountability to provide capital to the school, and I am not getting it done.”

Chris Whittle in June described the letter not as a plea, but as “an advisement of our difficult situation, which I thought was the only responsible thing to do at that moment.” Parents, he said, stepped up on their own accord.

Indeed, a group of parents and other shareholders cobbled together some of the \$2 million needed to make payroll until mid-January, according to another letter Chris Whittle sent Dec. 28, adding that two parents and one faculty member had formed a parent capital strategy committee to discuss the school's needs with investors. Those representatives – Michael O’Neil, Paul Baldassari and Monica Bisgaard – had signed confidentiality agreements to protect “highly sensitive” information, he wrote. Baldassari and Bisgaard did not respond to requests for comment; O’Neil was not available in time for publication.

Chris Whittle then asked in that letter if any families would be willing to prepay tuition for January, February and March or for the following academic year to close the payroll gap. “There is an element of risk here, i.e. the possibility that the planned, long-term capital transaction in mid-January does not close,” Whittle said in the Dec. 28 letter. “I believe that is remote, but it is not inconceivable.”

And yet, this current calendar year only brought more payroll delays and still-insufficient funding, not to mention the building foreclosure notice. At that point, the parent capital strategy committee launched a “sponsor a teacher” program, Rivera said in a Feb. 18 email to D.C. employees, pooling funds to pay teachers’ salaries directly. In his email, Rivera noted the program would be short term and treated as gifts or bonuses, not in lieu of the missed Feb. 15 payroll.

On March 18, according to a screenshot obtained by the Business Journal, Bisgaard contacted a group of parents through Signal, an app for sending secure, encrypted messages: “I no longer have shame,” she wrote, adding that the director of dining and another school official were “down to their last penny for boarder meals. Please chip in \$5-\$10 if you can today.”

One former teacher, who recently left the school after payroll issues persisted, was paid by a parent through Venmo for one of his owed paychecks, as confirmed by a screenshot of the payment and text messages between him and the parent.

Collectively, parents have contributed toward expenses twice, just before Christmas and once more since, Chris Whittle said. Individually, he added, parents have helped out many more times in the past six months, but he said he does not expect that to continue. “We do not expect that ‘going forward,’” he said. “That’s what the capital transaction does.”

#### **A plan to ease some of the pain**

If there was a silver lining to the Whittle School building’s note sale, it’s that it helped bring about the possibility of a renegotiated sublease agreement.

“That was a critical step for what we are planning,” Whittle said in May. “What we’re doing in terms of renegotiation of the lease won’t affect the day-to-day lives of the students or our faculty. It’s really a financial transaction.”

If the new sublease structure is finalized, Whittle School will no longer be responsible for all operating costs, including energy and other utilities, security and custodial staff, for the building’s full 650,000 square feet – but instead only a portion of the 300,000-square-foot section it’s occupying, to be shared with “other educational organizations,” Whittle said, declining to share operational costs.

“Our plan is that we’ll give back some of that unfinished space to the landlord, and they can use that for other tenants,” Whittle said. “Obviously, that reduces our rent, which is helpful to us, and it also reduces our overall operating cost.”

The new terms would also drop Whittle School’s required enrollment levels to break even, to about 700 students from 1,200, Chris Whittle said. “It’s not going to change materially our cost per foot, but we just won’t have as many feet under this plan,” he said. “It has a benefit of bringing down our breakeven point.”

Chris Whittle said the landlord would determine any new tenants. Karasick said in May that 40 schools, as well as potential office users, have shown an interest in leasing space. “I know he’s meeting with investors himself to see what he’s going to come across. We like him and we appreciate the time that he’s put into the property,” he said of Chris Whittle. “We’ll see what our options are once we get settled.”

As the current school year comes to a close, Chris, Rivera and other administrators expressed confidence that teachers and families will stick around for next fall – or, at least, that enough new folks will join to replace any departures. The leadership team, Whittle said, is finalizing a to-do list to prepare, acknowledging “concern” over whether it will reopen in the fall, “but we’ve met those challenges over the past two and a half years. Not easily, but we’ve done it.”

Atop Rivera’s list, he said, is additional buildout, including an operable kitchen, playground, another floor of dorms and finishing touches on a second, larger theater. He said plans are underway to complete the school’s internet wiring.

“Those are my priority ticket items that I give Chris, that I gave Chris back,” Rivera said before pausing mid-sentence. “That I gave Chris. Let’s leave it at that.” ❧

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From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2022/07/01/whittle-school-cbre-lawsuit-601w.html>

# Whittle School's landlord sues CBRE over the D.C. campus, alleging fraud and unjust enrichment

Jul 1, 2022, 6:19pm EDT

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The landlords of the Whittle School & Studios' D.C. campus are suing CBRE Group Inc., alleging the real estate company knew of the private school's financial struggles and brokered the sublease anyway, according to court documents.

The 601W Cos., a New York City real estate firm, and Berkley Properties, a smaller, Nanuet, New York-based firm, filed the case Thursday in New York County Supreme Court, seeking a jury trial, according to the complaint, which was first reported by Bisnow. 601W and Berkley Properties own the leasehold interest of the commercial property located at 4000 Connecticut Ave. NW in Van Ness, which is the site of the D.C. campus of the Whittle School, a private, for-profit school for students from pre-K to 12th grade.

CBRE refutes the claims, according to a statement a



JOANNE S. LAWTON

The Whittle School's landlord has sued CBRE Group in a complaint tied to the D.C. campus building.

spokesperson emailed to the Washington Business Journal. "We believe our representation of the parties involved was proper and fully disclosed," the CBRE spokesperson said. "We look forward to addressing this matter in the proper legal forum."

The landlords are listed in court documents as SL 4000 Connecticut LLC and BL 4000 CT LLC. Christopher Sullivan of Boston law firm Nutter McClennen & Fish LLP is representing them, according to court documents. He declined to comment. Spokespeople for 601W and Berkley Properties did not immediately respond to requests for comment.

Chris Whittle, CEO and chairman of the Whittle School & Studios, also did not immediately respond to a request for comment.

The landlords allege that CBRE (NYSE: CBRE), a global real estate firm based in Dallas, intentionally concealed and misrepresented the Whittle School's financial issues over the course of their lease agreement, according to the complaint. Just last month, the landlords sued the Whittle School & Studios in D.C. Superior Court's landlord and tenant branch to cancel the 30-year sublease and evict the school, alleging it hadn't paid nearly \$27.2 million in rent.

"CBRE was motivated to continue to prop up and substantiate Whittle School's financial strength because CBRE had been hired to expeditiously identify many more locations for further expansions of the Whittle School," the landlords' complaint reads.

CBRE acted as the broker for both the landlords and Whittle School at the time of the lease deal, including for the \$170 million construction mortgage loan for the landlords to develop the property and for the \$180 million tenant improvement allowance through their sublease with the Whittle School, per the suit.

According to the complaint, the landlords allege that CBRE had a conflict of interest by also making money in commissions from Whittle School's leasing of new campuses, which put a financial strain on the school's ability to operate at the planned D.C. campus. The suit also alleges that CBRE would respond to questions from the landlords about Whittle School's ability to

finance its D.C. campus by representing the school's financial capabilities and investments, including claiming equity capital raises by Chinese investors that were "false and fraudulent," according to the complaint.

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***Related: Read the Washington Business Journal's [monthslong investigation into the financial struggles at the Whittle School](#).***

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The landlords are seeking judgment to void their brokerage agreement with CBRE, to force the real estate company to give up its nearly \$11.6 million brokerage commission that the landlords paid in August 2020, and to collect compensatory and punitive damages and attorney's fees, according to the complaint.

The lawsuit alleges several claims, including declaratory judgment, violation of a D.C. code related to the duties of real estate brokers, breach of fiduciary duty, fraudulent inducement, fraud and unjust enrichment.

The 601W Cos. and Whittle School entered into a sublease agreement in August 2018 for the 666,602-square-foot building, according to the complaint.

From October 2012 until December 2021, CBRE also served as the landlords' property manager and construction manager for that D.C. site, while also serving as Whittle School's global financial and construction consultant, including for the education company's planned campus in Brooklyn that later fell through, according to the complaint.

**Hannah Denham**

Staff Reporter

*Washington Business Journal*



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From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2022/07/09/whittle-school-studios-dc-campus-closing.html>

## **Whittle School & Studios is closing its D.C. campus**

Jul 9, 2022, 3:22pm EDT

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After just three years of educating pre-kindergarten through 12th grade students in Van Ness, the Whittle School & Studios abruptly shut down its D.C. campus operations, effective Friday evening, according to a memo its top executive sent to affected individuals.

Chris Whittle, an education entrepreneur who was CEO and chairman of the company that operated the for-profit, independent private school, announced the news via email to D.C. faculty and staff, as well as the families of students, at 6 p.m. Friday.

“We concluded last night that we simply do not have the resources to continue operations at our Washington campus this coming school year — and it is only right that we advise our families and our D.C. faculty and staff of this at this time,” Chris Whittle wrote in the memo, obtained by the Washington Business Journal.

Chris Whittle, as well as Manny Rivera, the current head of school



HANNAH DENHAM / WBJ

The Whittle School & Studios is closing its D.C. campus, its CEO and chairman told faculty, staff and families Friday evening.



for the D.C. campus, did not respond to requests for comment on the shutdown, which was first reported by The Washington Post.

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***Related: Read the Washington Business Journal's investigation into the school's financial struggles in June.***

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Teachers and staff members at the school were to be issued individual layoff notices by the end of Friday, effective immediately, Whittle wrote in the memo. It's unclear if they'll receive any compensation. Whittle also wrote that the school's leadership will work to find new positions elsewhere for employees and new "progressive, education opportunities" for families of enrolled students. He said the school will work to repay parents who helped cover its financial gaps since December.

In addition to the current outstanding payroll, some faculty and staff were still owed pay from a missed pay period in February, according to a former employee with direct knowledge of the situation. The former D.C. staff member, who left her post shortly after that and requested anonymity for fear of impact on her current employment, said Whittle School's leadership hasn't yet communicated plans to pay that amount.

"Even in his email, he did not talk about what plan he has for teachers, how he plans to pay them," she said in an interview with the Washington Business Journal. "He just cares about the parents because they have big names, big money, but he doesn't care about us."

Though, she said Friday's news wasn't entirely a surprise. "I've been sitting and waiting for this email to come," she said.

In a group message exchange Friday evening on Signal, an app for sending secure, encrypted messages, parents called the school's closure "devastating," swapping suggestions for new schools in which to enroll their children this fall and expressing concern about being repaid their deposits for the 2022-2023 academic year, as well as a bridge loan that some parents

contributed to to help with the school's financial shortfalls.

At the start of 2022, a group of parents had cobbled together funds to cover teacher salaries and other expenses after Chris Whittle had sent out a memo in December that said planned investments to support campus operations had fallen through, according to multiple interviews and emails.

"I don't think we will get that back," one person wrote on Signal late Friday, according to screenshots obtained by the Business Journal. "I think that was clear. Loss of an investment."

Further financial troubles for the D.C. campus had loomed in the last month, as its New York-based landlords, the 601W Cos. and Berkley Properties LLC, sued Whittle School & Studios on June 9 to evict it from the Van Ness site. The landlords alleged that the school hadn't paid nearly \$27.2 million in rent and real estate taxes since April 2020, according to the complaint.

Representatives for the Whittle School have yet to respond to the complaint, per court documents. A hearing is scheduled for Sept. 2.

Mark Karasick, managing director at the 601W Cos., didn't immediately respond to a request for comment.

The Whittle School & Studios opened its D.C. campus with an ambitious vision in the fall of 2019 in the 660,000-square-foot building at 4000 Connecticut Ave. NW, as well as 3400 International Dr. NW and 3007 Tilden St. NW.

Chris Whittle, in his Friday memo to employees and in previous interviews with the Washington Business Journal, has attributed the school's financial struggles since on the Covid pandemic, noting a loss of \$100 million in capital funding in the spring of 2020.

But a different timeline has emerged of the school's financial troubles — illustrated by lawsuits, mechanic's liens by multiple vendors, more than 300 pages of documents and emails, and interviews with current and former administrators, advisory board members, staff, parents, students and vendors — that predates

Covid.

In his memo Friday, Whittle also noted “dramatic changes in the education laws of China” that limited the company's operations there, including a currently operating Shenzhen campus and a planned Suzhou campus that he had previously said was slated to open this fall.

“Any single one of the above challenges could have pulled the D.C. campus under, but the combination of them has simply proved too much for us to navigate here in D.C.,” Whittle wrote in the memo.

The company still plans to manage schools and the “Studios” portion of its business, which focuses on extracurricular activities and programs, in Asia and Europe, as well as its student exchanges in D.C., Whittle said in the memo. He didn’t say what resources — financial, personnel or otherwise — the company plans to tap into to fulfill that plan.

It’s also unclear what the Whittle School's next steps are regarding the more than \$35.1 million in allegedly unpaid work and services on the D.C. campus that contractors and vendors claim they’re owed, dating back to February 2018, according to several lawsuits and mechanic’s liens. Whittle has acknowledged the outstanding bills to the Washington Business Journal before, citing investments that were imminent from financial partners, but declining to provide documentation of those.

The D.C. campus had concluded its third academic year in mid-June with fewer than 130 students enrolled at tuition starting at \$40,000 per student and \$70,000 per boarding student, though many families received financial aid, Chris Whittle had told the Business Journal before. This year, the school graduated its first class of seniors, at 14 total, many of whom talked favorably about the school's curriculum and educational experience. Overall enrollment, however, had been a struggle for the school's past three fall semesters, falling well short of its original vision of teaching 1,000 students yearly.

In the Friday memo, Whittle named parents of students who had given “daily of their time and often through their funds to the

school:" Carl and Vicki Einsel, Michael and Wendy O'Neil, and Paul and Liliana Baldassari. None of them could be immediately reached for comment.

Whittle's Friday memo didn't mention Monica Bisgaard, whom he had previously described in communications to staff and families as a faculty representative on the school's finance committee. One of her children graduated from the D.C. campus in May.

Her husband, Dennis Bisgaard, previously worked as one of Whittle School's heads of school for the D.C. campus, but left abruptly at the start of the 2020-2021 academic year, per interviews with staff. He's since been named the new head of school at Maret School, another private K-12 school in D.C., starting in 2023.

Neither Monica nor Dennis Bisgaard responded to requests for comment.

Separately, the two landlords of the building, which sits on federal land and previously served as Intelsat's headquarters, are also suing CBRE Group Inc., alleging the real estate company knew of Whittle School's financial struggles and brokered its D.C. sublease anyway, according to their complaint filed June 30 in New York County Supreme Court — all claims that CBRE (NYSE: CBRE) has refuted.

**Hannah Denham**

Staff Reporter

*Washington Business Journal*



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From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2022/07/29/whittle-school-close-dc-teachers-students-scramble.html>

# Former Whittle School teachers and students scramble for answers after D.C. campus closed

Jul 29, 2022, 2:21pm EDT

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Three weeks after for-profit, independent education company Whittle School & Studios closed its D.C. campus, citing a lack of funds to continue operations, teachers are still waiting on paychecks, according to multiple interviews and communications obtained by the Washington Business Journal.

Chris Whittle, chairman and CEO of the school, announced the immediate closure of its D.C.'s operations, at 4000 Connecticut Ave. NW in Van Ness, in a July 8 email to employees and families. It was less than two months after the preK-12 private school held its first graduation ceremony for a class of 14, and just a few weeks after the conclusion of its third academic year, one that several teachers later described in interviews as a year of "survival mode."



JOANNE S. LAWTON

Whittle School & Studios closed its D.C. campus. But teachers and students are still left dealing with the consequences.

“We are working on how to fund the last payroll,” Chris Whittle said in an email this week to the Washington Business Journal, declining to share further details.

The abrupt shutdown of the D.C. campus followed years of public and private financial shortfalls, per interviews, lawsuits and documents, that debilitated Chris Whittle's grand, global vision for the education enterprise. Some of those issues predated the Covid pandemic, according to Washington Business Journal reporting, but Chris Whittle later said they were exacerbated by the health crisis.

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***Related: Read our recent cover story on the financial struggles faced by the Whittle School and its D.C. operations.***

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Employees at the Whittle School's D.C. campus were officially given notice July 12 of their termination, according to interviews with five former teachers and staff members and an email obtained by the Washington Business Journal. They are still missing three paychecks: from Feb. 15, when parents sent money via Venmo to temporarily cover some salaries, as well as from June 30 and the first part of July until the school closed, according to the former teachers and staff members, who requested anonymity for fear of negative repercussions on their current or future employment.

Some, too, said they were promised bonuses that they say they've given up on ever getting. “I don't think I'll ever see the money I earned,” a former admissions officer said in an interview.

It's unclear how many of the roughly 130 students impacted by the closure had originally planned to return this next fall, but some parents had already paid deposits, according to digital messages obtained by the Washington Business Journal. Other parents indicated they had already enrolled their children in other schools for the fall semester anyway, per an interview with two parents.

The D.C. closure also meant the termination of about 40 teachers

and staff members. Some teachers said in interviews that they had already secured other employment elsewhere. Others said they were still holding on to the education entrepreneur's vision.

Some teachers said they received direct communications from Manny Rivera, head of school for the D.C. campus, and Valmir Gomes, head of the middle and upper schools, regarding tips for jobs at other schools. Others said it's been three weeks of silence, from both administrators, as well as Chris Whittle.

Whittle had previously said in his July 8 letter announcing the closure that the school's leadership would help teachers and staff in finding work. He told the Business Journal this week that he and former leaders of the school were working to connect teachers in need of employment with four schools that had faculty openings. He didn't speak specifically to what's being done for staff members.

Three former Whittle School teachers had communicated in December and January with investigators at the office of D.C. Attorney General Karl Racine, voicing concerns about late pay and working conditions at the D.C. campus, but had yet to hear back, according to emails obtained by the Washington Business Journal and interviews with the teachers.

The current status of an investigation is unclear. "We don't confirm, deny or comment on potential investigative activity," a spokeswoman for Racine's office told the Washington Business Journal.

A former upper school teacher — who said he was laid off and is tutoring on the side while looking for work and applying for unemployment — said he's approached three attorneys to sue the school, but been turned down with standard responses saying they weren't interested in the case based on its details. Despite the school's financial struggles, he said he had hoped the D.C. campus could make it through the fall — it had opened the previous three fall semesters despite the financial odds, he said.

"I had a mix of hopefulness from the graduation and a couple of weeks later, not so much," he said. "It seemed important to me to say goodbye to some students in a really conscious way."

Some staff members said in interviews they've reached out to attorneys as well, though they say it comes with the risk of suing for money that may not exist. Now, some said, they are looking to their next options: filing for unemployment with the D.C. Department of Employment Services, claiming unpaid wages with the department's Office of Wage-Hour Compliance.

A former admissions officer who was laid off with the closure has found another job elsewhere. Before the campus shut down, she said she had reservations enrolling children in a school that faced financial uncertainty and communicated those to her supervisor.

"You're sort of leading people down this path," she said. "In the beginning, I truly believed in the mission. But I saw so many broken promises, I found it very difficult to sell the school."

Immediately after the closure announcement, families took to a group chat via the encrypted messaging app Signal to express frustrations. Students — including those who attended the Whittle School's D.C. campus until its very last day and those who left before — scrambled to find out how they could get their transcripts, given that former admissions directors and other employees were no longer on staff.

Chris Whittle told the Washington Business Journal that he told parents the school secured funding — though he didn't say how much or from what source — to obtain and distribute transcripts and other academic information to students and their families.

With those transcripts secured, parents are now pooling together knowledge about which private schools in D.C. have capacity, or at the very least a waiting list, according to two people who are members of the group chat.

The school closed amid a number of outstanding lawsuits against it, including one from the landlords of the D.C. campus over allegations of unpaid rent, as well as at least two-dozen contractors and vendors who allege they're owed more than \$60 million in cumulative payment for work on the D.C. campus and the company's abandoned campus in Brooklyn, New York, and active campus in Shenzhen, China. The company also had plans to open another campus in Suzhou, China, this fall; it's unclear



what the status of that opening is.

Whittle declined to comment on the lawsuits.

Just a month ago, Whittle School & Studios was posting a slew of job openings on LinkedIn for its D.C. campus — for an administrative assistant, an upper school history teacher, an upper school English teacher, director of college counseling, a lower school homeroom teacher, a physical education instructor, learning specialist, an upper school math teacher and an athletic coach. They're still up on the company's LinkedIn page.

As of Friday, the school had not acknowledged the D.C. campus closure on its social media pages or website, which still had active links to apply for local enrollment.

**Hannah Denham**

Staff Reporter

*Washington Business Journal*



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From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2022/08/02/whittle-school-teacher-pay-chris-whittle-dc-closed.html>

# Whittle School CEO tells D.C. faculty, staff his plan for covering missed pay

Aug 2, 2022, 6:18pm EDT

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The Whittle School & Studios is looking to sell off its D.C. assets in order to pay its former teachers and other staff members for the paychecks they're still owed, CEO and Chairman Chris Whittle said in a letter he sent Monday to former employees.

In the email, obtained by the Washington Business Journal, Whittle said the company's liquidity was fully depleted to fund operations during the 2021-2022 academic year. So the next step to fund employee back pay, he wrote, is to sell off the school's intellectual property and fixtures and equipment left inside 4000 Connecticut Ave. NW, where the D.C. private pre-K-12 boarding school resided until it abruptly shut down July 8 due to lack of financing.

"Since the closure announcement, that is what I have been working upon," Whittle said in his email to employees, which was sent three days after the Business Journal reported that employees terminated July 8 are still missing at least three



JOANNE S. LAWTON

Chris Whittle is chairman and CEO of Whittle School & Studios.

paychecks.

Whittle said in the note that he's in talks with four parties as potential buyers for those assets and added the private education company could be eligible for some tax credits that could take up to six months to finalize, but did not lay out details about either.

It is unclear who those potential buyers are, how much such a sale would generate or if a deal will go through. Whittle declined to comment further for this story.

"I am hopeful these efforts will pay off too, but I do not know that for sure at this moment," he wrote in his email, adding that he will update former employees on the progress of such a deal by Aug. 15.

In the email, Whittle also apologized for "being out of touch" for the previous three weeks since the D.C. campus closed, when roughly 40 employees were laid off. "I deeply regret the difficulties that this has caused you and please know I am working every day to help," he wrote.

A lower school teacher, who requested anonymity over fear of impact on her future employment, told the Washington Business Journal that she has been so focused on navigating her termination and her family's health insurance that she hasn't had time to start looking for a new job. She said she appreciated Chris Whittle's letter, but felt he was out of touch with how much former employees have struggled.

"Total silence has not been good," she said. "It's hard to read that and the timing and it to feel authentic. How is this authentic this many weeks into the game when we've been sweating?"

Whittle said that teachers have been prioritized first for any available funds to receive owed pay and health benefits, with D.C. campus operations ranked second, D.C. campus leadership third, global leadership fourth and himself last.

"The fact that we missed our last payroll (and a portion of another) for faculty is what caused me to make the decision to not go forward," Whittle wrote in the email about the decision to

close the campus last month. "I did not think we should go forward if we could not meet our first priority."

He said he used his "last personal resources" to keep health benefits intact for the rest of the month after the July 8 closure and official termination a few days later. Health benefits for Whittle School employees were scheduled to end July 31.

The lower school teacher said she's spent days on the phone with her former employer's health insurance provider, which she identified as CareFirst, as well as the Department of Labor and Maryland health insurance contacts to figure out her coverage. It wasn't until Sunday that Whittle School leadership sent employees the number to call for COBRA benefits, she said, confirmed by a copy of the email obtained by the Business Journal. Prior to that message, she said she couldn't receive post-employment benefits because she didn't have the official go-ahead for insurers to proceed, and she was disqualified from public health insurance.

Chris Whittle also said in his message to employees that since he founded the company almost eight years ago, he put "every dollar" he had into the school, noting the total topped \$25 million. He previously told the Washington Business Journal that he mortgaged his home to generate funds for the Whittle School & Studios.

Separately, Pure East Global Investments Ltd., a British Virgin Islands company that holds mortgages and loan debt, is currently suing Chris Whittle to foreclose on two commercial mortgages on his former home in East Hampton, New York, at 90 and 100 Briar Patch Road, according to documents filed in Suffolk Supreme Court in New York. Pure East claims Chris Whittle hasn't paid required annual interest payments on two mortgages, each about \$25 million and one now valued at \$40 million, according to its complaint.

Chris Whittle, who doesn't have a listed attorney in the court docket, has not responded to the case and declined to comment on this lawsuit. On July 13, Pure East's attorney filed a motion asking Judge Robert Quinlan for summary judgment.

**Hannah Denham**

Staff Reporter

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From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2022/10/12/whittle-school-employee-pay-outstanding.html>

## **Former Whittle School employees see more of outstanding pay they're owed**

Oct 12, 2022, 3:16pm EDT

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Former teachers, staff and administrators of Whittle School & Studios, who were terminated in July when the private school campus in D.C. abruptly shut down, received another portion of missing back pay on Friday.

The for-profit education company, which closed its Van Ness campus located at 4000 Connecticut Ave. NW after citing financial strains, sent teachers and staff members 50% of one paycheck last week, Chris Whittle, CEO and chairman of the Whittle School, confirmed. Three senior managers received 25% of one paycheck.

"I'm pleased we've made steady progress on this," Whittle said in an email to the Washington Business Journal.

He declined to say where the money came from.

Whittle School & Studios has now covered one full outstanding



JOANNE S. LAWTON

The Whittle School & Studios shuttered its D.C. campus in July, but it's still working to pay its former employees for overdue payroll.

paycheck for its laid-off employees, except for some in senior positions. Its previous late payment came in August. That month, Chris Whittle told former teachers and other staff that he would look to sell off the D.C. school's assets, including intellectual property and fixtures and equipment, to cover their missing pay.

Former Whittle School staff — many of whom have moved on to other jobs at schools in D.C. or elsewhere, or have left the education field entirely — say they are still owed more missing pay, from payroll and, for some, promised bonuses.

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***Related: Read the Washington Business Journal's investigation into the school's financial struggles in June.***

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Chris Whittle announced the latest payment in an email that was sent late Friday afternoon to Whittle School teachers and staff members and obtained by the Washington Business Journal.

"I am working on a third transaction and, when/if it occurs, we will make further payments and alert you, just as we are doing today, when your accounts are receiving funds," Whittle wrote in the Friday email. "As before, I am cautiously optimistic on further funds for you, but, as you know too well, nothing is done until it is done!"

He noted in his email that he hasn't received his own pay for a year.

One former teacher who was laid off when the campus closed, who declined to share his name over fears of it impacting his new employment, said he's still missing three paychecks even after the recent payments.

"I would feel better if [Chris Whittle] did not remind us that he is not taking any pay," the former teacher said. "This is not the same thing as not being paid."

In his email, Whittle said that any funds he received, outside of any undisclosed expenses to secure and close additional, necessary funding, were distributed toward the company's

payroll or health benefits. He did not indicate the source of the additional funds in his message to faculty and staff.

On July 8, the Whittle School closed its campus after three years of educating pre-K through 12th grade students. About 40 employees were laid off and “fewer than 130” students were left to scramble to enroll in another school in time for the fall semester.

Meanwhile, the Whittle School’s campuses in China are active — in Shenzhen, and a new location in Suzhou, which just opened in September. The company is also planning a new campus in Cyprus for 2023, per Washington Business Journal reporting.

The Whittle School is in deeper debt than just owed payroll, according to court orders and allegations outlined in lawsuits and mechanic’s liens filed by at least 23 contractors and vendors who did work for the school’s campuses, including the shuttered one in D.C. They claim the company owes them at least \$35.1 million in unpaid construction work and services, per public documents.

The landlords of 4000 Connecticut Ave. NW also allege that the school hasn’t paid nearly \$27.2 million in rent and real estate taxes since April 2020, according to court documents. A remote hearing is scheduled on that case for Thursday.

**Hannah Denham**

Staff Reporter

*Washington Business Journal*

