



Development Specialists, Inc.

Advisory and Fiduciary Services • Corporate Restructuring and Workouts • Interim Management • Insolvency Services

e-mail: BHstudent@dsi.biz

March 24, 2016

TO THE FORMER STUDENTS OF:

B&H EDUCATION, INC.,
dba MARINELLO SCHOOLS OF BEAUTY
501 S. BEVERLY DRIVE
BEVERLY HILLS, CALIFORNIA 90212

AND

12449 PUTNAM STREET
WHITTIER, CALIFORNIA 90602
AND RELATED SCHOOL LOCATIONS

Re: **GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS**

As you know, Marinello Schools of Beauty (“Marinello” or the “Company”) closed its school locations on February 5, 2016, after, among other things, the U.S. Department of Education (“DOE”) notified the Company on February 1, 2016 that, after reviewing its applications for recertification to participate for five of its Office of Postsecondary Education Identification numbers (encompassing 23 locations) in financial assistance programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended (20 U.S.C. §1070 et. seq.), such applications were denied. Additionally, the Company’s senior secured lenders exercised their right of setoff with respect to the Company’s cash shortly after the Company received the DOE February 1st notices. As a result, although Marinello disagreed with the DOE’s denials of recertification and timely submitted an appeal, the Company did not have sufficient liquidity to maintain operations.

Marinello thereafter elected to wind-up the affairs of the Company by executing a general assignment for the benefit of creditors (the “Assignment”) in favor of Development Specialists, Inc. (the “Assignee”) effective on Friday, February 26, 2016. This action marked the end of on-going business activities by Marinello and turned over control of the remaining assets of the Company to our office as the Assignee. All of the former campuses are closed and are in the process of being returned to their respective landlords.

LOS ANGELES

333 South Grand Avenue, Suite 4070 • Los Angeles, California 90071-1544 • Telephone: 213.617.2717 • Fax: 213.617.2718 • www.dsi.biz

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Marinello advised the Assignee that governmental agencies in each state have copies of student transcripts (and possibly information about whether students are eligible to receive from such state any reimbursement for amounts paid to the Company). The Assignee recommends that you contact those agencies before contacting the Assignee. Below is a list of the state agencies responsible for maintaining student transcripts.

California

Bureau for Private Postsecondary Education
P.O. Box 980818
West Sacramento, CA 95798-0818
(888) 370-7589
<http://www.bppe.ca.gov/>

Nevada

Nevada State Board of Cosmetology
1785 E. Sahara Avenue, Suite 255
Las Vegas, NV 89104
(702) 486-6542
<http://cosmetology.nv.gov/>

Connecticut

Office of Higher Education
61 Woodland Street
Hartford, CT 06105
(860) 947-1801
<http://www.ctohe.org>

Utah

Division of Occupational and
Professional Licensing
P.O. Box 146741
Salt Lake City, UT 84114-6741
(866) 275-3675
<http://www.dopl.utah.gov/>

Kansas

Kansas Board of Regents
1000 SW Jackson Street, Suite 520
Topeka, KS 66612-1368
(785) 296-3421
<http://www.kansasregents.org/>

If you are unable to receive transcripts from the appropriate state agencies, then the Assignee and its staff will try to assist you. Please contact the Assignee at BHstudent@dsi.biz or (312) 263-4141, ext. 1099, if you would like to request copies of your school records. Still, with over 5,000 student records, responding to each inquiry takes a few days to process, and we ask for your patience.

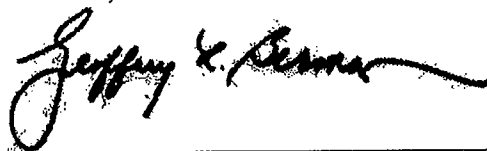
Enclosed with this letter you will find a Student Proof of Claim form. Use this form to file a claim in the liquidation of Marinello's assets *only if you believe Marinello owes you* money. Because all Company assets were transferred to the Assignee, unless a creditor (which may include a former student) timely files a proof of claim with the Assignee, it will have no chance at recovery from Marinello's assets for its claim against the Company (unless the creditor holds collateral for its claim). Currently, we do not believe that students (or other creditors who neither are entitled to a legal priority for their claims nor hold security interests or other collateral) will see any recovery on their claims due to the monies owed Marinello's secured lenders (who hold as collateral liens on all the Marinello's assets) in excess of \$20 million, and because Marinello may also owe money to the U.S. Department of Education and the Veteran's Administration, the claims of which government entities are entitled by

law to priority as to their repayment. Thus, the fact that the Assignee is accepting proofs of claim is **not a guaranty** that there will be sufficient funds to make a distribution to unsecured creditors such as former students.

In all events, proofs of claims must be received by the Assignee by **September 7, 2016** to participate in any distribution from the Company's assets. Please include copies of supporting documentation with your proof of claim.

Very truly yours,

Development Specialists, Inc. solely in its capacity
as Assignee for the Benefit of Creditors of
B&H Education, Inc.



By: _____
Geoffrey L. Berman

Enclosure (Student Proof of Claim)

STUDENT PROOF OF CLAIM

In the Matter of:

B&H EDUCATION, INC.,
dba MARINELLO SCHOOLS OF BEAUTY
12449 PUTNAM STREET
WHITTIER, CALIFORNIA 90602
AND RELATED SCHOOL LOCATIONS

The undersigned is a former student of Marinello Schools of Beauty and hereby submits a claim in the general assignment estate created upon the execution and acceptance of the general assignment in favor of Development Specialists, Inc. as of February 26, 2016, in the amount as set forth below, and substantiated by the attached invoices or statement of account.

Date: _____

Amount of Claim: _____

Name of Creditor: _____

By: _____
Title

Address: _____

City, State & Zip: _____

Telephone Facsimile

E-mail address: _____

NOTE: *Interest is applicable only to the date of the assignment and then only in the event a written agreement exists between you and the debtor providing for the payment of interest.*

*Return completed form to:
Pachulski Stang Ziehl & Jones LLP
Attn: Teddy M. Kapur, Esq.
10100 Santa Monica Boulevard, Suite 1300
Los Angeles, CA 90067-4100*