

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 83806 / August 8, 2018

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3955 / August 8, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18631

In the Matter of

Daniel M. Fitzpatrick, CPA

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO RULE 102(e) OF THE
COMMISSION'S RULES OF PRACTICE,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Daniel M. Fitzpatrick (“Respondent” or “Fitzpatrick”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.3. below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Fitzpatrick was a certified public accountant. He served as Chief Financial Officer of ITT Educational Services, Inc. ("ITT") during 2012 and 2013.
2. ITT was a Delaware corporation with headquarters in Carmel, Indiana. ITT was a for-profit higher education company. ITT's common shares were registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and traded on the New York Stock Exchange.
3. On May 12, 2015, the Commission filed a complaint against Fitzpatrick and others in *SEC v. ITT Educational Services, Inc., et al.* (Civil Action No. 1:15-cv-00758), and filed an amended complaint on June 8, 2018 and a second amended complaint on June 22, 2018. On July 6, 2018, the court entered an order permanently enjoining Fitzpatrick, by consent, from controlling any person who violates Sections 10(b) and 13(a) of the Exchange Act, and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13 thereunder. Fitzpatrick was also ordered to pay a \$100,000 civil money penalty, and not to serve as an officer and director of a public company for a period of five years.
4. The Commission's complaint alleged, among other things, and Fitzpatrick neither admits nor denies, that ITT engaged in conduct that violated certain provisions of the federal securities laws with respect to two student loan programs guaranteed by ITT and in connection with ITT's books and records and certain public filings for the year end 2012 and the first three quarters of fiscal year 2013. In addition, the complaint alleged, and Fitzpatrick neither admits nor denies, that Fitzpatrick was a control person of ITT during this period, that Fitzpatrick was liable as a control person for certain of ITT's alleged violations, and that, as a result, Fitzpatrick engaged in conduct, as a control person, that violated a provision of the federal securities laws.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Fitzpatrick's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Respondent Fitzpatrick is suspended from appearing or practicing before the Commission as an accountant.

B. After 5 years from the date of this order, Fitzpatrick may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission (other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Securities Exchange Act of 1934). Such an application must satisfy the Commission that Fitzpatrick's work in his practice before the Commission as an accountant will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Securities Exchange Act of 1934. Such an application will be considered on a facts and circumstances basis with respect to such membership, and the applicant's burden of demonstrating good cause for reinstatement will be particularly high given the role of the audit committee in financial and accounting matters; and/or

3. an independent accountant.

Such an application must satisfy the Commission that:

(a) Fitzpatrick or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Fitzpatrick or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in Fitzpatrick's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;

(c) Fitzpatrick has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Fitzpatrick acknowledges his responsibility, as long as he appears or practices before the Commission as an independent accountant, to comply with all

requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Fitzpatrick to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Fitzpatrick's character, integrity, professional conduct, or qualifications to appear or practice before the Commission as an accountant. Whether an application demonstrates good cause will be considered on a facts and circumstances basis with due regard for protecting the integrity of the Commission's processes.

By the Commission.

Brent J. Fields
Secretary