

**Franklin Dale**  
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**District Live Agency LLC**  
**175 NE 55 St.**  
**Miami, FL 33137**

### Via Email

Mallory Kauderer, Manager  
Little Haiti Development Partners LP  
300 NE 71 St.  
Miami, FL 33138

Donita Leavitt, Manager  
Churchill's Pub LLC  
300 NE 71 St.  
Miami, FL 33138

Mallory and Donita:

The purpose of this letter is to express concern over your recent actions that have called the underlying business agreements between your companies and mine, both as your hospitality advisor and as your tenant, into question. Our company, District Live Agency LLC ("DLA"), its partners, affiliates, and subsidiaries (including Churchill Beverage LLC, The Beverage Group LLC, Atlas Catering Group LLC, and others) hereby demand an immediate plan and expeditious action to remedy all grievances according to previously agreed upon criteria so that we can resume normal business relations. Most important for the fair continuation of our business arrangements is the issue of the SBAD Treas 310 funds (\$149,000 USD) that were inappropriately withdrawn from the Churchill Beverage LLC business account and misappropriated to the unrelated Little Haiti Development Partners LP ("LHDP") account, in violation of SBA rules regulating such CARES ACT funds. Your pattern of misrepresentations as it relates to Churchill's Pub LLC's involvement with Churchill's Pub, in particular the misappropriation of the Emergency Funds (SBAD Treas 310), which you represented to the federal government as being designated to Churchill's business, for your personal enrichment, under false pretense.

Please be advised that we are prepared to defend our right to the full, unbridled management of these funds, consistent with the SBA rules regulating these Emergency Funds in front of the courts and the community. Additionally, your duties as landlord require 1) the long-overdue rectification of open violations on properties we lease; 2) a commitment to an

improvement schedule on the outstanding issues (of which you are well-aware) for properties we lease; and 3) a coordination of lease terms across all rentals in consideration of our time and money invested in properties we lease. To be clear, attention to and resolution of these issues are in all of our shared interests and it is in that spirit that we are providing this opportunity for you to address these matters before any further escalation.

### **Issue 1: SBA Loan Appropriation (SBAD Treas 310)**

Following our anonymous discussions with experts in the matter, including but not limited to the Small Business Administration, it is clear that you procured SBAD Emergency Relief funds for Little Haiti Development Partners LP under false and illegal pretenses. On June 12, 2020, SBAD Treas 310 Funds (\$149,900 USD) were deposited into Churchill Beverage LLC. Later that same day, those funds were wired from Churchill Beverage LLC, to LHDP, and recorded to Churchill's Pub LLC accounting records as "loans payable." Furthermore, Churchill's Pub LLC misrepresented Churchill Beverage LLC's revenue and cost of goods on the Emergency Injury Disaster Loan application. Thus, after initially being credited with emergency funds, they were then surreptitiously wired, by Donita, in violation of the law, to a business wholly owned by Mallory (Little Haiti Development Partners LP). It is clear that the two of you acted in concert to effectuate this unlawful scheme.

As you know, LHDP has never had any business relationship with Churchill's Pub's. Neither of you have any roles or responsibilities in the operation of the business, nor did LHDP have any formal or informal business relationship with Churchill's Pub LLC or Churchill Beverage LLC. Given the current circumstances created by Covid-19, our business is relying on these government support funds. Furthermore, your decision to obtain emergency relief for Churchill's Pub LLC using Churchill Beverage LLC's financials prohibits Churchill Beverage LLC from applying for subsequent pandemic/recession-related funding. Your decision to secretly wire \$149,000 out of Churchill Beverage LLC's rightful custodianship to yourself, without action to remedy, was fraudulent as a matter of law. In any event, pursuant to this correspondence, we are offering you the opportunity to return these funds or in the alternative agree to the attached Use of Funds document, which lays out a generous compromise – these are the only two alternatives the circumstances allow for without further escalation.

## **Issue 2: 40 year Recertification Negligence, Material Omissions, Delay, and Lost Revenue**

When the lease of Churchill's Pub was assumed by District Live Agency in April 2019, it was understood that the teardown of Building 1 was critical to the business' future prospects, creating a substantial new line of revenue. The mutually stated objective was to knock down Building 1, which was being used as offices and storage, in order to create a large backdoor patio as critical to the business' future. DLA as the tenant had offered to both lead and finance this improvement, and so it assumed all architectural costs for the demolition plans and restroom renovations immediately after commencement of the lease for the property at 5501 NE 2nd Ave. However, the Landlord did not disclaim the City's demands for 40 year building recertifications for folio 01-3218-027-0010, Building 1, Building 2, Building 3. The failure to communicate this material fact delayed the demolition and pushed construction into a window that was unacceptable for the business. Instead of activating the additional square footage, this omission resulted in significant loss of revenue from the months of September 2019 through March 2020.

Additionally, you omitted material information regarding the condition of the buildings, primarily that Building 1 - which was being used as offices and product storage - had been deemed an "Unsafe Structure" by The City of Miami. Rent was paid on a portion of the property deemed unsafe, and as tenants we were allowed to occupy this space for months without your disclaimer. This action also delayed the permit with the building department. Despite our offer to address the violation immediately with our own funds (Landlord's obligation) to put ourselves in a condition to capture the additional revenue, you advised that we should delay construction and take advantage of capital improvements from your group and its purported Opportunity Zone dollars. This forced delay, caused by your omission of the Building Code violations with the City (which was the initial cause in construction delays) has resulted in budgeted pro forma revenue loss of approximately \$100,000 over the time period of September 2019-March 2020.

## **Issue 3: Failure to Remedy**

Since April of 2019, your group has yet to remedy the violations including:

- Demolish Unsafe Structure (Building 1 office),
- Kitchen Roof Leak
- Restroom Roof Leak
- Kitchen Gas Leak

Although we provided all requested supporting documentation regarding improvements, contacted multiple vendors for quotes, and invested an additional \$30,000 of operating capital into the business as a backstop to your promises, 15 months have passed without resolution. This has handcuffed the business without use of proper offices, storage, and kitchen - materially damaging the business' revenue. This is particularly true during the ongoing pandemic, which would require an operational kitchen in order to open its doors as a restaurant.

In summary, your misrepresentations, building violations, eminent repair funding, and Covid Emergency Funds have caused material damages and your illegal actions are denying the business critical funds during a pandemic. This is unacceptable to our group and we expect it to be remedied without further delay. With total damages nearing \$250,000, our objectives are simple - to negotiate long-term lease agreements in good faith, to expeditiously remedy the building violations, and for Small Business Administration funds to be placed in our custody, consistent with the representations you made under penalty of perjury in the application for said funds.

**We expect remedy according to the following schedule:**

- 1) August 21, 2020: Return of ALL SBAD Treas 310 to **Churchill Beverage LLC** (\$149,000 USD) with personal guarantee from Franklin Dale which will be used according to program guidelines, as follows:
  - Any additional loans that have been procured or in the process of being procured on behalf of the business and/or stating its operating financials must be placed in Churchill's custodianship
  
- 2) September 1, 2020: Initiate Demolition of Condemned Building 1
  - SBA Treas 310 cannot be utilized for this obligation (under program regulations)
  
- 3) September 1, 2020: Commitment to fix kitchen roof leak, restroom leaks, and kitchen gas leak.
  
- 4) September 15, 2020: Letter of Intent and Commitment of Improvements to the following properties.
  - 5501 NE 2 Ave
  - 5524 NE 2 Ave
  - 5528 NE 2 Ave

- 175 NE 55 St

5) September 15, 2020: New, long-term, synchronized leases across properties that reflect past conversations.

- 5501 NE 2 Ave
- 5524 NE 2 Ave
- 5528 NE 2 Ave
- 175 NE 55 St
- 186 NE 56 Ave

We look forward to reengaging in a cordial manner and reestablishing long-held commitments and shared goals.

Franklin Dale  
Managing Partner, District Live Agency