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October 31, 2013

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Greensboro, NC 27401

**Re: Michael and Ramona Woods and BNT Ad Agency LLC.**

Dear City Manager, Mayor and Councilmembers:

We represent Michael and Ramona Woods (“the Woods”) and BNT Ad Agency, LLC (“BNT”) concerning their claims of Racial discrimination, Bad Faith and Conspiracy to violate their Civil Rights. The Woods are proud, hard-working, community conscious African-American and Hispanic U. S. citizens of Greensboro, North Carolina. They are the sole owners of BNT, a Minority (African American & Hispanic), owned company. The Woods’ 20 year investment and involvement in the business and civic activities in Greensboro has positively impacted the economic and job base of the City.

#### ALSO ADMITTED

\*\* D.C. Bar  
+ MI Bar  
■ GA Bar  
◊◊ NY Bar  
▶ NJ Bar

The Woods have invested millions of dollars and resources into economic development and into their business enterprises in Greensboro. During the Fall of 2010 BNT developed the concept of Black Network Television (BNT) and in 2011 launched BNT, a regional television network that reaches more than 4.2 million viewers in 28 counties of North Carolina and Virginia. The Woods' vision, in forming BNT, was to turn Greensboro, NC, a Southern city with a rich history in the civil rights movement, into the "New Hollywood South", with national and international exposure. The cornerstone of the Woods' vision was the development of a family oriented comedy Sitcom, named "Whatcha Cookin'?" ("Whatcha Cookin").

The Woods started work on the Sitcom in early 2011, with the hope and vision of developing the Whatcha Cookin Sitcom and of expanding the BNT Television Network into a national and international media presence. Whatcha Cookin was to be aired on national stations reaching 80 million TV Households each week during the 26 week airing season, between January 4 to June 28, 2014.

Whatcha Cookin was geared to have a substantial impact on economic development in Greensboro and would create jobs, training, skills and employment opportunities, as well as establishing a new industry presence, which had the potential of turning Greensboro, a southern city with a rich history in the civil rights movement, into the "New Hollywood South", with a national and international exposure.

Greensboro was aware of BNT's presence and the Woods' 20 year involvement in the Greensboro business community, which included the operation of several enterprises on the business premises owned by the Woods, on Eugene Street ("the Campus"). During April, 2013, the Woods discussed with various Greensboro officials and they explained what BNT's Sitcom and a successful Greensboro based television network would mean to Greensboro, in terms of job creation, skills and training in a new industry, economic development and the potential of national and international exposure to Greensboro. At that time, BNT had already invested more than \$800,000.00 in the infrastructure, development and production of the Whatcha Cookin Sitcom and BNT's highest priority was the completion of the production of the final episodes needed for possible syndication in time for the 2014 Television Season. Various City officials, including members of Greensboro's Economic and Business Development office, concurred that the City should support BNT's Whatcha Cookin Sitcom project.

The City suggested that BNT submit an application for a loan and agreed to assist BNT in framing an application for a \$300,000, ten year, economic development loan for presentation to the City Council. By recommendation of City Officials, BNT invited the entire City Council to its studio to present the status of the economic development

already in progress along with the Sitcom project and to outline BNT's need for additional funds to complete shooting the final episodes needed for the syndication of the Whatcha Cookin Sitcom in time for the 2014 Season.

The \$300,000 economic development loan to BNT was to be secured by the Woods' personal residence located in Greensboro, NC, which had more than enough equity to fully collateralize the Loan. The amount of equity in the residence was confirmed by a May 28, 2013, appraisal done by LR Appraisals, Inc., an Appraiser chosen by the City, which confirmed a value of \$975,000, resulting in equity well over \$300,000 after consideration of all existing loans secured by the residence.

The Loan was approved at the June 18, 2013 City Council meeting by a 7 to 2 vote. BNT made it clear that, because of the critical timing issues involved, time was of the essence in completing the remaining episodes and that prompt funding of the approved loan was critical. Following the approval, and in reliance on assurances that the funds would be forthcoming within days, BNT immediately made substantial financial commitments, including shooting 5 more of the required 13 Episodes, and gave assurances to the industry that the Sitcom would be ready.

Following the June 18, 2013 Loan approval, it was brought to the Woods' attention that the Resolution drafted would have to be amended to reflect that the City's security position would be a 3<sup>rd</sup> instead of a 2<sup>nd</sup>. This amendment was required because the Resolution drafted by the City Attorney, stated that the loan will be secured by a note and deed of trust with the City's interest secured by "no more than a second lien" on the real property and improvements.

The Resolution was drafted, despite the fact that, prior to placing the Loan on the June 18, 2013 agenda, the City had full details regarding the amount and nature of the liens against the Woods' residence, including the fact that there was already a "first" and "second" lien against the property. Under the circumstances, the Woods were under the impression that the purpose of the special meeting was perfunctory, i.e. for the purpose of correcting the language in the Resolution to state that the City's interest would be secured by "no less than a 'third' (instead of a 'second') lien".

Notwithstanding the prior assurances made on June 18, 2013, at the July 16, 2013 City Council meeting – just one month after GREENSBORO had approved the loan and assured the Woods that the funding would be forthcoming within the next few days, Greensboro, using as a pretext, that it was not willing to take a "third", instead of a "second" security position, renege and revoked the previous loan approved.

The risk factor and the extent of the City's security position had not changed and there was no question concerning the sufficiency, credit worthiness or the equity in the residence since the June 18, 2013 approval.

There was no good faith justification for renegeing on BNT'S Loan that had already been approved by a 7 to 2 vote under any fair application of Greensboro's own rules, practices and procedures governing economic development loan evaluation, including the available discretion, as afforded to other, non African American & Hispanic applicants. Whether secured by a "2<sup>nd</sup>" or a "3<sup>rd</sup>", the amount of the net equity in the property was more than sufficient to fully secure the \$300,000 City loan. Significantly, Greensboro had taken a 3<sup>rd</sup> security position and approved economic development loans on several other loans made to non African-American & Hispanics.

During the period prior and after BNT's loan application, GREENSBORO has approved economic development loans/grants to non-African Americans persons and entities, some of which were not backed by full equity security, including the following: Gerbing (\$150,000 grant), Ashley Creek Apartments (\$391,000 loan at 1.5%), Oakley LLC (\$100,000 forgivable loan & \$100,000 incentive Grant), GPAC Performing Arts Center (\$51 Million including debt cost); Aquatic Center (\$12 Million); Nussbaum Project (\$ 1.2 Million Loan with 3yr. deferred interest and principal payment); Disparity Study (\$250,000); Carolina Theater (\$100,000); Parity Study (\$90,000).

In applying for the Loan, BNT was not seeking a "set aside", a handout, or any other special advantage based on its African-American & Hispanic identity, but was merely expecting to have the application considered on its merits, and on an equal basis. The totality of facts and circumstances pertaining to the process leading to the renegeing on BNT's loan application, including the stark disparity in the treatment of BNT's loan application, as compared to the approval of numerous loans and grants made to non African-American & Hispanic applicants, leaves BNT with little choice but to believe that Greensboro's renegeing on BNT's loan application was motivated by their African-American & Hispanic race. BNT's belief is confirmed by the evidence of Greensboro's pervasive and widespread policies and practices of disparate treatment of African-Americans & Hispanics when it comes to economic development. The June, 2012 "Disparity Study for the Minority/Women Business Enterprise Program" during the period from 2005 to 2012, demonstrates that Greensboro has a dismal track record in making economic development disbursements to African-Americans & Hispanics. This report clearly shows that out of \$329 Million dollars Minority owned businesses received less than 2%. Out of \$92 Million dollars in economic development expenditures one year Greensboro disbursed only \$200,000 to African Americans.

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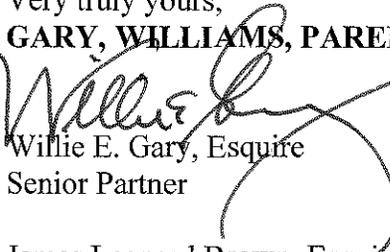
BNT feels that the renegeing on the loan approved on June 18, 2013 was a result of intentional race discrimination. Greensboro's stark disparity in treatment of BNT's application was unfair and in contrast to numerous other loans and grants made to non African-Americans & Hispanics. The thin excuse that the City could not take a 3<sup>rd</sup> security position for failing to go forward compels the conclusion that race discrimination was the true reason for the renegeing on BNT's loan approved at the June 18, 2013 meeting. My clients are sad that, in Greensboro, a City where the Greensboro Four sat down for Civil Rights in the Sixties, that they must now stand up for the right not to be denied access to economic capital opportunities on the same basis as all other Greensboro citizens.

Greensboro's backing out on its promise resulted in the derailment and the abortion of BNT's entire Network efforts. BNT and the Woods suffered irreparable damage to professional character, reputation and credibility, thus becoming "damaged goods" in industry parlance. For example, as to potential we reference BET under the direction of Bob Johnson started with one slot, one hour every Friday and recently sold for 3 Billion Dollars and they currently employ approximately 500 people and generates a half a Billion Dollars per year.

Based on the egregious and flagrant nature of the discriminatory actions by the City and on the massive, irreparable damages suffered by BNT and the Woods, we have valued the compensatory damage claims in excess of \$50,000,000.00.

Please consider this correspondence as a good faith pre-litigation demand to settle this matter. Our clients are open to resolving these issues by way of mediation or through settlement negotiations. We look forward to hearing from you within ten (10) days from the date of this letter.

Very truly yours,  
**GARY, WILLIAMS, PARENTI, WATSON & GARY, P.L.**



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