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PLEASE VERIFY BEFORE SENDING

Unverified AI draft. Every fact must be checked against the records before use. It is not legal advice. Fill in every [ADD: …] placeholder, set the demand amount, confirm anything marked [VERIFY], and delete this box before sending.

- 1 citation could not be confirmed against the uploaded files (wrong page, or an amount or date not found on that page). It is marked [VERIFY: citation not confirmed].
- The firm notes say the claim is the Company's own, authorized by members holding 70% after Mr. Whitlock's removal. Confirm the authority, the removal's validity under Section 6.10, and that the letter should come from the firm on behalf of the Company with Ms. Ashworth as the current Manager. Mr. Whitlock holds 30%.
- The loss total of $145,700.00 is the sum of the three amounts as read from the accountant memo (the same figure the memo gives). Please recheck the arithmetic. The memo says "Review continues," so the letter reserves the right to supplement.
- The rent and paving figures rest on a January 22, 2026 broker opinion and two January 2026 bids, measured against 2024 transactions. Expect a timing and valuation challenge. The broker opinion and bids are not in the file, so obtain them.
- Section 6.5 requires written disclosure to, and approval by, a majority of interests not held by the Manager. The records show "No member approval attached" (lease) and no written disclosure of the sibling relationship (paving). Mr. Whitlock's December 15, 2025 email says Ms. Ashworth "never complained," so expect an acquiescence or ratification argument. Confirm with Ms. Ashworth and Mr. Kirby what they knew and whether any disclosure or approval exists.
- Not stated in the sources: Mr. Whitlock's ownership share in Whitlock Boat & RV Storage LLC (he signed as "Member"), and whether Thomas Whitlock has an ownership interest in Lowfield (he is President). Both bear on "interest" under Section 6.5 and on "improper personal benefit" under Section 6.8.
- The $14,600.00 transfer is described only as lacking an invoice in the files. The sources do not say who authorized it or whether it is a legitimate reimbursement.
- The lease's term and termination provisions are not in the records, so the demand to end the side lease has placeholders. Consider whether to copy Whitlock Boat & RV Storage LLC and Lowfield Paving & Grading Inc.
- The documents are an excerpt only. Check the full Operating Agreement for indemnification, advancement, dispute-resolution or arbitration terms. The excerpt's section numbers are out of order (6.10 follows 8.2). The accounting start date is a placeholder (the Agreement is effective January 15, 2021).
- Marked [VERIFY]: South Carolina rules on derivative demand prerequisites, and on fiduciary standards and exculpation or indemnity terms.

- Placeholders remain for the firm address, date, delivery method, Mr. Whitlock's address, demand amount, response deadline and file number. The firm notes gave no deadline.

Pendleton Marsh LLC
[ADD: firm street address]
[ADD: city, state ZIP]
[ADD: phone] · [ADD: email]

[ADD: date]

VIA [ADD: delivery method]

Grant Whitlock
[ADD: street address]
[ADD: city, state ZIP]

Re: Demand for Restitution, Accounting and Corrective Action – Breach of Fiduciary Duty – Coastal Pines Self Storage LLC – Our File No. [ADD: file number] – Conduct from March 1, 2024 through December 8, 2025

Dear Mr. Whitlock:

Introduction

We represent Coastal Pines Self Storage LLC (the "Company") regarding your conduct as Manager of the Company. The Company is the owner of the self-storage property at 4100 Saltmarsh Highway, Port Elliott, South Carolina [operating_agreement_excerpt.pdf p.1]. By written consent dated December 8, 2025, Ruth Ashworth and Desmond Kirby, holding 70% of the Company, removed you as Manager effective immediately, appointed Ms. Ashworth as Manager, and authorized the Company to pursue claims against you [operating_agreement_excerpt.pdf p.1]. This letter is sent on the Company's behalf. If you are represented by counsel, please forward it to your attorney.

The relationship and the duty

The Operating Agreement of the Company, effective January 15, 2021, appointed you as Manager to "manage the day-to-day business of the Company" [operating_agreement_excerpt.pdf p.1, Section 6.1]. Section 6.5 provides that the Manager "shall act in good faith and in the best interests of the Company." It also provides that the Manager "shall not engage in any transaction with the Company in which the Manager or a Family Member has an interest unless the transaction is disclosed in writing to and approved by Members holding a majority of interests not held by the Manager" [operating_agreement_excerpt.pdf p.1, Section 6.5]. "Family Member" includes a "spouse, parent, child or sibling" [operating_agreement_excerpt.pdf p.1, Section 6.6].

Section 8.2 requires the Manager to "keep complete books of account at the Company's office" [operating_agreement_excerpt.pdf p.1]. Section 6.8 relieves the Manager of liability for "honest mistakes of judgment," but preserves liability for "willful misconduct, knowing violations of this Agreement, or transactions from which the Manager received an improper personal benefit" [operating_agreement_excerpt.pdf p.1].

The conduct

The Company's records and its forensic accountant's review show the following transactions, in date order.

The ground lease to your company. On March 1, 2024, the Company, "by Grant Whitlock, Manager," leased a 1.8-acre rear parcel at 4100 Saltmarsh Highway to Whitlock Boat & RV Storage LLC, "by Grant Whitlock, Member," at $900.00 per month [transaction_records.pdf p.1]. The copy of the lease in the Company's records has no member approval attached [transaction_records.pdf p.1]. The Company received $900.00 per month from March 2024 through November 2025, a total of $18,900.00 [transaction_records.pdf p.1]. A broker opinion from Seaside Commercial Realty dated January 22, 2026 puts market ground rent for the parcel at $4,200.00 per month, a shortfall of $3,300.00 per month, or $69,300.00 for March 2024 through November 2025 [accountant_review_memo.pdf p.1]. A listing for Whitlock Boat & RV Storage at the rear lot, printed October 2, 2025, advertises "62 covered and open spaces, from $95 per month" [transaction_records.pdf p.1].

The paving contract with your brother's company. On June 10, 2024, the Company, "by Grant Whitlock, Manager," contracted with Lowfield Paving & Grading Inc. to repave the drive aisles and rear lot for $186,500.00 [transaction_records.pdf p.1]. Lowfield's President is Thomas Whitlock, your brother [transaction_records.pdf p.1]. The Company's files contain no competing bids and no written disclosure that Thomas Whitlock is the Manager's brother [transaction_records.pdf p.1]. The Company paid Lowfield $93,250.00 on June 14, 2024 and $93,250.00 on August 30, 2024 from its operating account at Harbor Federal Bank [transaction_records.pdf p.1]. Two bids obtained in January 2026 for the same scope of work, using the original drawings, came in at $118,000.00 (Brightline Asphalt) and $124,700.00 (Carolina Coastline Paving). The amount paid above the higher bid is $61,800.00 [accountant_review_memo.pdf p.1].

The unexplained transfer. On April 5, 2025, the Company paid $14,600.00 to Whitlock Boat & RV Storage LLC with the memo "reimbursement." There is no invoice in the Company's files [accountant_review_memo.pdf p.1].

The Company's records. The Company's general ledger for 2025 is incomplete, and the Company laptop and bookkeeping login have not been returned [accountant_review_memo.pdf p.1]. On December 9, 2025, Ms. Ashworth asked you in writing to return the laptop and login and to send the 2025 ledger by December 19, 2025 [accountant_review_memo.pdf p.1]. On December 15, 2025, you replied that "[t]he lease and paving were good deals for everyone and you never complained," and that "I will get the laptop to you when I have time"

[accountant_review_memo.pdf p.1]. As of February 3, 2026, nothing had been returned [accountant_review_memo.pdf p.1]. Section 6.5 requires written disclosure and member approval for these transactions. The absence of a complaint is not a substitute.

On this record, the transactions appear to fall within the categories for which Section 6.8 preserves the Manager's liability. They were transactions between the Company and entities in which you or a Family Member had a role, and they were made without the written disclosure and approval Section 6.5 requires [operating_agreement_excerpt.pdf p.1; transaction_records.pdf p.1].

Losses

The Company's losses identified to date are:

Transaction	Date	Amount	Source
Ground lease rent shortfall (market $4,200.00 vs. $900.00 per month; $3,300.00 per month)	March 2024 through November 2025	$69,300.00	[accountant_review_memo.pdf p.1] [VERIFY: citation not confirmed]
Paving contract paid above the higher competing bid ($186,500.00 paid; payments of $93,250.00 on June 14, 2024 and August 30, 2024)	June 10, 2024 (contract); June 14 and August 30, 2024 (payments)	$61,800.00	[accountant_review_memo.pdf p.1; transaction_records.pdf p.1]
Unexplained "reimbursement" to Whitlock Boat & RV Storage LLC	April 5, 2025	$14,600.00	[accountant_review_memo.pdf p.1]
Total (as read from the bills)		**$145,700.00**	[accountant_review_memo.pdf p.1]

The accountant's review is continuing, and the Company's 2025 ledger is incomplete because of the records you have not returned [accountant_review_memo.pdf p.1]. Any additional losses, including losses from the missing records, are [ADD: additional losses, if any, once the review is complete]. The Company reserves the right to supplement this figure.

Demand

On behalf of the Company, we demand that you:

- Pay restitution to the Company in the amount of [ADD: demand amount].
- Provide a full written accounting of your time as Manager, from your appointment under Section 6.1 through December 8, 2025 [ADD: confirm start date; Operating Agreement effective January 15, 2021]. The accounting should cover all transactions between the Company and you, any Family Member, Whitlock Boat & RV Storage LLC, or Lowfield Paving & Grading Inc., including all payments, receipts and supporting documents.
- Return immediately the Company laptop, the bookkeeping login and all Company books and records, including the complete 2025 general ledger [operating_agreement_excerpt.pdf p.1, Section 8.2; accountant_review_memo.pdf p.1].

- End the March 1, 2024 ground lease with Whitlock Boat & RV Storage LLC and surrender the rear parcel to the Company by [ADD: surrender date], on the terms of [ADD: lease termination provisions, not in the records].
- Preserve all documents, devices and electronically stored information relating to these matters. This includes the Company laptop, email, text messages, bids and communications with Lowfield Paving & Grading Inc. and Thomas Whitlock, and the books, bank records and rent records of Whitlock Boat & RV Storage LLC. Do not delete, alter or discard any of it.

Please respond in writing by [ADD: response deadline]. The Company reserves all rights, claims and remedies, whether against you or any other person or entity, and nothing in this letter waives any of them.

Jurisdiction points

The Operating Agreement is governed by South Carolina law [VERIFY: South Carolina rule on fiduciary standards and any exculpation or indemnity terms in the governing documents]. Because this demand is made on behalf of the Company under the members' written consent, we have addressed it to you directly [VERIFY: South Carolina rule on derivative demand prerequisites]. We expect you to address the exculpation provision in Section 6.8 of the Operating Agreement in any response.

Sincerely,

Olivia R. Pendleton
Pendleton Marsh LLC