

March 22, 2017

Via E-Mail ([indagrodarryl@gmail.com](mailto:indagrodarryl@gmail.com)) and U.S. Mail

Darryl Cotton  
6176 Federal Blvd.  
San Diego, CA 92114

Re: Larry Geraci v. Darryl Cotton  
San Diego Superior Court Case No. 37-2017-00010073

Dear Mr. Cotton:

I represent Larry Geraci in connection with his claims against you arising out of your November 2, 2016, written agreement for the purchase and sale of 6176 Federal Blvd. (the "Property").

The November 2, 2016, written agreement is a valid, binding and enforceable agreement between Larry Geraci and you for the purchase and sale of the Property according to its terms and conditions. Mr. Geraci has undertaken substantial efforts in both time and money (in excess of \$300,000) in connection with attempting to obtain CUP approval for a medical marijuana dispensary at the Property. As stated in that signed and notarized agreement, the purchase price is \$800,000.00. You have been paid \$10,000.00 and, in the event the condition precedent of obtaining CUP approval is satisfied, then the remaining balance of \$790,000.00 will be due to you from Larry Geraci and you will be obligated to transfer title to Larry Geraci or his assignee.

Implied in every contract is a covenant of good faith and fair dealing that prohibits one party from taking any action that deprives the other of the benefits of the contract. As you know the CUP process can take a long time. Mr. Geraci has been doing everything he can to move that process forward and remains confident that CUP approval will be obtained. Unfortunately, your actions taken to sabotage the CUP process have breached the implied covenant, interfered with Mr. Geraci's attempts to obtain CUP approval, and served to expose yourself to liability for damages. For example, yesterday, March 21, 2017, you made good on a prior threat and contacted the City of San Diego seeking to wrongfully withdraw my client's CUP application. You had no basis for doing so. And then later that day you doubled down on that wrongful conduct by incorrectly stating to Tirandazi Firouszeh of the City that you and Mr. Geraci have failed to finalize the purchase of the property and that there is nobody but yourself with an interest in the property. Those statements are incorrect as the written agreement is a valid, binding and enforceable agreement for the sale of the property to Mr. Geraci. It is apparent you hope by these tactics to either sell the property to a higher bidder or force Mr. Geraci to acquiesce to your demands for additional terms and conditions that were not part of the written

agreement for the sale of the property to Mr. Geraci. This will not happen. Mr. Geraci has expended substantial sums directed at obtaining CUP approval of the property as a medical marijuana dispensary and, rather than walk away from that investment, has every intention of seeing that process through and satisfying the CUP approval condition in the written agreement.

Mr. Geraci has authorized us to proceed with legal action to enforce his rights under the purchase and sale agreement. Attached please find a copy of the Complaint that we have filed initiating a lawsuit against you along with the Summons and Notice of Case Assignment issued by the Court as well as a copy of a Notice of Pending Action (lis pendens) that we have recorded with the San Diego County Recorder and filed with the Court.

We are fully prepared to march down the litigation path as necessary to fully protect Mr. Geraci's rights. He recognizes that doing so will cost both of you tens of thousands of dollars in attorneys' fees that neither of you will be able to recover from the other. Nevertheless, he has the resources to do so and is prepared to do so to protect his substantial investment in the project. He recognizes that is in both your best interests to work out a resolution of these issues as soon as possible and avoid further litigation. There is still a window of time to do so even though the lawsuit has been filed. If you are interested in attempting to resolve this and avoid the time and expense of litigation, then please contact me or Mr. Geraci so we can move forward towards a resolution. If not, you can expect to be served immediately with the Summons and Complaint.

Finally, this letter serves as a formal demand that you immediately cease and desist from any conduct that might adversely impede or affect efforts to obtain CUP approval for a medical marijuana dispensary at the Property. Should you do so then you will be acting at your own peril by subjecting yourself to further liability for substantial damages. That would be a costly mistake. Please confirm that you will take no action with the City of San Diego or anyone else to interfere with or impede Mr. Geraci's efforts to obtain CUP approval.

Respectfully,



MICHAEL R. WEINSTEIN, for  
Ferris & Britton, APC

MRW/

cc: Larry Geraci