

ATTORNEY-CLIENT PRIVILEGED

I started typing up this narrative on 12-14-18 as a result of events that have taken place since Dec. 5 as memory fades over time, and this debacle is broadening.

On Wed, Dec. 5, I met with Sandy in my office for our regular weekly meeting. She had nothing in terms of new projects or updates, but we did talk about Tim, as he wasn't present and she reminded me that he was in NYC. I asked how he was doing, as I usually do when he is not present, and she told me that he wasn't working out and that she was going to let him go, unless he brings back something remarkable from NYC, which she did not anticipate happening.

We had talked about the annual meeting before, I believe, and Mark having addressed the group previously and that Sandy had tried to get up with Johnny Gardner to make arrangements for the upcoming meeting but had not heard back from him. Sandy said she contacted him again to discuss whether he would address the group, or wanted Chris to do it this time, or a combination. She said that a meeting was scheduled for her to meet with him, but at the meeting it was both Johnny Gardner and Luke Barefoot. Luke did the talking and asked if it was OK for him to speak freely in front of Sherri, who Sandy had brought along. Sandy said that Luke asked her who did public relations for the EDC. Sandy told him that EDC did their own. Then Luke told her that Paul Gable was getting ready to print an article against the EDC pointing out her lack of education specifically, and that she could head that off, and any similar blogs in the future, by retaining Donald Smith to do the EDC's public relations. Sandy told me proudly that she told him to tell Paul Gable to go ahead and print the article as she had a degree she could show everyone. She said that Luke also inquired about how much authority she had to retain Donald Smith without going through the EDC Board, and that she could get those services for \$30,000 or \$40,000 (I forgot which she mentioned). Sandy scoffed at the idea of spending that much for PR work, and told Luke Barefoot that the limit of her authority was only \$5,000. I told her, good for her, to stand up for herself as she did. She said that Luke Barefoot did all the talking, and Johnny Gardner just sat there listening. I asked her if she had mentioned this to anyone else, and she said she had told Fred Richardson and Chris Eldridge. When I asked what their take on it was, she said Fred was very mad and said he was going to call Luke Barefoot and give him a piece of his mind. She said that Chris was upset as well. She said that she also had talked to Donald Godwin who told her that they had done the same to him, and that he had paid, and that it didn't matter because when you stop paying they'll write bad stuff about you anyway.

When I saw Chris, I mentioned the discussion I had with Sandy, and he said basically she had told him the same thing. He said he was going to meet Sandy later in the day, and would inquire more about it.

The next day, Thursday, Dec. 6, I saw Chris and asked him how it went. He said that remarkably, Sandy told him that there was a recording of the meeting, done by Sherri. Chris provided some information that I wasn't aware of: that Sandy spoke with Luke Barefoot before the meeting; that because of her discussion with Luke Barefoot, she became concerned about going alone to the meeting and decided to bring Sherri with her; that apparently she mentioned bringing Sherri along

during her pre-meeting discussion with Luke Barefoot, and that's when Luke Barefoot inquired whether he could speak freely in front of her; that apparently, the meeting was for more than making arrangements for the upcoming annual meeting; that Sandy and Sherri discussed recording the meeting because of their concerns, and were figuring how to do it without the others noticing it. Chris expressed his desire to obtain a copy of the recording, and Chris asked me to call Sandy to ask her for a copy. In the meantime, Scott Ritchie was called over so that he could assist us in getting a copy of the recording off of Sherri's phone.

I called Sandy, according to the directory on my desk phone at 10:48 am on Dec. 6, to follow up with Chris' request. She had to speak somewhat softly and explained that she was in Pawley's Island for some meeting. When I relayed to her Chris' request, she became anxious and said she would not provide it, that she would delete it rather than provide it, that she did not want to get anyone in trouble, and that this is not what she signed up for. I asked her to hold on while I got Chris, because he needed to listen to this. Chris was not in his office and did not answer his cell phone. But then he texted me that he was in the restroom (according to my cell phone, the text was at 10:50 am) and I responded that Sandy was on the phone and that I needed him. After a little while Chris came to my office, and I told him that Sandy did not want to give over the recording, and I asked Sandy to please repeat what she had told me. She basically said she did not want to do it. She said that's what she gets for opening her mouth. I said not saying anything could get her in trouble also (said more so that she wouldn't feel like she did something wrong by letting others know what had happened). I asked her what if what was done was in violation of the law somehow, she responded that she wasn't going to press charges anyway. When told that this was a County/MBREDC issue, not hers personally, and that she had been asked by the Administrator to turn over the recording and that she was a County employee and would just be doing what the Administrator was requesting, she maintained firm that she would not turn it over, but would keep it (I think). She said it was not recorded on a County phone, and I told her that I didn't think that really mattered. She said she was going to call Neyle about the situation, and I said that was a good idea if she felt that would help the situation.

Chris himself then reached out to Neyle and I believe got a text from him saying that he was in some kind of Board meeting. Chris called and spoke to Fred, who relayed that he was mad because he thinks they took advantage of Sandy and Sherri because they were women. I called Scott Ritchie who had been trying to reach me during this time, and told him to stand down.

The next thing that happened relating to this is a voicemail message a got from Neyle Wilson saying that he was returning my call. I called Chris but did not get him, and got a text from him right away that he was in a deer stand (not able to speak), so I texted him that Neyle had left me a voicemail message saying that he was returning my call, but that I had not called him (according to my cell phone, the text was at 4:01 pm on Dec. 6). Chris forwarded to me a text he had sent to Neyle earlier asking him to call me. So, I called Neyle Wilson.

I relayed to Neyle everything Sandy told me and what Chris said she told him about what Luke Barefoot said about the upcoming Gable article and what was offered to head it off. Neyle listened, but then said that it appears that his interpretation of what Sandy told him happened was different from our interpretation of what she told us. I thought that was an interesting choice of words,

seeing how that observation assumes that everyone was told the same thing. But I used that terminology from that point forward. He said that Sandy said there was nothing to it, that basically it was just said in passing. Luke Barefoot was involved because he had been associated with the old EDC, Partners. I told him that because there was a difference in interpretation that was all the more reason to have the recording as that was the best evidence of what actually was said. He agreed. But he said that at any rate the recording is hard to hear because he believes they were in a restaurant or place like that when it happened. He said that Sandy had spoken with an attorney. He said that she told him that she was told that what she was doing was obstruction of justice. I told him twice that I never said that, and would have no reason to. He said that she told him I said it made no difference that it was not recorded on a County phone. I told him that I had said I didn't believe that mattered. I told him that Sandy also told me that Luke had asked her about the extent of her authority so that she could hire Donald Smith without having to go to the Board. Neyle said she did not tell him that. He said basically that she was concerned that Gardner and them had said negative things about the EDC, and was afraid that this would make matters worse, and that they would really be against her. He suggested that it was best just to leave the matter alone. I questioned about possible recurrence. He saw my point. I suggested that maybe just let Chris listen to the recording as I believe Sandy previously had offered that. He suggested in return that he just listen to it, and only the part of the conversation dealing with the upcoming Gable article and what was offered, and report to us his interpretation. I reiterated my belief that Chris has a right to hear it for himself. He seemed to agree. He said he believes there was in fact a "veiled threat" that was made. He said he would speak with Sandy about it, and that in fact she was calling him at the moment.

When I relayed all of this to Chris later in the evening, he said the restaurant they went to was the Bistro. Also, he said that Sandy had told him that she was not aware that Sherri was actually going through with the recording until she inquired later and found out that she did.

On December 17, 2018, I received a request from Scott Bellamy to meet with me. With the help of Gina Livingston, a meeting for 2 p.m. was scheduled in my office. I thought Scott was coming to see me to follow up with me on the drowning cases. When in my office, Scott said he represented Donald Smith, and that he had an email in which the Administrator said certain things about Donald Smith, and that Donald Smith had nothing to do with the meeting and anything that was said, that he couldn't control what others may have said, and that he didn't want Chris to say anything more as that may affect his business. He said that the email said that Chris was going to brief County Council on Tuesday, and asked if there was any way Chris could hold off doing so. He stated his belief that the EDC was separate from HCG, and only received funds from HCG, and that all this should be in the hands of the Board of EDC, and if they determined there was something to it, then County Council could become involved. I asked to see the email he was referring to and, after some reluctance, he handed it to me. It was an email that was sent from Sandy Davis to Jim Apple and Fred Richardson, forwarding this email from Chris to Neyle Wilson and the string under it:

From: Eldridge, Chris

Sent: Wednesday, December 12, 2018 12:24 PM

To: Wilson, Neyle <Neyle.Wilson@hgtc.edu>

Cc: Sandy Davis <sandy.davis@mbredc.org>; Mark Lazarus <mlazarus@lazarusentertainment.com>; Carotti,

Arrigo <CarottiA@HorryCounty.org>; Gary M. Loftus <gloftus@coastal.edu>
Subject: Taped Recorded Barefoot-Gardner Conversation

We can discuss it at the board meeting tomorrow. Either way, I will talk with my Council at Tuesday night's meeting, too. The conversation points that Sandy shared with Arrigo and I from her meeting with Luke Barefoot and Johnny Gardner – payment to Donald Smith for a public relations contract, complete with detailed questioning on what Sandy Davis could approve herself without board approval – could be viewed as unethical and possibly illegal. That Donald Smith worked Johnny Gardner's campaign is widely known. Asking for thousands of dollars to be funneled to him is very concerning. An unwillingness to share the taped recording of the conversation raises even more concerns – a taped recording, I may add, that you, Sandy and Sherri acknowledge exists and has been downloaded to a Dropbox file. Something of this nature can't be "brushed under the rug." Doing so jeopardizes the credibility of the MBREDC and all it has accomplished.

I've copied in Mark and Gary, since they are both board members and bosses of mine.

Scott Bellamy told me that he understands there was a recording. I told him that there appears to be more than one version of what took place, and that the best evidence of what took place would be the recording. He agreed whole heartedly that we all should sit down and listen to it.

Scott also told me that Sandy hired Morgan Martin to represent her and that he had spoken to Morgan. Morgan told him that Sandy told him there was nothing to it, and that the recording was made because Fred Richardson (he had difficulty with his name as well as Sandy's, apparently not knowing them) was tending to his wife who was dying, and could not make the meeting himself, so told Sandy to take good notes.

Again, I reiterated that there appears to be more than one version of what took place, and that a review of the recording seemed to be the best approach, to which he agreed. I told him I would relay his client's concerns to Chris. Scott told me that he would relay to Donald Smith that we met and that it was a good meeting. We also talked about our days in law school, our families, our careers, and the practice of law today.

On the afternoon of Tuesday, December 18, 2018, I received a voicemail message from Scott Bellamy who indicated that he was traveling and that he was following up to see if I had spoken to Chris about what he and I talked about. I did not return his call.

A meeting was scheduled for Chris, Mark, Gary, and me to go to EDC to listen to this recording for Wednesday, Dec. 19, 2018. I arrived 5 minutes early, the next to arrive was Gary, then Mark. Chris was running late. Mark went to the back. When Chris arrived, he, Gary, and I went to the back, which was Sandy's office, in which was a round table around which Neyle, Mark, Chris, I, and Gary sat around. Behind her desk was Sandy, and seated in another part of the room was Sherri.

After some brief remarks, Mark began by saying that the \$40,000 was discussed before the meeting. And that the prior discussion was what concerned Sandy about the meeting leading to the recording. This was information he apparently was told. I was given the opportunity to explain my dismay with having been brought into this situation, as I was the attorney and shouldn't have been. I also explained that I have been told several different versions of what took place, and didn't know what actually had taken place. There was some more discussion, but then the recording was played over a speaker that was placed in the middle of the round table. The recording was of good quality, although there was a lot of background noise consistent with a restaurant.

I could hear Sandy's voice and a gentleman's voice, who I assumed was Luke Barefoot. What I recall specifically was the gentleman saying that Donald Smith was in the shadows and could influence votes or was somehow in control behind the scenes. He also mentioned "the figure we had discussed", could be paid to Donald Smith for something having to do with the Beach Ball Classic, and that "would give you political cover".

We were played only about 4 minutes of what I understand was an hour and a half long recording. Although asked if we wanted to hear anything else, I deferred to the client.

While it was suggested that it might be best to leave well enough alone, and that the recording would be preserved in case anything came up later, I advised that I would not suggest that the 7 in the room decide that we were going to conceal the matter. I indicated that I could not be privy to that, and that I had prepared this narrative, would be finishing it up when I got back to the office, and would be sending it to Chris and Mark, as I believed that I was responsible for advising my client of what all I have been told.

The issue came up of whether I wanted a copy of the recording and I responded that I would defer to my client in that regard. Chris said he wanted a copy. Mark suggested that a request be made, and if denied, then Council could be informed. So, we left it that Chris would make an official written request for a copy of the recording. Sandy was strong in her unwillingness to provide a copy.

I have written this to the best of my recollection.

Arrigo