

## **Hip Hop Isn't Dead - And Death Row Records is Still For Sale**

Written by Robert ID4500

Friday, 22 August 2008 16:51 -

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It seems that the news of hip hop mogul Marion 'Suge' Knight's Death Row Records having a new owner, GMG, may have been a little premature. The sale of Marion 'Suge' Knight's hip hop and rap power house record label Death Row Records to Global Music Group Inc. and Entertainment One LTD. is not the 'done deal' that has been reported.

Court documents show that R. Todd Nelson, Chapter 11 Trustee of debtor Death Row Records Inc. and Richard K. Diamond, Chapter 11 Trustee of debtor Marion 'Suge' Knight Jr. have filed a lawsuit in US Bankruptcy Court Central District of California, Los Angeles Division against Global Music Group Inc., a New York Corporation; Entertainment One LTD.

Apparently the sale of the hip hop powerhouse label was never paid for. And in court documents filed by the Trustees' under 'Complaint for Declaratory and Injunctive Relief, it seems now that GMG does not have any Tupac (2Pac) music to release any album with, like they have been saying, causing internet Tupac fan sites to light up with anticipation of what they (GMG) were going to do with Tupac's (2Pac) music. No masters or any other music from the Death Row Catalog has been turned over to anyone yet. The Trustees' are seeking a new buyer for the assets of Marion 'Suge' Knight's hip hop / rap label Death Row Records.

### **In the Case No. 2:06-bk-11205-VZ, the Preliminary Statement states:**

This Adversary Complaint is brought by the Trustees of the Death Row Records and Knight Estates because some two months after the June 24, 2008 hearing approving the Trustees' sales motion, the sale of the Estates' assets has failed to close. The Successful Bidder (as defined in paragraph 5(A)(c) of the Sale Procedures Order, Docket No. 535), Global Music Group, Inc. ("GMG" or "Global NY"), which bid twenty-four million dollars (\$24 million) for the assets, failed to consummate the acquisition by July 23, 2008, as required. And despite the Trustees' granting forbearance of GMG's breach until July 29, 2008, GMG was still unable to close. Since July 29, GMG has continued to fail to forward the purchase money, instead making a number of requests for extension, none of which has been granted by the Trustees.

The Back-Up Bidder, Entertainment One Ltd. ("E1"), when advised by the Trustees of its obligation to close in light of GMG's failure, declared that it did not intend to close the transaction and that it considered its obligations, plainly stated in this Court's Orders approving the sale filed on July 9, 2008, unilaterally "terminated".

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As a result, without waiver of their rights against GMG and E1, the Trustees have reopened discussions with other potential buyers. GMG, however, has interfered with these discussions, actively disputing and impeding the Trustees' right to entertain proposals from third parties.

In an August 15, 2008 email sent to the Trustees and other persons by GMG's counsel Kathleen March (attached as Exhibit "A"), with no legal basis whatsoever, accused the Trustees of breach of contract and tortious interference with prospective economic advantage and demanded that the Trustees cease and desist from negotiations with other parties.

In an August 19, 2008 email (attached as Exhibit "B"), Ms. March reiterated the threats and demands of her August 15 missive, demanded that the Trustees grant her client a 28-day extension of GMG's time to purchase the assets; and instructed the Trustees to "put the word out in the music community....that the Trustees are contractually bond to sell the DRR/Knight assets to Global NY, and are not going to discuss selling the assets to any person or entity other than Global NY." On information and belief, GMG has made similar claims and demands to third parties interested in negotiating with the Trustees, with the specific intent of disrupting and preventing the Trustees from consummating a sale with another purchaser.

In response to these communications the Trustees sent GMG a letter of termination of the underlying contractual agreement on August 22, 2008 (attached as Exhibit "C").

The Trustees now seek an order from this Court establishing that, because of GMG's and E1's failure timely to consummate the sale of the assets, the Trustees are free to negotiate with other interested buyer. The Trustees also seek to enjoin GMG from further acts interfering with the Trustees' efforts to close the sale of the assets with another buyer.

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And in related Marion 'Suge' Knight news, seems that Lydia Harris will be in court again over her judgment against Marion 'Suge' Knight and Death Row Records.

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Helen Ryan Frazer, Chapter 7 Trustee in Case No. SV-96-15521-GM filed in United States Bankruptcy Court in California has named Lydia Harris, New Image Corporation, Michael Ray Harris (Harry O), Conquest Media Group, LLC and Wasserman, Comden & Castleman, LLP., as defendants in another lawsuit. The case is for Complaint for Declaratory Judgment.

This stems from the \$107,000,000 judgment against Death Row Records that was awarded to her.

### **In this case the Jurisdictional Allegations are:**

1. The instant case was commenced by Lydia Harris ("Lydia") on May 20, 1996, by the filing of a voluntary petition under Chapter 7 of Title 11 of the United States Code. Helen Ryan Frazer (hereinafter "Trustee") was appointed and accepted appointment as the Chapter 7 Trustee for the Bankruptcy Estate.
2. Lydia's case was closed on December 15, 1999 without the administration of any assets.
3. By Order filed August 21, 2007. Lydia's case was re-opened and Helen Ryan Frazer was re-appointed as Chapter 7 Trustee in the re-opened case.
4. The Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. sections 157 and 1334 et. Seq.
5. This action is a core proceeding under 28 U.S.C. section 157(b) (2). This proceeding is related to the above captioned case presently pending in the United States Bankruptcy Court for the Central District of California.
6. To the extent that the Trustee asserts claims under Section 544(b) of the Bankruptcy Code, the Trustee is informed and believes and on the basis alleges that there exists in this case one or more creditors holding unsecured claims allowable under Section 502 of the Bankruptcy

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Code or that are not allowable under Section 502 (e) of the Bankruptcy Code, which can avoid the respective transfers as set forth hereafter under California or other applicable law.

### THE PARTIES

7. Defendant LYDIA HARRIS ("Lydia") is the individual debtor herein and currently resides in Texas.

8. Plaintiff is informed and believes and thereon alleges that Defendant NEW IMAGE CORPORATION is a California corporation owned and controlled by Lydia.

9. Plaintiff, HELEN RYAN FRAZER, is the duly appointed Chapter 7 Trustee in the within bankruptcy case.

### THE \$107,000,000 JUDGMENT

10. Lydia claimed a 50% ownership interest in defendant Death Row Records, Inc. ("Death Row") or a predecessor of defendant Death Row at the time her Chapter 7 Petition was filed in May 1996. Lydia did not list or otherwise disclose her interest as an asset in her bankruptcy scheduled. Because of Lydia's failure to disclose her interest, her Chapter 7 Trustee had no knowledge of Lydia's claimed interest when the case was closed without the administration of any assets in 1999.

11. On February 26, 2002, Lydia filed a complaint in the Superior Court against Death Row, Marion "Suge" Knight ("Knight") and others, for, *inter alia*, breach of contract, intentional interference with prospective economic advantage and defamation, case number BC268857 (the "Death Row Case"). The claims alleged in the Death Row Case arose from events that began in or about 1989, as set forth in the Complaint filed by Ms. Harris in the Death Row Case.

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12. On March 9, 2005, judgment was entered by the Honorable Ronald M. Sohigian in the Death Row Case in favor of Lydia and against Knight and Death Row in the amount of \$107 million (the "Judgment").

### **LYDIA RECEIVES \$1,000,000 AS PARTIAL PAYMENT ON JUDGMENT**

13. Plaintiff is informed and believes that on or about May 20, 2005, Lydia received payment from the judgment debtors in the amount of \$10,000 as partial payment on the Judgment.

14. Plaintiff is informed and believes that on or about May 27, 2005, Lydia received payment from the judgment debtors in the amount of \$990,000 as partial payment on the Judgment.

15. The \$1,000,000 received by Lydia in or about May 2005 was property of Lydia's bankruptcy estate.

16. Lydia has not turned over said \$1,000,000 or any part thereof, to the Plaintiff for administration in her Chapter 7 case.

### **LYDIA'S CASE IS RE-OPENED UPON DISCOVERY OF THE JUDGEMENT**

17. In or about June 2007, Plaintiff in her capacity as Lydia's former Chapter 7 Trustee learned about the \$107,000,000 judgment against Death Row and Knight. The Trustee promptly filed a Motion to Re-open Lydia's case to administer the newly discovered asset(s) (the Judgment and Claims) for the benefit of Lydia's creditors. By Order filed August 21, 2007, Lydia's case was re-opened and Plaintiff Helen Ryan Frazer was re-appointed as Chapter 7 Trustee in the re-opened case.

### **FIRST CLAIM FOR RELIEF**

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(For Turnover of Estate Property)

18. Plaintiff incorporates paragraphs 1 through 17 of this Complaint as though set forth herein in full.

19. Defendants have failed and refused to turnover to Plaintiff the \$1,000,000 she received in or about May 2005.

### **SECOND CLAIM FOR RELIEF**

(For Damages)

20. Plaintiff incorporates paragraphs 1 through 19 of this Complaint as though set forth herein in full.

21. Plaintiff is entitled to judgment against Defendants for the value of the property of the estate that Defendants have failed and refused to turnover to the Trustee, which property has a value of 1,000,000.

WHEREFORE, Plaintiff prays judgment as follows:

1. ON THE FIRST CLAIM FOR RELIEF, for an order requiring defendants to turnover to the Trustee the \$1,000,000 received in or about May 2005;

2. ON THE SECOND CLAIM FOR RELIEF, for judgment against defendants in the amount of \$1,000,000 together with interest thereon at the legal rate from May 20, 2005 until paid;

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3. ON ALL CALAIMS FOR RELIEF for attorneys fees and costs of suit incurred herein and for such other and further relief as the Court may deem just and proper.

Dated August 20, 2008

By Patrick K. McClellan

Attorney for Helen Ryan Frazer, Chapter 7 Trustee.

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