

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF CONNECTICUT
HARTFORD DIVISION**

IN RE:	§	CHAPTER 11
	§	
CURTIS JAMES JACKSON, III,	§	CASE NO. 15-21233
	§	
DEBTOR.	§	

**DEBTOR’S OBJECTION TO MOTION FOR RELIEF FROM STAY
FILED BY LASTONIA LEVISTON**

Curtis James Jackson, III (“Jackson” or the “Debtor”), files this objection (the “Objection”) to the motion for relief from automatic stay (the “Motion”) [Docket No. 7] filed by Lastonia Leviston (the “Movant”), and in support states as follows:

I. PRELIMINARY STATEMENT

1. The Debtor filed his Chapter 11 petition to obtain the full protections of the bankruptcy laws, including the benefit of the automatic stay, in order to reorganize his financial affairs in a reasonable and timely manner and in accordance with an approved plan for the benefit of his estate and all of his creditors. In connection with this bankruptcy proceeding, this Court will determine the extent and value of the Debtor’s assets and liabilities – and, thus, the Debtor’s net worth.

2. Movant seeks to lift the stay to proceed with the punitive damages phase of a state court lawsuit. Significantly, that jury has already completed its work with respect to its findings of liability and compensatory damages. That part of the bifurcated state court trial has ended. What remains for determination (by whatever fact-finder this Court ultimately deems appropriate) is the amount of punitive damages, if any, to be awarded. Such damages, if

awarded, would constitute a penalty claim that would then be subject to subordination and/or disallowance under the Bankruptcy Code.

3. Consequently, Movant has not, and indeed cannot, demonstrate “cause” to lift the stay less than one week into the Debtor’s Chapter 11 case, with essentially no notice to other creditors whose rights are effected, to allow her to prosecute what would at best be a subordinated claim against the Debtor’s estate. Instead, it is in the best interests of the estate and all of the Debtor’s creditors, and in the interests of judicial economy, that the stay should remain in effect.

II. FACTUAL & PROCEDURAL BACKGROUND

A. The Debtor

4. Curtis James “50 Cent” Jackson, III is an internationally recognized recording artist, an actor, an entrepreneur and a philanthropist. Since his entrance onto the music scene in 2003 with his multi-platinum debut album, Mr. Jackson has sold more than 22 million albums worldwide, and has received numerous awards and Grammy nominations throughout his career.

5. Given the publicity that Mr. Jackson’s Chapter 11 filing has triggered, it is easy to forget that Mr. Jackson grew up in poverty in South Jamaica, a rough neighborhood of Queens, New York. His single mother was murdered when Mr. Jackson was only 8 years old. After her death, he was raised by his grandparents. As a boy, Mr. Jackson dreamed of being a boxer, but by the time he was a teenager, he was caught up in a life of crime. The consequences of that lifestyle were realized in 2000 when Mr. Jackson was shot nine times outside of his grandmother’s house. After recovering from his injuries, Mr. Jackson determined to improve his life and focused on his music, and the rest is music history. In many respects, Mr. Jackson typifies the American dream.

6. Mr. Jackson has leveraged his fame as a recording artist into brand extensions encompassing a broad spectrum of businesses including music ownership, artist management, film production, footwear and apparel, fragrance, video games, publishing, headphones and health drinks and supplements. It has also allowed Mr. Jackson to follow through with his dream of giving back to the community.

7. In 2012, Mr. Jackson's audio brand, SMS Audio, launched a partnership with Feeding America, the nation's largest domestic hunger-relief organization. That partnership continues today. Over the next year, SMS Audio will provide the equivalent of half a million meals to Feeding America. In addition, Mr. Jackson serves on the Feeding America Entertainment Council, volunteers at numerous organization events, is a proud supporter of Tuesday's Children, a nonprofit organization founded by family and friends of the 9/11 victims, and has provided thousands of dollars in scholarships to students at Queensborough Community College in New York.

8. As a result of Mr. Jackson's success, he has been fortunate to acquire a significant amount of assets. Like many other celebrity entertainers that make their living in full view of the public eye, however, Mr. Jackson has accumulated a substantial amount of liabilities as well. Notwithstanding this fact, Mr. Jackson's bankruptcy filing is not primarily a result of excessive current expenses exceeding Mr. Jackson's current revenues, but rather the substantial costs of litigation and resulting awards against Mr. Jackson in the past year which total in excess of \$20 million, and which are discussed in more detail below. While Mr. Jackson has substantial assets, he does not have the ability to pay the full amount of these litigation claims and all other asserted claims at the present time, thereby necessitating this Chapter 11 filing.

B. The Sleek Audio Litigation

9. One of Mr. Jackson's prior business investments was in a business venture involving Sleek Audio, LLC ("Sleek"), pursuant to which Sleek was to develop headphone products to be marketed under Mr. Jackson's professional name, "50 Cent." In connection therewith, Sleek entered into a Brand License Agreement with G-Unit Brands, Mr. Jackson's brand licensing company, that authorized Sleek to use Mr. Jackson's trademarks in the marketing of certain headphone products.

10. The collaboration between Sleek Audio and Mr. Jackson involved both the design and marketing of "Sleek by 50" over-the-ear headphones. The Brand License Agreement required Sleek to use best efforts to launch retail sales of the headphones by February 15, 2011.

11. Unfortunately, the headphones were never released because Sleek failed to have the headphones ready for commercial production by the February 15, 2011 deadline, and G-Unit Brands terminated its licensing agreement with Sleek. After Sleek's efforts to produce headphones failed, Mr. Jackson formed a new company, SMS Audio, to develop a new headphone.

12. In August 2011, Sleek Audio and certain individuals filed an arbitration proceeding against Mr. Jackson, alleging that Mr. Jackson had stolen the design of the "Sleek by 50" headphones to produce his new headphones. An arbitration hearing was held over the course of several days during February and March 2013. The arbitrator issued an Interim Award on May 2, 2013, and a Final Award on July 13, 2013.

13. Mr. Jackson moved the circuit court to vacate the arbitration award, and Sleek asked the circuit court to confirm the award. The circuit court issued an order denying Mr. Jackson's motion to vacate the arbitration award on September 30, 2014. The order confirming

the arbitration award and judgment was issued on October 16, 2014 (the “Sleek Order and Judgment”). Pursuant to the Sleek Order and Judgment: (i) Sleek was awarded \$17,247,426.11 against Mr. Jackson, plus post-judgment interest at the rate of 4.75%; (ii) three other parties were awarded \$125,728.40 against Mr. Jackson, plus post-judgment interest at the rate of 4.75%; and (iii) a fourth individual was awarded \$53,853.72 against Mr. Jackson, plus post-judgment interest at the rate of 4.75% per annum. A copy of the Sleek Order and Final Judgment is attached hereto as Exhibit “A”.

14. Mr. Jackson has appealed the Sleek Order and Judgment.

C. The Leviston Litigation

15. On or about February 24, 2010, Ms. Lastonia Leviston (“Ms. Leviston”) commenced an action against Mr. Jackson in the Supreme Court of the State of New York, County of New York (the “Leviston Litigation”), alleging that Mr. Jackson: (1) violated N.Y. Civil Rights Law sections 50-51 by using her name and/or picture without her consent for advertising purposes or for the purposes of trade; (2) intentionally caused her to suffer emotional distress by posting a videotape of her and another man on the internet; and (3) defamed her. Ms. Leviston subsequently withdrew her claim for defamation.

16. Ms. Leviston had previously been in a relationship with William Leonard Roberts, a rap musician that was better none by his stage name “Rick Ross”, and she bore Mr. Ross’s child, who was Ms. Leviston’s second daughter. Sometime after separating from Mr. Ross, Ms. Leviston began a long- distance relationship with Maurice Murray in 2008. In or around May 2008, Ms. Leviston and Maurice Murray created a videotape that showed the couple engaging in sexually explicit acts. Ms. Leviston created this videotape (the “Videotape”) willingly, and she agreed to leave it in Mr. Murray’s possession.

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