

For 50 Cent, Millions To Creditors: U.S. Bankruptcy Court

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ABSTRACT

HARTFORD - A U.S. bankruptcy court judge on Wednesday approved a Chapter 11 reorganization plan for hip-hop mogul and businessman 50 Cent.

FULL TEXT

HARTFORD - A U.S. bankruptcy court judge on Wednesday approved a Chapter 11 reorganization plan for hip-hop mogul and businessman 50 Cent.

The effective date of the plan will be 15 days from the time formal approval is entered into the record by U.S. Bankruptcy Judge Ann M. Nevins. She said that will be Wednesday or Thursday.

On the effective date, 50 Cent will make a \$7.4 million payment to begin the process. The rapper, whose real name is Curtis James Jackson III, lives in Farmington.

Nevins approved the reorganization plan after a hearing in U.S. Bankruptcy Court in Hartford.

The judge praised Jackson, the creditors and their lawyers for working out a plan agreeable to all.

Jackson filed for bankruptcy last July after losing a privacy lawsuit in state court in New York to Lastonia Leviston. Jackson posted a sex tape featuring Leviston and another rapper on his website, and a jury awarded her \$7 million. Around the same time, Jackson also was ordered to pay a massive arbitration award in connection with a deal to produce headphones that went sour.

Those holding unsecured claims against Jackson will receive 74 percent to 92 percent of the money they are owed, depending on how quickly Jackson makes payments, under the agreement Nevins approved. The faster he pays, the less he has to pay. Jackson has five years to make the payments.

Had Jackson been forced to liquidate his assets in a Chapter 7 bankruptcy, his creditors would have gotten about half of what they were owed, Jackson's lawyers said.

Creditors will be repaid with cash Jackson has on hand as well as money he earns going forward. The judge noted that Jackson "has a significant ability to generate income."

Over the course of the reorganization plan, Jackson will pay \$23.4 million in cash to fund it. Much of that will come from Jackson's ongoing business ventures, the sale of his Farmington mansion and assets he has on hand.

Jackson, who turned 41 Wednesday, claimed about \$20 million in assets and about \$32.6 million in liabilities.

The largest creditor is Sleek Audio, the company that made the headphones deal with Jackson that later fell. The company and its owners won an \$18.1 million arbitration award against Jackson. Under the agreement, Sleek Audio and its owners will receive \$17.5 million.

Leviston, the woman who won the \$7 million privacy lawsuit, agreed to take \$6 million.

SunTrust Guaranty Co., which holds the mortgage on Jackson's mansion and made another loan to Jackson, will receive \$3.89 million.

Jackson took the stand briefly so that Nevins could be assured he understood provisions of the plan, including the fact that the \$6 million he must pay to Leviston is non-dischargeable should he be forced to seek bankruptcy

protection again.

"That's not gonna happen," Jackson said.

Patrick Neligan, Jackson's Dallas-based bankruptcy lawyer, told the judge that Jackson is committed to making the required payments, and is focused and ready to move forward with new projects.

The rapper's Farmington mansion is for sale and up to \$6 million of the proceeds would go to the settlement.

Jackson has an agreement to sell the mansion for \$8 million to a party that was to develop an assisted living facility in the 50,000-square-foot home, but no plan has been submitted to Farmington's land-use boards.

The mansion sits on 17 acres and has 21 bedrooms, 37 bathrooms, a gym, racquetball courts and a disco. Jackson bought the house in 2003 from boxer Mike Tyson for \$4.1 million. The mansion was built by real estate swindler Benjamin Sisti, one of the founders of Colonial Realty. Colonial Realty was forced into bankruptcy in 1990 for operating a Ponzi scheme.

Credit: dowens@courant.com - - - ; By DAVID OWENS

Illustration

Caption: PHOTO, B&W: FARMINGTON resident Curtis James Jackson III, known as 50 Cent, arrives at the federal courthouse in Hartford Wednesday afternoon for his Chapter 11 confirmation hearing.; PATRICK RAYCRAFT/PRAYCRAFT@COURANT.COM

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