

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number JOHN N. TEDFORD, IV (SBN 205537) DANNING, GILL, DIAMOND & KOLLITZ, LLP 2029 CENTURY PARK EAST, THIRD FLOOR LOS ANGELES, CA 90067 T: 310.277.0077 F: (310) 277-5735	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: MARION KNIGHT, JR. <p style="text-align: center;">Debtor(s).</p>	CASE NO.: 2-06-11187-VZ

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: 6/24/08	Time: 1:30 p.m.
Location: Courtroom 1368, 255 E. Temple St., Los Angeles, California	

Type of Sale: Public Private Last date to file objections: 6/3/08

Description of Property to be Sold: Substantially all of the recorded music business assets and music publishing business assets of the estate, along with substantially all of the music business assets of the estate of Death Row Records, Inc. (Bankr. Case no. 2:06-11205-VZ).

Terms and Conditions of Sale: Contact Eric P. Israel, Esq., counsel for the Chapter 11 Trustee in the Marion Knight case, for details (310) 277-0077; or contact Ashleigh A. Danker, Esq., counsel for the Chapter 11 Trustee in the Death Row Records case, (310) 788-1000

Proposed Sale Price: \$23 million cash plus assumption of certain liabilities, subject to overbids

Overbid Procedure (If Any): Overbids must be submitted by 6/10/08, and must, among other things, meet or exceed \$24 million case. See attached sale notice for more details.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing: See above

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

Eric P. Israel, Esq.
Danning, Gill, Diamond & Kollitz, LLP
2029 Century Park East, Third Floor
Los Angeles, CA 90067
T: (310) 277-0077; F: (310) 277-5735; eisrael@dgd.com

Date: 6/3/08

1 ERIC P. ISRAEL (State Bar No. 132426)
JOHN N. TEDFORD, IV (State Bar No. 205537)
2 DANNING, GILL, DIAMOND & KOLLITZ, LLP
2029 Century Park East, Third Floor
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5 Attorneys for Richard K. Diamond,
Chapter 11 Trustee
6
7

8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 LOS ANGELES DIVISION
11

12 In re
13 MARION KNIGHT, JR.,
14 Debtor.

) Case No. 2:06-11187-VZ
)
) Chapter 11
)
) **NOTICE OF CHAPTER 11 TRUSTEE'S**
) **MOTION FOR ORDER AUTHORIZING THE**
) **SALE OF SUBSTANTIALLY ALL OF THE**
) **RECORDED MUSIC BUSINESS ASSETS AND**
) **MUSIC PUBLISHING ASSETS OF THE**
) **ESTATE FREE AND CLEAR OF LIENS,**
) **CLAIMS AND ENCUMBRANCES, WAIVING**
) **THE 10-DAY STAY, AND GRANTING**
) **RELATED RELIEF**
)
) Date: June 24, 2008
) Time: 1:30 p.m.
) Place: Courtroom "1368"
) 255 E. Temple St.
) Los Angeles, CA

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22 PLEASE TAKE NOTICE that an Auction for the sale of substantially all of the recorded
23 music business assets and music publishing assets (collectively the "Acquired Assets") of the
24 bankruptcy estates of Marion Knight, Jr. ("Knight") and Death Row Records, Inc. ("Death Row"),¹
25 is scheduled for June 24, 2008, at 1:30 p.m., in Courtroom "1368" of the United States Bankruptcy
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27 ¹ *In re Death Row Records, Inc.*, Bankr. Case No. 2:06-11205-VZ.
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1 Court, located at 255 East Temple Street, Los Angeles, California. Only Qualified Bidders² may
2 present bids at the Auction. Pursuant to the Sale Procedures approved in Knight's case at a hearing
3 on May 6, 2008, initial overbids must, among other things, meet or exceed \$24,000,000 cash. **The**
4 **deadline to submit Qualified Bid packages to counsel for the Trustees is 4:00 p.m., California**
5 **time, on June 10, 2008.**

6 Subject to Court approval and overbids, Richard K. Diamond, the Chapter 11 Trustee for
7 Knight's estate (the "Knight Trustee") and R. Todd Neilson, the Chapter 11 Trustee for Death
8 Row's estate (the "DRR Trustee" and, with the Knight Trustee, the "Trustees"), have accepted an
9 offer for the Acquired Assets from Entertainment One Ltd. ("E1") on the terms set forth in an asset
10 purchase agreement filed with the Court on or about April 24, 2008 (the "E1 APA") (*docket entry*
11 *no. 520*). E1 is the parent company of Koch Entertainment LP ("Koch"), the North American
12 distributor of Death Row's music catalogue. The selection of E1 as the stalking horse bidder
13 includes a settlement of claims of the Knight and Death Row estates (collectively the "Estates")
14 against Koch and Koch's claims against the Estates, which is the subject of a separate motion for
15 Bankruptcy Court approval to be heard prior to the Auction. As described more fully in the E1
16 APA, the settlement allows E1 a partial credit bid at certain bidding thresholds above \$27 million.
17 If there are no Qualified Bidders other than E1, the Trustees will forego the Auction and ask the
18 Court to approve the sale of the Acquired Assets to E1 on the terms set forth in the E1 APA.

19 Parties interested in becoming Qualified Bidders should contact either the DRR Trustee's
20 counsel or the Knight Trustee's counsel as follows:

21 ***Counsel for the DRR Trustee***
22 Marc S. Cohen, Esq.
23 Kaye Scholer LLP
24 1999 Ave. of the Stars, 17th Floor
25 Los Angeles, CA 90067
26 Telephone no. (310) 788-1235
27 Facsimile no. (310) 229-1935
28 Email: mcohen@kayescholer.com

Counsel for the Knight Trustee
Eric P. Israel, Esq.
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Facsimile no. (310) 277-5735
Email: eisrael@dgd.com

² Capitalized terms not otherwise defined herein have the same meanings ascribed to them in the Trustee's motion for authority to sell the Acquired Assets, filed concurrently herewith.

1 **PLEASE TAKE FURTHER NOTICE** that on June 24, 2008, at 1:30 p.m., or as soon
2 thereafter as the matter may be heard, the Knight Trustee will move the Court for an order
3 (1) authorizing the sale of substantially all of the Estates' recorded music business related assets
4 and music publishing business assets free and clear of all liens, claims and encumbrances pursuant
5 to 11 U.S.C. § 363 to either the party presenting the highest or best bid at the Auction or, if such
6 party fails to close, a Back Up Bidder, (2) providing that such liens, claims and encumbrances are
7 removed from the Acquired Assets and, except for those liens, claims and encumbrances identified
8 in the motion, shall attach to a like amount of the net sales proceeds, up to the amount of the net
9 sale proceeds, with the same force, effect, validity and priority that they have with respect to the
10 Acquired Assets, (3) approving the proposed purchase and sale agreement with the Successful
11 Bidder and Back Up Bidder(s), (4) determining that the Buyer and Back Up Bidder(s) are good
12 faith purchasers under 11 U.S.C. § 363(m), (5) authorizing the reimbursement to the Trustees of
13 Publication Costs paid by them in connection with the sale, (6) waiving the 10-day stay otherwise
14 applicable under Federal Rule of Bankruptcy Procedure 6004(h), and (7) granting related relief. A
15 companion motion seeking similar relief is being filed by the DRR Trustee with respect to the
16 recorded music business related assets of Death Row's estate.

17
18 **Terms of the Trustee's Proposed Sale**

19 Subject to Court approval and overbids, the Trustee proposes to sell the Acquired Assets to
20 E1 pursuant to the terms of the E1 APA filed with the Court on or about April 24, 2008. Without
21 limiting the terms stated in the E1 APA, to which interested parties should refer for a complete
22 description of the terms of the Trustee's proposed sale, the terms of the Trustee's proposed sale are
23 as follows:

24 1. **The "Acquired Assets."** Subject to Court approval and overbids, the
25 Trustees have agreed to sell substantially all of the recorded music business assets and music
26 publishing business assets of the Estates (collectively the "Acquired Assets") to E1 for the cash
27 purchase price of \$23 million, plus the Buyer's assumption of the Assumed Liabilities (defined

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1 below) which may arise in connection with the sale of the assets (collectively the "Purchase
2 Price").³ The Acquired Assets shall include, without limitation, all of the Estates' right, title and
3 interest in and to all trademarks, service marks, copyrights, inventory, accounts receivable
4 pertaining to the Knight Estate's music publishing business assets after the closing date, videos,
5 masters, compositions, digital recording rights, merchandising rights, agreements (including the
6 agreement, dated as of September 29, 1998, between Interscope Records ("Interscope") and Death
7 Row, as amended, in rights to certain Tupac Shakur master recordings (the "Interscope
8 Agreement"), and also including artist agreements, licenses, publishing agreements, administration
9 agreements, and other contracts, but only to the extent specified by the Buyer as an Assigned
10 Contract (as defined below)), debit balances of artists who are parties to agreements with Death
11 Row and copies of the Debtors' books and records to the extent related to any of the foregoing.
12 The Acquired Assets shall not include assets included within the definition of "Excluded Assets,"
13 discussed below.

14 Without limiting the generality of the foregoing, the Acquired Assets shall include
15 all of the Estates' right, title and interest to (1) those masters (including the copyrights and digital
16 and other distribution rights) and compositions (as applicable) identified in the E1 APA, (2) the
17 unreleased masters (including the copyrights and digital and other distribution rights) that are
18 covered by Death Row's right to acquire same from Amaru Entertainment ("Amaru"), successor to
19 the estate of Tupac Shakur, pursuant to Section 8 of that certain Settlement Agreement, dated as of
20 June 30, 1997, by and among Death Row, Knight, Interscope and the estate of Tupac Shakur, and
21 (3) any and all masters (including the copyright and digital and other distribution and
22 merchandising rights) and compositions in which Death Row or Knight's interest was disputed in
23 the adversary proceeding captioned *R. Todd Neilson, Chapter 11 Trustee of Death Row Records,*
24 *Inc. v. Digital Revolutions Holdings, Inc., et al.*, Adv. Case No. 2:06-01911-VZ (subject to the
25

26 ³ If E1 is not the Successful Bidder at the Auction, the term "Buyer" as used herein shall
27 refer to the Successful Bidder or the Back Up Bidder designated by the Trustees to close the sale, if
28 the Successful Bidder does not timely close the sale.

1 terms and provisions of the settlement agreement reached by the parties in that action (the
2 “Hawkins Settlement”), which was approved by the Bankruptcy Court by order entered on or about
3 February 8, 2008).

4 2. **Sale Free and Clear of Liens, Claims and Encumbrances.** Pursuant to
5 Section 363(f) of the Bankruptcy Code, the Buyer will acquire all of the Estates’ right, title,
6 interests in and to the Acquired Assets free and clear of all liens, claims, encumbrances and other
7 interests in such Acquired Assets, including any unpaid royalty claims through and including the
8 date of closing, claims for returns of goods distributed pre-closing, any competing interests in and
9 to the Acquired Assets (including any claims of rescission), recoupment or setoff rights, and any
10 purported rights of third parties (including Koch, Eagle Rock Entertainment Ltd. (“Eagle Rock”)
11 and Ron Winter Productions, Ltd. (“Ron Winter”)) under Section 365(n) of the Bankruptcy Code,
12 and the agreement between Dimples Merchandizing, Inc., and Remrylie Licensing, Inc., dated
13 October 18, 2005 (the “Remrylie Agreement”) that was assigned to the DRR Estate pursuant to the
14 Hawkins Settlement (collectively the “Encumbrances”). Except as identified herein, liens, claims
15 and encumbrances will be removed from the Acquired Assets and shall attach to a like amount of
16 the net sales proceeds, up to the amount of the net sale proceeds, with the same force, effect,
17 validity and priority that they have with respect to the Acquired Assets. Liens which shall be
18 removed from the Acquired Assets and attach to the net sales proceeds include but are not limited
19 to the following:

- 20 i. any and all liens in favor of the Internal Revenue Service, including
21 but not limited to tax liens recorded in various counties from 2003
 through 2006; and
- 22 ii. any and all liens in favor of the California Franchise Tax Board,
23 including but not limited to tax liens recorded in various counties
 during 2002 and 2003.

24 The Knight Trustee has identified the following liens, claims and encumbrances which he does not
25 believe are asserted against the Knight estate assets included in the Acquired Assets. However, out
26 of an abundance of caution, the Knight Trustee requests that the Court’s order provide that the sale
27 is free and clear of the following liens, claims and encumbrances, with such interests ***not*** attaching
28 to the net sale proceeds:

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- i. any and all liens, claims and interests in favor of Santiago Sandy SanGuillen ("SanGuillen"), including but not limited to any lien upon which SanGuillen based his secured proof of claim that was filed in the Knight case on or about October 31, 2006;
- ii. any and all liens, claims and interests in the Knight estate assets that are included in the Acquired Assets in favor of Eagle Rock, including but not limited to any lien, claim or interest upon which Eagle Rock based its secured proof of claim that was filed in the Knight case on or about October 31, 2006;
- iii. any and all liens, claims and interests in favor of McPherson & Kalmansohn ("McPherson"), including any liens created pursuant to various writs of attachment and execution liens served by McPherson prepetition;
- iv. any and all liens, claims and interests in favor of the Los Angeles County Treasurer and Tax Collector (the "County"), including but not limited to real property tax liens against real property;
- v. any and all liens, claims and interests in favor of Tracy L. Curry, including but not limited to any judgment lien recorded by Tracy Curry with the Los Angeles County Recorder's Office on or about December 22, 1998, document number 98-2316971;
- vi. any and all liens, claims and interests in favor of Attorney Collection Services, Inc. ("ACS"), including but not limited to any judgment lien recorded by ACS with the Los Angeles County Recorder's Office on or about December 20, 2002, document number 02-3136830;
- vii. any and all liens, claims and interests in favor of O.C.F., Inc. ("OCF"), including but not limited to any judgment lien recorded by OCF with the California Secretary of State on or about January 13, 2003, filing number 03-1660623;
- viii. any and all liens, claims and interests in favor of Kopple & Klinger, LLP ("K&K"), including but not limited to (a) any judgment lien recorded by K&K with the California Secretary of State on or about May 15, 2003, filing number 03-13960162, and (b) any and all judgment liens recorded by K&K with county recorder's offices, including but not limited to the Los Angeles County Recorder's Office on or about August 1, 2003 (document number 03-2221935) and August 8, 2003 (document number 03-2297873);
- ix. any and all liens, claims and interests in favor of CLS Transportation, Inc. ("CLS"), including but not limited to (a) any judgment lien recorded by CLS with the California Secretary of State on or about January 8, 2004, filing number 04-1360833, and (b) any and all judgment liens recorded by CLS with the Los Angeles County Recorder's Office on or about February 17, 2004, document number 04-0360741;
- x. any and all liens, claims and interests in favor of L. Miller, including but not limited to any judgment lien recorded by L. Miller with the

1 California Secretary of State on or about March 9, 2005, filing
2 number 05-7018708238;

3 xi. any and all liens, claims and interests in favor of Lydia Harris,
4 including but not limited to any judgment lien recorded by Lydia
5 Harris with the California Secretary of State on or about March 21,
6 2005, filing number 05-7020137277; and

7 xii. any and all liens, claims and interests in favor of Amanda Metcalf
8 (“Metcalf”), including but not limited to any judgment lien recorded
9 by Metcalf with the Los Angeles County Recorder’s Office on or
10 about June 22, 2005, document number 05-1471697.

11 3. **Acquired Assets Sold on an “As Is” and “Where Is” Basis.** The sale of
12 the Acquired Assets will be on an “as-is, where-is” basis and without representations or warranties
13 of any kind, nature or description by the Estates or the Trustees other than those set forth in Section
14 8(b) of the E1 APA.

15 4. **The “Excluded Assets.”** The Acquired Assets shall not include the
16 Debtors’ cash, bank and other deposits, cash equivalents, distribution agreements (together with all
17 audit, recoupment and other rights and claims of the Estates relating thereto), including, but not
18 limited to, the distribution agreements with Koch (except if E1 is the Buyer), Eagle Rock, and Ron
19 Winter, the Remrylie Agreement, tangible personal property such as equipment, supplies,
20 computers and office equipment and furniture, leases relating to real or personal property, real
21 property, accounts receivable pertaining to Death Row’s recorded music business, the Knight
22 Estate’s pro rata share of the accounts receivable pertaining to Knight’s music publishing business
23 for the calendar quarter of the sale if the sale does not close at the end of a calendar quarter,
24 existing merchandise inventory, the Debtors’ books and records (to the extent not related to the
25 Acquired Assets), claims for avoidance actions under the Bankruptcy Code, of whatever kind or
26 nature, as set forth in Sections 544 through 551, and 553 (but only to the extent of the Debtors’
27 retained rights of setoff as specified in Section 2 of the E1 APA) and any other applicable
28 provisions of the Bankruptcy Code, any claims owned by the Knight Estate to audit Warner-
Chappell’s administration of the Knight Estate’s publishing rights (together with all recoupment
and other rights and claims of the Knight Estate relating thereto) through the date of closing, and

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1 any related claims and actions arising under such Bankruptcy Code sections by operation of law or
2 otherwise, including any and all proceeds of the foregoing.

3 5. **The “Assumed Liabilities.”** The Buyer will not assume, perform or be
4 liable or in any way responsible for any liabilities or obligations of the Estates (including liabilities
5 for returns of products distributed by Koch, Eagle Rock or Ron Winter), except for (i) any and all
6 liabilities and obligations that arise specifically from the Buyer’s ownership and use of the
7 Acquired Assets on or after the closing, and (ii) any and all liabilities and obligations under the
8 Assigned Contracts specifically incurred or arising on or after the closing (it being understood and
9 agreed by the Buyer and the Trustees that, notwithstanding anything contained herein or in the E1
10 APA that is arguably to the contrary, the Buyer shall not assume, or in any way be responsible for,
11 royalties or other amounts due to any obligee or counterparty on account of sales or any other
12 exploitation of the Debtors’ recorded music or music publishing assets that occurred prior to the
13 closing (whether or not an accounting on account of such sales or other exploitation was rendered
14 subsequent to the closing)) (each of (i) and (ii) being referred to herein collectively as the
15 “Assumed Liabilities”).

16 The Buyer shall pay, perform and discharge the Assumed Liabilities in accordance
17 with their terms, subject to any defenses or offsets (including unrecouped advances to, and/or debit
18 balances of, Death Row’s artists) asserted in good faith against the obligee to whom such liabilities
19 or obligations are owed that are not otherwise utilized by the Estates in the bankruptcy process. In
20 furtherance of the preceding sentence, the Buyer and the Trustees agree that (i) the Estates shall
21 retain the right to utilize such defenses and offsets as the Trustees deem necessary (in the exercise
22 of their fiduciary duties to the Estates) to reduce or eliminate their liabilities or obligations to any
23 creditor of the Estates that arose or were incurred prior to the closing, and (ii) the Buyer shall be
24 bound by the Bankruptcy Court’s determination regarding the validity or amount of any such
25 defense or offset.

26 6. **The “Assigned Contracts.”** The Interscope Agreement, the 1997
27 Settlement, and any other contract listed in Annex “A” to Exhibit “A” to the E1 APA shall be
28 assigned to the Buyer. In addition, the Buyer shall have the right in its sole discretion to designate

1 those of the Debtors' artists agreements and publishing contracts, a list of which is attached as
2 Annex "E" to Exhibit "A" to the E1 APA, which the Estates will assign to the Buyer (the
3 "Designated Contracts"). The contracts listed in Annex "A" and Annex "E" to Exhibit "A" of the
4 E1 APA are collectively referred to as the "Assigned Contracts." None of the Assigned Contracts
5 are executory contracts.

6
7 **Obtaining Copies of the Motion and Papers in Support Thereof**

8 The motion is based upon this notice and motion, the Memorandum of Points and
9 Authorities, Declaration of Richard K. Diamond, and Request for Judicial Notice appended thereto,
10 the papers and pleadings on file in this case, the sale motion filed or to be filed by the DRR Trustee
11 in Death Row's case and its supporting evidence, and such other evidence as may be presented to
12 the Court. Copies of the motion and papers filed in support thereof may be obtained from counsel
13 for the Knight Trustee or through the Court's electronic filing service at ecf.cacb.uscourts.gov. The
14 Knight Trustee reserves the right to charge for the costs of copying.

15
16 **Procedure for the Filing and Service of Oppositions to the Motion**

17 Pursuant to the Court's order establishing procedures for the Trustees' sale of the Acquired
18 Assets, any party opposing the relief sought by the Motion must file a response in writing and serve
19 such response, by e-mail, facsimile, overnight mail, or personal delivery, upon the following by no
20 later than **June 3, 2008**:

21 **Counsel for the DRR Trustee**

22 Marc S. Cohen, Esq.
23 Ashleigh A. Danker, Esq.
24 Kaye Scholer LLP
25 1999 Ave. of the Stars, 17th Floor
Los Angeles, CA 90067
Facsimile no. (310) 788-1200
Email: mcohen@kayescholer.com
Email: adanker@kayescholer.com

21 **Counsel for the Knight Trustee**

22 Eric P. Israel, Esq.
23 John N. Tedford, IV, Esq.
24 Danning, Gill, Diamond & Kollitz, LLP
25 2029 Century Park East, Third Floor
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Office of the United States Trustee
ATTN: Dare Law, Esq.
725 S. Figueroa St., 26th Floor
Los Angeles, California 90017
Facsimile no. (213) 894-2603
Email: ustpregion16.la.ecf@usdoj.gov

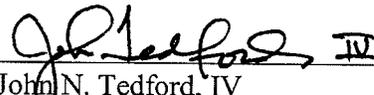
**Counsel for the Official Committee of
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Counsel for Entertainment One Ltd.
Keith W. Berglund, Esq.
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Email: keith@burglundgroup.com

The response shall contain a brief, but complete, written statement setting forth all of the reasons for opposing the motion, a memorandum of points and authorities, declarations, and all evidence on which the responding party intends to rely. Any response not timely filed and served may be deemed by the Court to be consent to the granting of the motion. If you do not have any objection to the motion, you do not need to take any further action.

Dated: May 13, 2008

DANNING, GILL, DIAMOND & KOLLITZ, LLP

By: 
John N. Tedford, IV
Attorneys for Richard K. Diamond,
Chapter 11 Trustee