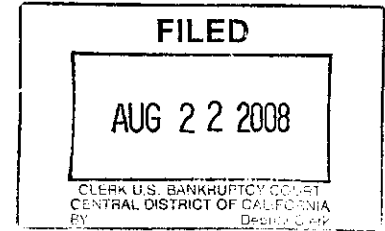


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Attorney for HELEN RYAN FRAZER, Chapter 7 Trustee



UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SAN FERNANDO VALLEY DIVISION

In re	)	Case No. SV-96-15521-GM
	)	Chapter 7
LYDIA HARRIS,	)	
	)	
Debtor.	)	
_____	)	
	)	Adversary Proceeding No,
HELEN RYAN FRAZER, Chapter 7 Trustee,	)	
	)	<b>COMPLAINT FOR TURNOVER</b>
Plaintiff,	)	<b>OF ESTATE PROPERTY; DAMAGES</b>
	)	
vs.	)	
	)	
LYDIA HARRIS, NEW IMAGE CORPORATION,	)	
a California corp.,	)	
	)	
Defendants.	)	
_____	)	

Plaintiff, HELEN RYAN FRAZER, Chapter 7 Trustee in the above-captioned  
Chapter 7 case (hereinafter referred to as "Trustee"), alleges as follows:

**JURISDICTIONAL ALLEGATIONS**

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

1 Ryan Frazer (hereinafter "Trustee") was appointed and accepted appointment as the Chapter 7  
2 Trustee for the Bankruptcy Estate.

3 2. Lydia's case was closed on December 15, 1999 without the administration of  
4 any assets.

5 3. By Order filed August 21, 2007, Lydia's case was re-opened and Helen Ryan  
6 Frazer was re-appointed as Chapter 7 Trustee in the re-opened case.

7 4. The Court has jurisdiction over this adversary proceeding pursuant to 28  
8 U.S.C. sections 157 and 1334 et. seq.

9 5. This action is a core proceeding under 28 U.S.C. sections 157(b) (2). This  
10 proceeding is related to the above captioned case presently pending in the United States Bankruptcy  
11 Court for the Central District of California.

12 6. To the extent that the Trustee asserts claims under Section 544(b) of the  
13 Bankruptcy Code, the Trustee is informed and believes and on that basis alleges that there exists in  
14 this case one or more creditors holding unsecured claims allowable under Section 502 of the  
15 Bankruptcy Code or that are not allowable under Section 502(e) of the Bankruptcy Code, which can  
16 avoid the respective transfers as set forth hereafter under California or other applicable law.

17 **THE PARTIES**

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

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

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

24 **THE \$107,000,000 JUDGMENT**

25 10. Lydia claimed a 50% ownership interest in defendant Death Row Records,  
26 Inc. ("Death Row") or a predecessor of defendant Death Row at the time her Chapter 7 Petition was  
27 filed in May 1996. Lydia did not list or otherwise disclose her interest as an asset in her bankruptcy  
28 schedules. Because of Lydia's failure to disclose her interest, her Chapter 7 Trustee had no

1 knowledge of Lydia's claimed interest when the case was closed without the administration of any  
2 assets in 1999.

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

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

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

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

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

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

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

22 **LYDIA'S CASE IS RE-OPENED UPON DISCOVERY OF THE JUDGMENT**

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

1  
2  
3 **FIRST CLAIM FOR RELIEF**

4 (For Turnover of Estate Property)

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

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

9 **SECOND CLAIM FOR RELIEF**

10 (For Damages)

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

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

16 WHEREFORE, Plaintiff prays judgment as follows:

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

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

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

24 DATED: August 20, 2008


LAW OFFICE OF PATRICK K. McCLELLAN

25 By: \_\_\_\_\_

26 PATRICK K. McCLELLAN

27 Attorney for Helen Ryan Frazer, Chapter 7 Trustee

<b>ADVERSARY PROCEEDING COVER SHEET</b> (Instructions on Page 2)		<b>ADVERSARY PROCEEDING NUMBER</b> (Court Use Only)		
<b>PLAINTIFFS</b> HELEN RYAN FRAZER, Chapter 7 Trustee	<b>DEFENDANTS</b> LYDIA HARRIS, NEW IMAGE CORPORATION	<div style="border: 2px solid black; padding: 10px; width: fit-content; margin: auto;"> <b>RECEIVED</b>   <b>AUG 22 2008</b>   <small>CLERK - U.S. BANKRUPTCY COURT SANTA ANA, CALIF.</small> </div>		
<b>ATTORNEYS</b> (Firm Name, Address, and Telephone No.) LAW OFFICE OF PATRICK K. McCLELLAN 2211 Michelson Dr., Ste 700, Irvine, CA 92612 (949)261-7615	<b>ATTORNEYS</b> (If Known)			
<b>PARTY</b> (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input checked="" type="checkbox"/> Trustee	<b>PARTY</b> (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee			
<b>CAUSE OF ACTION</b> (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) Turnover of estate property (11 USC 542); Damages				
<b>NATURE OF SUIT</b> (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)				
<table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top; width: 50%; padding-right: 10px;"> <b>FRBP 7001(1) – Recovery of Money/Property</b>  <input checked="" type="checkbox"/> 11-Recovery of money/property - §542 turnover of property  <input type="checkbox"/> 12-Recovery of money/property - §547 preference  <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer  <input checked="" type="checkbox"/> 14-Recovery of money/property - other   <b>FRBP 7001(2) – Validity, Priority or Extent of Lien</b>  <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property   <b>FRBP 7001(3) – Approval of Sale of Property</b>  <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)   <b>FRBP 7001(4) – Objection/Revocation of Discharge</b>  <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d) (e)   <b>FRBP 7001(5) – Revocation of Confirmation</b>  <input type="checkbox"/> 51-Revocation of confirmation   <b>FRBP 7001(6) – Dischargeability</b>  <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims  <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud  <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny   <div style="text-align: center;">(continued next column)</div> </td> <td style="vertical-align: top; width: 50%; padding-left: 10px;"> <b>FRBP 7001(6) – Dischargeability (continued)</b>  <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support  <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury  <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan  <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support)  <input type="checkbox"/> 65-Dischargeability - other   <b>FRBP 7001(7) – Injunctive Relief</b>  <input type="checkbox"/> 71-Injunctive relief – imposition of stay  <input type="checkbox"/> 72-Injunctive relief – other   <b>FRBP 7001(8) Subordination of Claim or Interest</b>  <input type="checkbox"/> 81-Subordination of claim or interest   <b>FRBP 7001(9) Declaratory Judgment</b>  <input type="checkbox"/> 91-Declaratory judgment   <b>FRBP 7001(10) Determination of Removed Action</b>  <input type="checkbox"/> 01-Determination of removed claim or cause   <b>Other</b>  <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i>  <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)         </td> </tr> </table>			<b>FRBP 7001(1) – Recovery of Money/Property</b> <input checked="" type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input type="checkbox"/> 12-Recovery of money/property - §547 preference <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input checked="" type="checkbox"/> 14-Recovery of money/property - other  <b>FRBP 7001(2) – Validity, Priority or Extent of Lien</b> <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property  <b>FRBP 7001(3) – Approval of Sale of Property</b> <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)  <b>FRBP 7001(4) – Objection/Revocation of Discharge</b> <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d) (e)  <b>FRBP 7001(5) – Revocation of Confirmation</b> <input type="checkbox"/> 51-Revocation of confirmation  <b>FRBP 7001(6) – Dischargeability</b> <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny  <div style="text-align: center;">(continued next column)</div>	<b>FRBP 7001(6) – Dischargeability (continued)</b> <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other  <b>FRBP 7001(7) – Injunctive Relief</b> <input type="checkbox"/> 71-Injunctive relief – imposition of stay <input type="checkbox"/> 72-Injunctive relief – other  <b>FRBP 7001(8) Subordination of Claim or Interest</b> <input type="checkbox"/> 81-Subordination of claim or interest  <b>FRBP 7001(9) Declaratory Judgment</b> <input type="checkbox"/> 91-Declaratory judgment  <b>FRBP 7001(10) Determination of Removed Action</b> <input type="checkbox"/> 01-Determination of removed claim or cause  <b>Other</b> <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)
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<input type="checkbox"/> Check if this case involves a substantive issue of state law		<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23		
<input type="checkbox"/> Check if a jury trial is demanded in complaint		Demand \$ 1,000,000.00		
Other Relief Sought				

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR LYDIA HARRIS		BANKRUPTCY CASE NO. 96-15521-GM
DISTRICT IN WHICH CASE IS PENDING CENTRAL DISTRICT OF CALIFORNIA	DIVISIONAL OFFICE SAN FERNANDO VALLEY	NAME OF JUDGE GERALDINE MUND
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISIONAL OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) 		
DATE 8/20/08	PRINT NAME OF ATTORNEY (OR PLAINTIFF) PATRICK K. McCLELLAN	

### INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 104, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

**Plaintiffs and Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

**Attorneys.** Give the names and addresses of the attorneys, if known.

**Party.** Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

**Demand.** Enter the dollar amount being demanded in the complaint.

**Signature.** This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not presented by an attorney, the plaintiff must sign.