

THE DAILY RECORD

Maryland's trusted source for business, legal and government news

MONDAY, OCTOBER 20, 2008

Volume 120 | Number 13

THE DAILY RECORD.COM

Singer claims ex-husband pushed her into investing in Baltimore property

Sandra Denton, better known as "Pepa" of female rap trio Salt-N-Pepa, has lived much of her life in the public eye, gracing stages around the world for 30 years and appearing in movies and television shows, including a VH1 reality show, *The Salt-N-Pepa Show*.

But sitting at the witness stand in a small courtroom on the top floor of the federal courthouse in Baltimore Monday morning, wearing a black leather jacket and tight black jeans, Pepa could not have been less at ease.

The Jamaica-born entertainer claimed to be cold and nervous, prompting U.S. Bankruptcy Judge Robert A. Gordon, at one point during her testimony, to tell her to "take a deep breath and relax."

Denton was in court on Monday to claim ownership of a piece of property she bought as an investment — one that was transferred to her ex-husband's new wife, who is representing herself in the bankruptcy adversary proceeding.

Denton's road to court started in a Baltimore nightclub in more than six years ago, where she met her now ex-husband, Emora Horton. How the venue shifted from the club to the court is a story, complete with a sub-prime mortgage gone wrong, that might have formed the basis for a Salt-N-Pepa hit.

"It's all personal," Horton said during an afternoon break in the proceedings. He sat in the courtroom for much of the day, including for his wife's cross-examination of his ex-wife, but did not testify himself.

In a whirlwind romance, Denton and Horton married in October 2002, moved into a row house in the 2200 block of North Calvert Street, and decided to invest in Baltimore real estate. The result was Scotch Bonnet Realty Corp., presumably named for the small Caribbean hot pepper.

Horton bought and sold properties multiple times under the title vice president, and he maintains that he was authorized to do so.

In court Monday, though, Denton repeatedly testified that she was the sole owner of

the company and that neither Horton, who managed the portfolio on her behalf, nor anyone else was an officer.

"Anything, any proceeds that were made... would be mine," she testified. On cross-examination, she added, "I would have the final say-so about anything that was done."

Horton and Denton divorced in December 2003 after the hip-hop star realized that he was cheating on her and had gotten Cateania Matthews, who is now his wife, pregnant. But Horton and Denton remained in contact, with Horton managing and sometimes selling Scotch Bonnet's properties.

Though Denton was living in New Jersey and otherwise occupied with her show business career, one property sale caught her attention: the December 2005 sale of a property in the 800 block of East 41st Street to Matthews.

The property had been sold to Matthews by Corey Johnson, a friend of Horton's who had managed to add himself as an officer of Scotch Bonnet on Maryland State Department of Assessments and Taxation records, allegedly without Denton's knowledge. Johnson was not in the courtroom yesterday, and none of the parties seemed to know where he was.

The property sold for \$140,000, \$112,000 of which was financed. It was also represented to Washington Mutual Inc. that Matthews had paid Scotch Bonnet \$30,000, money Denton said she never saw.

On this basis, Scotch Bonnet — Denton — sued Matthews, Johnson, Horton, and the entities who financed the sale, Washington Mutual and Halvaot LLC in June 2006. The case was removed to federal bankruptcy court after Matthews filed for bankruptcy a year ago.

Denton seeks to regain the property free and clear of the liens put on it by Matthews.

In court Monday, Denton's attorney, J. Michael Broumas argued that she had been taken advantage of and that the various defendants had either perpetrated a fraud upon her or should have discovered it before she did.



Sandra 'Pepa' Denton, shown at a movie premiere in New York last December, is in Baltimore to challenge the transfer of one of her investment properties to her ex-husband's new wife.

Attorneys for Washington Mutual and Halvaot, a small Baltimore lender which gave Matthews a home equity loan a year after she purchased the property, argued they acted reasonably.

"We had no knowledge that Pepa was going to pop up and say Cateania got the property through fraud," said Martin H. Schreiber II, who represents Halvaot.

Matthews, representing herself, also testified that she "had no knowledge of any forgery."

Schreiber said the legal issue Gordon will eventually have to decide is whether Johnson's actions constituted fraud or forgery.

"Apparently Maryland law makes a distinction between fraud and forgery," he said, explaining that if the answer is fraud, the lenders can foreclose, but if the answer is forgery, then the sale was invalid and Scotch Bonnet still owns the house. "If anything, we say it's fraud."

The hearing is expected to wrap up on Tuesday.