STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF CARVER

FIRST JUDICIAL DISTRICT PROBATE DIVISION

Case Type: Supervised Administration

In the Matter of:

Court File No. 10-PR-16-46 Judge Kevin W. Eide

Estate of Prince Rogers Nelson,

Decedent.

COMERICA BANK & TRUST, N.A.'S
REPLY IN SUPPORT OF PETITION FOR
FEES AND COSTS FOR FEBRUARY 2018
THROUGH JANUARY 2019 AND
RESPONSE TO THE NELSONS'
OBJECTION TO PERSONAL
REPRESENTATIVE'S PETITION FOR
FEES AND COSTS

REDACTED

INTRODUCTION

The Nelsons' opposition to Comerica Bank and Trust, N.A.'s (the "Personal Representative") legal and administrative fees must be viewed in the context of what has been required of this Personal Representative—and in fact, would be required of any personal representative—dealing with the protection and maximization of the value of Prince's complex intellectual property, while being challenged at every turn by a subset of the Heirs who simply do not want an independent personal representative. The fees in this case are high not because of the Personal Representative's or its attorneys' disregard of expenses, but because of the added expenses incurred as a result of the repeated challenges from these Heirs whose ultimate goal is to do away with a court-appointed independent fiduciary and take control of the Estate themselves. As Sharon Nelson confirmed in writing this week, she, Norrine, and John Nelson are continuing their efforts to remove the Personal Representative as personal representative of the Estate. Having failed to obtain removal through their October Petition, however, the Nelsons

have shifted their strategy. Now, aware of the Court's sensitivity to the expense of administering this Estate, they have decided that by challenging the Personal Representative's actions at every turn, while simultaneously objecting to the very expenses they have caused through their obstructionism, they can effectively drive up the legal expenses of the Estate, with the ultimate goal that the Personal Representative will (like Bremer Trust, N.A. before it) tire of the constant conflict and agree to resign. The Nelsons are brazenly cavalier in their blatant disregard for the damage caused to this Estate by their actions, which include issuing numerous untruthful public statements this week that disparage the Personal Representative and its employees involved with the Estate.

The problem is not that the Personal Representative's fees or its attorneys' fees are too high, as removing the Personal Representative and appointing any other personal representative will not reduce legal fees. Let there be no doubt, this scenario of opposing the efforts of an independent personal representative would play out again and again with a line of successor personal representatives. This Personal Representative is committed to continuing to serve to protect the Estate and all of the Heirs.

Having spent an extraordinary amount of time and effort this past year, the Personal Representative has become even more confident that it can successfully administer Prince's Estate—paying all debts and expenses, cementing and expanding Prince's legacy, and ultimately transitioning a functioning business to the Heirs. However, the current landscape in which the Personal Representative is working includes a multitude of undisclosed agendas, gamesmanship, and jockeying for position that are at the least unproductive and, at worst, a waste of resources. The Nelsons are taking advantage of every avenue available to them to obstruct the Personal Representative's efforts. The Personal Representative and its counsel are required almost daily

to deal with some such obstructionist efforts. This is extraordinarily inefficient and, as a result, unnecessarily costly. Comerica Bank and Trust, N.A is a respected and professional institution and is conducting itself as such, with the straightforward goal of maximizing the value of the Estate for the ultimate benefit of the heirs. Unfortunately, the Nelsons seem intent to work at cross purposes to these goals. The Court should view the Nelsons' Objection for what it really is—only the latest in a long line of attempts to obstruct purely for the sake of obstructionism:

The attorneys' fees and costs incurred by counsel for the Personal Representative and the compensation charged by the Personal Representative for its services are reasonable and proper under Minnesota Statutes §§ 525.515 and 524.3-719 based on the substantial time and labor involved to administer the Estate and its assets, the unique and extraordinary nature of the Estate, and the significant successes obtained by the Personal Representative for the benefit of the Estate. As a result, the Nelsons' objection should be rejected by the Court.

Finally, the Personal Representative respects and agrees with the Court's view that the resources of the Estate are not unlimited. As set forth below, the Personal Representative has substantially reduced the attorneys' fees and expenses being charged to the Estate from those charged by its predecessor and will continue doing so as the circumstances of this Estate allow (including if the Court, over the objection of the Nelsons, allows

Description:

at the time of the Personal Representative's appointment, the Court provided the Heirs with what is in Minnesota an unparalleled level of access and control over the affairs of this Estate. This has necessarily and not surprisingly resulted in increased expenses based on the substantial time the Personal Representative and its counsel spend informing, advising, and meeting with the Heirs, their counsel, and advisors; responding to comments from the Heirs and their counsel on

transactions; and seeking Court approval of transactions when they are inevitably objected-to by the Nelsons. Perhaps this is a good time for the Court and the parties to reevaluate how they want this Estate to be administered moving forward, with a full appreciation of the impact that decision will have on the expenses incurred by the Estate and how it will impact when the Estate can be closed and its assets distributed to the Heirs. One thing, however, is certain—if the Court allows the Nelsons to file baseless petitions and objections, and otherwise obstruct the administration of the Estate without any consequence, the Estate will continue incurring unnecessary fees and expenses.

RESPONSE TO OBJECTION

I. THE PERSONAL REPRESENTATIVE'S ATTORNEYS' FEES ARE REASONABLE.

The Personal Representative's attorneys' fees and costs are governed primarily by Minnesota Statutes Section 525.515, which provides that "an attorney performing services for the estate at the instance of the personal representative, guardian or conservator shall have such compensation therefor out of the estate as shall be just and reasonable." *Id.* In determining fair and reasonable attorneys' fees, the Court considers five factors: "(1) the time and labor required; (2) the experience and knowledge of the attorney; (3) the complexity and novelty of problems involved; (4) the extent of the responsibilities assumed and the results obtained; and (5) the sufficiency of assets properly available to pay for the services." Minn. Stat. § 525.515(b). Consideration of these five factors here demonstrates that the Personal Representative's requested attorneys' fees are fair and reasonable compensation for its services for the Estate.

A. This Estate has required extensive investment of time and labor—a substantial portion of which is attributable to the unprecedented access and control afforded the Heirs and to the Nelsons' baseless objections.

An extraordinary amount of time and labor is required to effectively manage this Estate. (Aycock Decl. ¶ 2.) This is due, in part, to the volume and complexity of the Estate's assets, including the entertainment entities and other assets managed by the Estate. (*Id.*) As the Court will recall, initially the Heirs sought to have their own advisors serve as a co-personal representative; a concept the Court wisely rejected. Instead, the decision was to give the Heirs an unprecedented role in administering the Estate, with the intention of addressing their desire to be involved and understand the decision-making. (*See id.* at ¶ 9.) Although there were good reasons to adopt this process at the time, this decision has required the Personal Representative and its counsel to devote countless hours every month not to administering the Estate, but instead to responding to demands, questions, and objections from the Heirs and their advisors. (*See id.* at ¶ 7, 8.)

1. As the Nelsons acknowledge, this is a large estate that requires a substantial volume of legal work.

The investment of time and labor required to administer the Estate, given its varied assets—including real estate, intellectual property, a recording company, and a music publishing company—is more akin to running a multi-faceted operating business. Even the Nelsons acknowledge that this "is a large Estate with a number of legal matters that must be managed by legal counsel." (SNJ Objection at 7.) To illustrate, the Personal Representative's primary counsel, Fredrikson & Byron ("Fredrikson")—which divides its client billing into distinct subject matters—has 301 matters open for the Estate. (Cassioppi Decl. ¶ 3.) During October 2017 through January 2018 alone, Fredrikson attorneys worked on 159 separate Estate matters. (*Id.*)

On any given day, the Estate requires attorneys to be working on multiple matters simultaneously. (Cassioppi Decl. ¶ 5.) For example, on January 18, 2018—a fairly typical day—attorneys performed the following legal work:

- Mark Greiner (shareholder), Karen Sandler Steinert (shareholder), and Adam Gyurisin (staff attorney) prepared the Minnesota Department of Revenue installment payment paperwork, held a discussion with the IRS and counsel for one of the Heirs regarding the 6166 installment payments, and edited the Paisley Park Exhibit Operating Agreement (Greiner Dec., Ex. D at 8);
- Howard Roston (shareholder) reviewed and corresponded with the County Attorney regarding the Paisley Park Real Estate tax protest matter (*Id.* at 14);
- Joseph Cassioppi (shareholder) worked on a draft agreement and discussed the agreement with counsel at Winthrop & Weinstine, held a discussion with Justin Bruntjen in an attempt to finalize the execution of Justice Gilbert's mediation agreement, and, along with Marie Williams (associate), prepared for and argued Patrick Cousins' appeal of the order dismissing his claim against the Estate (*Id.*, at 21, 34-35);
- Sarah Olson (shareholder) researched the Estate's response to collection actions being undertaken against the Estate based on the judgment obtained against Prince in Italy;
- In the Ian Boxill federal court and arbitration proceedings, Barbara Marchevsky (associate) researched potential additional claims to assert against defendants, Todd Klukow (paralegal) reviewed documents received from a third-party and worked on serving document subpoenas, Lora Friedemann (shareholder) took the deposition of Ian Boxill in Los Angeles, Anne Rondoni Tavernier (associate) reviewed documents in preparation for a motion to compel, and Grant Fairbairn (shareholder) worked on retaining an expert and scheduling depositions with opposing counsel (Id. at 41);
- Steve Helland (shareholder) worked on reviewing and communicating with The Personal Representative regarding the Paisley Park Exhibit Operating Agreement, photography copyright matters, and legal issues related to the Estate's website. (*Id.* at 47);
- Barbara Marchevsky (associate) drafted motions for default judgment and for an award of attorneys' fees (both of which have since been granted) in the Thuy Nam Ly copyright infringement matter in Rhode Island (*Id.* at 48.);
- Ann Wessberg (shareholder), John Pickerill (shareholder), and Ama Yates (paralegal) worked on at least five separate trademark, copyright, and domain name matters (*Id.* at 75, 78, 85, 96, 108, 109.); and

• Jason Boyarski reviewed a draft of entertainment law issues, held a telephone conference with The Personal Representative regarding the status of entertainment deals, spoke with Ken Abdo regarding , worked on the proposed agreement with , advised The Personal Representative on proposed synchronization licenses, and worked on a draft of agreement (*Id.*, Ex. H at Feb. 1 Invoice).

(Id.)

No single attorney—or even two or three attorneys—could have accomplished these tasks in one day. Indeed, looking just at Boxill, numerous paralegals and attorneys worked on the case because of the various tasks and geographical demands. (See Cassioppi Decl. ¶ 14.) To get a sense of the legal demands of the Estate, the Court need only glimpse the email traffic during any given week. For example, during the week of January 5, 2018—a fairly typical week for the Personal Representative—attorney Joseph Cassioppi received 244 substantive emails relating to Estate litigation matters from The Personal Representative, counsel for L. Londell McMillan, counsel for Heirs, Jason Boyarski, Troy Carter, Pamela Golinski, Peter Gleekel, opposing counsel in the Tidal litigation, Justice Gilbert, and others. (Id. at ¶ 4.)

Moreover, the time and labor required to administer the Estate is only compounded by the conduct of the Nelsons and their advisor. (See Aycock Decl. ¶ 7; Cassioppi Decl. ¶ 11.) The purpose of setting forth these facts is not to complain, but to explain the actual service the attorneys and Personal Representative provided. The Estate is not served by ignoring these tasks, and any responsible personal representative and its legal counsel would have had to incur these expenses.

2. The Nelsons and their advisor have substantially increased the Estate's attorneys' fees through their obstructionist conduct.

It is ironic for the Nelsons to object to the Personal Representative's attorneys' fees as excessive, given that a substantial portion of the fees are due to the Nelsons' (and their advisor's)

own baseless objections including—most notably—their Petition to Remove the Personal Representative.

In October, the Nelsons filed a 56-paragraph Petition to Remove Comerica as Personal Representative that contained dozens of meritless accusations of malfeasance. Based on their objection, it appears that the Nelsons believe the Personal Representative should have responded to their Petition in kind by leveling its own unsupported assertions. But instead—as the Court acknowledged it should—the Personal Representative treated the Nelsons' Petition and accusations seriously. (See 3/28/18 Order at 3 ("The Court recognizes that the Petition to remove The Personal Representative needed to be treated seriously.").) The Personal Representative responded to the Petition in three phases:

First, by filing the Petition, the Nelsons triggered an automatic stay on the Personal Representative's ability to act on behalf of the Estate. *See* Minn. Stat. 524.3-611 ("[A]fter receipt of notice of removal proceedings, the personal representative shall not act"); (Cassioppi Decl. ¶ 6.) This forced the Personal Representative and its counsel to stop all critical, time-sensitive work on behalf of the Estate. (Cassioppi Decl. ¶ 6.) Faced with the prospect of losing potential entertainment deals mid-negotiation, missing deadlines in the Estate's numerous litigation matters, and lapses in the enforcement of critical and valuable intellectual property rights owned by the Estate, the Personal Representative's counsel immediately moved the Court for emergency, interim relief. (*Id.*) The Nelsons opposed the Motion but the Court ruled in favor of the Personal Representative, authorizing it to continue administering the Estate while the Petition remained pending.

Second, the Personal Representative prepared a substantial written response to the Petition. (Cassioppi Decl. ¶ 7.) The Petition accused the Personal Representative of serious

misconduct, including fraud and the failure to protect the Estate's assets and intellectual property. The Personal Representative needed to respond to the Nelsons' allegations thoroughly, to assure the Court, the Heirs, and the public that it had not engaged in any malfeasance. To rebut the Nelsons' many unsupported assertions, the Personal Representative's counsel conducted interviews with, and gathered documents from, numerous individuals working for the Estate including third parties such as Iron Mountain and MarkMonitor. (Id.) Counsel also researched many legal issues presented by the Petition. (Id.) Then, counsel drafted a 49-page memorandum in response to the Petition, and drafted and compiled the supporting declarations and exhibits: Declaration of Brian Wolfe, Declaration of Greg Parkin, Declaration of Eric Bricker, Declaration of Mark Monitor with Exhibit A, Declaration of Ann Wessberg with Exhibits A-B, Declaration of Lora Friedemann, Declaration of Troy Carter, Declaration of Joseph Cassioppi with Exhibits A-C, and Declaration of Andrea Bruce with Exhibits A-QQ, which altogether totaled 649 pages. (See id.) After revising and finalizing these documents, counsel created a public version and an under-seal version of each document, meticulously redacting the confidential information and double-checking the redactions. (Id.) Given the sheer volume of pages to be filed and the complexity of filing multiple versions of each document (redacted and under seal), coordinating the filing and serving the response alone took several hours.² (Id.)

¹ The process of obtaining declarations from Iron Mountain and MarkMonitor was not a quick, one-step process. It required the Personal Representative's counsel to interview individuals from those companies providing services to the Personal Representative, draft declarations based on the interviews, consult with Iron Mountain and MarkMonitor's internal legal team to exchange drafts and revisions to the declarations and redactions thereto, and then follow-up with the relevant individuals to execute the declarations.

² The Nelsons have objected to the number of attorneys and paralegals who assisted in responding to the Petition, but four of the ten billed fewer than four hours each on the matter.

Third, the Personal Representative then prepared for the hearing on the Petition. (Cassioppi Decl. ¶ 8.) The Court originally indicated that it was considering allowing the parties to solicit testimony of adverse witnesses via cross-examination. (*Id.*) Accordingly, counsel for the Personal Representative prepared cross-examinations of the Nelsons' witnesses for the hearing. (*Id.*) The Personal Representative also flew in its most important witnesses, including Angela Aycock, Andrea Bruce, Brian Wolfe, Troy Carter, and Jason Boyarski and worked to prepare them for questioning. (*Id.*) Counsel also prepared extensively for oral argument to present at the hearing. (*Id.*) The morning of the hearing, however, the Court decided to allow only oral argument and did not provide an opportunity for witness testimony. (*See id.*)

So when the Court states—based only on the Nelsons' Objection and without having the benefit of the Personal Representative's response—that the Personal Representative spent \$825 per page on its response to the Petition (3/28/18 Order at 3), the Court has failed to recognize the substantial portion of fees incurred to seek emergency relief, prepare for a potential evidentiary hearing, and prepare for oral argument.

The Personal Representative prevailed completely on the Petition to Remove. In its Order, the Court cited extensively from the detailed factual record submitted by the Personal Representative. The Court concluded that the driving factors behind the Petition were not any misconduct by the Personal Representative, but rather "the role of L. Londell McMillan and the refusal of Comerica to permit interim distributions to the heirs from the assets of the Estate." (12/18/17 Order at ¶ 46.) The Court held, "This Petition has been brought before the Court to advance the [Nelsons'] agenda and not in the best interest of the Estate. The result has been a

For example, Ann Wessberg contributed only a declaration to rebut assertions regarding the Personal Representative's protection of intellectual property and billed 1.9 hours.

needless increase in the cost of this proceeding." (Id. at \P 65.) The Court threatened sanctions against the Nelsons but ultimately declined to impose them. (See 3/28/18 Order.)

Considering this volume of work, the compressed timeframe, the Personal Representative's success on both the motion and the petition, and the amount of money the Estate saved by avoiding removal of the Personal Representative and appointment of a new personal representative, attorneys' fees and costs totaling \$148,000 were reasonable and necessary to respond properly to the Petition. The Nelsons now argue that the Personal Representative should not be reimbursed for responding to the Petition to Remove because it was not for the benefit of the Estate. The Court has already determined, however, that it was in the best interest of the Estate to retain Comerica as Personal Representative and that the Estate saved "millions of dollars" by doing so. (12/18/18 Order at 12.) Furthermore, the Minnesota Court of Appeals has held that fees incurred in defending against an unsuccessful removal petition benefit the estate and should be reimbursed. In re Estate of Meiners, No. A07-0967, 2008 WL 2340695, at *3 (Minn, Ct. App. June 10, 2008) (rejecting district court's conclusion that appellant improperly charged the estate for defending a successful removal motion); see also In re Guardianship of Glenn, 381 N.W.2d 77, 80 (Minn. Ct. App. 1986) (holding that guardian's attorney and surety's attorney were entitled to reasonable fees incurred in successfully defending against claims that the guardian had mismanaged the estate).

Undeterred by the Court's warnings, the Nelsons continued to file baseless motions and objections, further driving up the Estate's attorneys' fees.

In early December, the Nelsons' counsel petitioned for emergency relief, requesting that the Court order the Personal Representative to remove the vault materials from Iron Mountain's secure facility due to forest fires in Southern California. The Personal Representative's counsel

submitted a response opposing the request. The Court, again, denied the Nelsons' request, stating that it "strongly condemn[ed]" the Nelsons for bringing the matter before the Court without first discussing it with the Personal Representative. (12/11/17 Letter from Judge Eide.)

Also in December, the Personal Representative informed the Heirs that it had negotiated an important new entertainment deal and provided the Heirs with the deal memo. The Nelsons filed an objection to the deal with the Court. The Personal Representative's counsel submitted a response. The Court, once again, overruled the Nelsons' objections and the Personal Representative was authorized to proceed with the transaction (see 12/8/17 Order), which has since been finalized. (Aycock Decl. ¶ 15.)

Finally, as the Court is well aware, the Nelsons' advisor, Londell McMillan, has sought to obtain confidential Estate information without signing the Estate's non-disclosure agreement ("NDA") for more than a year. Mr. McMillan's refusal to comply with that simple and critical requirement has generated countless letters between counsel, hours of failed negotiations, several filings with the Court, an unsuccessful mediation with Justice Gilbert, and now a Motion before the Court. (Cassioppi Decl. ¶11.) Mr. McMillan's continued refusal to cooperate with the Personal Representative alone has cost the Estate thousands of dollars in needless attorneys' fees. (*Id.*)

B. The wide-ranging experience and expertise of the Personal Representative's attorneys enables the Personal Representative to efficiently address and resolve the Estate's legal issues.

The Nelsons do not object to or challenge the experience and knowledge of the attorneys working on Estate matters. They object only to the number of attorneys working on Estate matters. But fewer attorneys does not mean smaller fees. To the contrary, utilizing many attorneys with wide-ranging areas of expertise and levels of experience is not only necessary, but more cost-efficient than relying on a small number of attorneys or relying solely on associates.

By utilizing a team of many diverse attorneys (including shareholders with specific expertise in areas like trademarks, estate tax, and real estate), counsel for the Personal Representative is able to assign each task to the attorney who will accomplish it most efficiently and most capably in the best interest of the Estate. (Cassioppi Decl. ¶ 12.) A shareholder with thirty years of experience in real estate (Mary Ranum), for example, is able to address and resolve real estate matters for the Estate much more quickly and skillfully than a trusts & estates attorney or an associate without the same expertise. Thus, the number of attorneys who are working for the Personal Representative reflects only the broad scope of legal issues presented by this Estate, which range from estate taxation, to corporate governance, to trademark litigation, and more.

Counsel for the Personal Representative staffs the Estate's matters using associates and paralegals where appropriate, such as for legal research, drafting, and second-chairing arguments. (Cassioppi Decl. ¶13.) For example, associates researched and drafted the brief in response to the appeal by Patrick Cousins and second-chaired the oral argument, while the supervising partner revised the brief and prepared and delivered the oral argument. (Cassioppi Decl. ¶13.) The total fees incurred for briefing and arguing this appeal were approximately \$22,000. (Cassioppi Decl. ¶13.) While the Nelsons object to the amount of time spent on this appeal, the time invested has paid off—the Estate was successful in the appeal and will not be required to pay Mr. Cousins' \$599,735.63 claim.

C. This Estate presents numerous complex and novel issues.

The assertion that the Estate's legal matters are "not novel or overly complex" is patently false. As the Court has previously observed, "[t]he unique and extraordinary nature of this probate proceeding is undeniable. It requires the attorneys for the Estate to navigate highly complex and novel problems." (Court's 10/26/16 Order; see also SNJ's Petition to Remove ¶ 56 (quoting the Court's description of the Estate as "unique and extraordinary").) For example, the

Boxill litigation presents both complex and novel legal issues. (Cassioppi Decl. ¶14.) The litigation is proceeding simultaneously in two venues, federal court and arbitration. (Id.) Both involve resolving the question of whether Boxill is a joint author of certain Prince songs. (Id.) Adjudicating joint authorship is a fact-specific and highly nuanced area of copyright law. (Id.) The litigation also involves novel intellectual property claims. (Id.) In October, the Estate received a favorable ruling from the federal court recognizing a post-mortem right of publicity, which is an entirely new cause of action in Minnesota. (Id.) This ruling alone saved the Estate thousands of dollars that would otherwise have been spent pursuing the "Prince Act" that the former Special Administrator attempted. The ruling establishes that the Estate enjoys post-mortem protection for Prince's name, image and likeness, and thus protects and increases the value of the Estate's intellectual property.

This is just one example of the many complex and novel legal issues presented by the Estate. Other examples include and other complex entertainment deals; advising on streaming, publishing, and licensing opportunities; consulting on surveys, zoning, purchase offers, and closings for real property; establishing and protecting trademarks and copyrights around the globe; preparing a full inventory of Estate assets and accountings of Estate transactions; and more. (See 2/15/18 Greiner Decl. ¶¶ 4-8.)

D. The Personal Representative has obtained excellent results.

The Nelsons next assert that the Court should reduce the attorneys' fees and expenses sought by the Personal Representative based on the "results obtained." Minn. Stat. § 525.515(b). Their assertion that this factor requires a reduction in fees fails for two reasons.

First, this argument conflates the standard that applies to the attorneys' fees incurred by a personal representative with those incurred by others (like heirs) who attempt to perform services

for the benefit of the Estate. *In re Estate & Trust of Anderson*, 654 N.W.2d 682, 688-89 (Minn. Ct. App. 2002) (distinguishing the standard applicable to attorneys' fees incurred by a personal representative and attorneys' fees incurred by any other interested person); *see* Minn. Stat. § 524.3-720 ("Any personal representative . . . who defends or prosecutes any proceeding in good faith, whether successful or not, . . . is entitled to receive from the estate necessary expenses and disbursements including reasonable attorneys' fees incurred.").³

Second and more importantly, the Nelsons' argument ignores the uniformly excellent results the Personal Representative obtained for the Estate from October 2017 through January 2018. Among other successes, the Personal Representative obtained the following for the benefit of the Estate during this time period:

The Probate Matter

- In early October 2017, the Personal Representative filed a motion for authorization to list and sell certain real estate owned by the Estate. The Court granted the Motion and the Personal Representative
- In late October 2017, the Nelsons filed a Petition to Remove Comerica as Personal Representative, triggering an automatic stay on Comerica's ability to act as the Personal Representative on the Estate's behalf. The Personal Representative moved for immediate, interim relief from the Court to allow it to continue administering the Estate while the Petition was pending. The Nelsons opposed this motion and the Personal Representative prevailed. This interim relief prevented potentially irreparable damage to the Estate by, among other things, avoiding defaults in litigation against and by the Estate, stalled negotiations with entertainment partners, and lapses in critical copyright and trademark enforcement.

³ For example, Bremer Trust charged the Estate for, and was compensated for all fees and expenses incurred on, items like the proposed agreement with and the tribute concert which were rejected by the Court or otherwise did not result in any benefit to the Estate, presumably based on the Court's determination that Bremer Trust pursued those items in good faith.

- In November 2017, the Personal Representative responded to the Petition to Remove and again prevailed. In its Order denying the Petition, the Court concluded that it was in the best interest of the Estate to retain Comerica as Personal Representative. This result saved the Estate from the substantial delays and millions of dollars of costs that would be associated with transitioning to a new personal representative.
- In early December 2017, the Nelsons submitted an emergency request to the Court, asking to have the materials from Prince's Vault transferred out of the secure Iron Mountain facility due to forest fires in California. The Personal Representative opposed the request and prevailed. The Court "condemned" the Nelsons for filing the request without conferring with the Personal Representative and threatened sanctions in the future. (12/11/18 Order.)
- In December 2017, the Personal Representative presented the deal memo for an important entertainment deal to the Heirs. The Nelsons submitted an objection to the Court. The Personal Representative responded and the Court overruled the Nelsons' objection. The deal has since been finalized, resulting in

The Court of Appeals

- Earlier in 2017, Patrick Cousins submitted a claim against the Estate. The Personal Representative moved to dismiss and this Court granted its Motion. Mr. Cousins appealed the decision. In December 2017, the Personal Representative argued the appeal and prevailed; the district court's dismissal was affirmed and the Personal Representative defeated a nearly \$600,000 claim against the Estate.
- Earlier in 2017, the Personal Representative had prevailed in an heirship appeal by Darcell Gresham Johnston, et al. and Venita Jackson Leverette. In October 2017, the appellants sought review by the Minnesota Supreme Court, which the Personal Representative opposed. The Personal Representative prevailed, further review was denied, and this Court's order remains upheld.

Roc Nation litigation

• In October 2017, the Personal Representative prevailed on a highly contested motion to compel that was instrumental in

Boxill litigation

- In October 2017, the Personal Representative successfully defended against a motion to dismiss in federal court, preserving all but one of the Estate's claims and successfully establishing a post-mortem right of publicity in Minnesota.
- In November 2017, the Personal Representative succeeded in compelling Boxill to produce relevant documents in the arbitration that he had failed to produce.

Other litigation

- Ly posted karaoke videos of Prince songs on YouTube. The Personal Representative requested that YouTube take down the infringing videos, but YouTube policy required a complaint to be served on Ly first. The Personal Representative drafted a complaint, hired local counsel, and attempted to serve Ly. After attempting personal service through the local constable, as required by law, several times, the Personal Representative requested permission for and executed "tack-on" service. Once service was completed, Ly did not respond. The Personal Representative succeeded in securing entry of a default judgment, a permanent injunction, and an award of its attorneys' fees and costs against Ly.
- Habib posted bootleg videos of Prince concerts on YouTube. The Personal Representative requested that YouTube take down the infringing videos, but YouTube policy required a complaint to be served on Habib first. The Personal Representative drafted a complaint, hired local counsel, and served Habib. The Personal Representative succeeded in having the videos removed from YouTube and is now discussing a resolution of the case with Habib. While this and the Ly litigation may seem like small matters not worth expending attorneys' fees on, these and other enforcement actions are critical to maintaining the strength of the Estate's copyrights.

(Cassioppi Decl. ¶ 15.)

Indeed, the only example referenced in the Nelsons' Objection of an allegedly adverse result—which the Nelsons assert should result in the Personal Representative not being entitled to compensation—is the Minnesota Court of Appeals' January 22, 2018 partial remand of this Court's April 5 and May 5, 2017 Orders approving attorneys' fees and costs for certain Heirs. Specifically, the Personal Representative defended this Court's orders on appeal, but the Court of Appeals, while affirming in part based on the arguments presented by the Personal

Representative, remanded the case for additional fact finding. Respectfully, the Court of Appeals' decision failed to appreciate the unique nature of this Estate and the substantial briefing and efforts by the Court that had gone into its orders. But regardless, the Personal Representative defended this Court's orders in good faith for the benefit of the Estate and should be compensated for those efforts. Minn. Stat. § 524.3-720.

E. The Nelsons have no basis for their assertion that there "will be nothing left" for the Heirs.

The Nelsons suggest that the Personal Representative's counsel should be paid a flat fee, rather than being reimbursed for the time actually spent serving the Estate. The Nelsons have not provided the Court with any authority or precedent supporting this suggestion. Putting aside whether a flat fee could be imposed under Minnesota law, the suggestion simply is not feasible because the attorneys' fees required to administer this Estate vary widely from month to month

and often depend on the Heirs' conduct or the conduct of an opposing party in litigation, over which the Personal Representative has no control.⁴ (Cassioppi Decl. ¶ 16.) It appears that the Nelsons believe a flat fee structure would save the Estate money, but this belief is misguided. A flat fee structure provides only predictability, not necessarily savings. The Estate should reimburse the Personal Representative's counsel for the hours reasonably spent working on behalf of the Estate—no more and no less.

II. THE PERSONAL REPRESENTATIVE HAS SUBMITTED DETAILED INVOICES DOCUMENTING THE ATTORNEYS' FEES INCURRED.

The Nelsons object to the attorneys' fee invoices as containing "vague" block-billed entries. This is belied by the Nelsons' own admission that the invoices contained a "vast number of entries" for "relatively small amounts." (SNJ Objection at 9.) Even a cursory glance at the more than 600 pages of billing entries submitted to the Court is enough to demonstrate that the Personal Representative's attorneys have meticulously accounted for the time they billed to the Estate. These billing entries bear no resemblance to the sort of vague descriptions that courts have found objectionable, such as "file review" or "preparation for trial." See Anderson v. Hunter, Keith, Marshall & Co., 417 N.W.2d 619, 629 (Minn. 1988). Instead, the billing entries contain descriptions of the task performed and the specific subject matter. (See, e.g., Greiner Decl. at 344 (Ex. C) (billing entries by Joseph Cassioppi describing work performed December 1-11, 2017, regarding the Nelsons' objections to deal, motions to compel in the Roc Nation and Boxill matters, litigation against Ly in Rhode Island, a claim by E. English, the

⁴ For example, in the Boxill arbitration, the Personal Representative has been forced to bring four motions to compel against Boxill (all of which were granted) and is currently bringing a fifth motion after Mr. Boxill walked out of his deposition. Similarly, in the Roc Nation litigation, the Tidal entities and Roc Nation were withholding hundreds of unambiguously relevant documents under a baseless privilege claim. The Personal Representative was forced to move to compel their production. This motion, which the court granted, was instrumental in

Nelsons' emergency request to move the vault materials out of Iron Mountain's facility, mediation with Justice Gilbert regarding L. Londell McMillan, and more).)

To the extent that an attorney performed work on separate matters for the Estate, such time was entered and billed separately in each matter—not block-billed. While the Personal Representative's attorneys did not create separate time entries for each individual task performed by the attorney within a single matter on a given day, such billing is not practical given the volume of work performed, is not required under Minnesota law, and would have generated objections from the Nelsons anyway, as they have already complained that Fredrikson's invoices contained "so many entries for relatively small amounts." (See SNJ Objection at 9 (complaining of too many small billing entries).)

III. COUNSEL FOR THE PERSONAL REPRESENTATIVE HAS HANDLED THE ESTATE'S LEGAL WORK EFFICIENTLY.

Counsel for the Personal Representative has provided the Estate with superior legal counsel in a cost-efficient manner.

As the Nelsons acknowledge, it is impractical to suggest that all legal matters may be handled by a single attorney. (SNJ Objection at 8 ("SNJ do not suggest that only one attorney can only ever appear on a matter or bill time for an issue.""). Often, it is necessary to have two attorneys attend a hearing or meeting, in different roles, on behalf of the Estate. (Cassioppi Decl. ¶ 17.) For example, on January 5, 2018, both Joseph Cassioppi and Mark Greiner attended a meeting with the Court, the Heirs' counsel, and the Second Special Administrator ("SSA") regarding the SSA's report to the Court. (*Id.*) As the principal litigator representing the Personal Representative in all probate matters, Mr. Cassioppi needed to attend the meeting with the Court to represent and advocate for the Personal Representative. (*Id.*) Mr. Greiner, as the attorney overseeing all Estate matters including litigations, needed to attend the meeting not only to

represent the Personal Representative and consult on broader Estate issues, but also to ensure he is fully apprised of all developments affecting the Estate. (*Id.*)

At hearings where current Estate business was not addressed, such as appellate court hearings, Mr. Cassioppi attended the hearings with an associate, rather than with Mr. Greiner. (Cassioppi Decl. ¶18.) For example, Emily Unger and Marie Williams each assisted Mr. Cassioppi with appellate hearings in October and December 2017, respectively, by reviewing and condensing the legal authorities cited in the parties' briefing, anticipating questions from the panel, and assisting Mr. Cassioppi with rebuttals to opposing counsel's arguments during the hearings. (*Id.*) Having two attorneys attend these court appearances is not excessive or duplicative, as each attorney has a distinct role. (*Id.*) The Nelsons themselves often send multiple attorneys from a single law firm to similar court appearances. For example, three attorneys from Skolnick & Joyce (William Skolnick, Sam Johnson, and Andrea Skolnick) attended the hearing on the Petition to Remove on behalf of the Nelsons.

Although the Nelsons challenge the time spent preparing the fee affidavits for the Personal Representative and its counsel, these fees should be reimbursed because the fee affidavits were prepared for the benefit of the Estate. See Minn. Stat. § 525.515. In the normal course of estate administration under Minnesota law, the Personal Representative's attorneys' fees would be submitted to the court for payment as part of the Estate's accounting. In this case, however, the Court has required the Personal Representative, every four months, to submit affidavits summarizing the legal work performed for the Personal Representative and invoices detailing each billing entry for which reimbursement is sought. This process of creating and submitting fee affidavits and invoices is for the benefit of the Estate and the Heirs, not for the benefit of the Personal Representative. (Cassioppi Decl. at ¶ 19.) Furthermore, the vast majority

of the time spent preparing fee affidavits for submission to the Court is spent on redacting confidential information from the billing entries. (*Id.*) Given that the Personal Representative submitted more than 600 pages of billing entries, the redacting process was very time consuming. This process, however, protects confidential information of the Estate—not the Personal Representative—and therefore benefits the Estate. (*Id.*)

To the extent that any time billed by Fredrikson's attorneys was duplicative or unnecessary, such time was removed from Fredrikson's invoices and not charged to the Personal Representative. (Cassioppi Decl. ¶ 20.) For example, for October 2017 through January 2018, Fredrikson wrote-off nearly \$30,000 of services rendered. (Id.) As Fredrikson has already reduced its charges, where appropriate, before billing the Personal Representative, no additional reductions are warranted. The Nelsons also argue that the Personal Representative is seeking duplicative payments based on an Arnold & Porter Kaye Scholer LLP invoice that was inadvertently included in its attorney fee submission twice. The Nelsons conveniently fail to inform the Court that it was the Personal Representative that alerted the Heirs to this duplication and informed them that it had already obtained a refund. (See Aycock Decl. ¶ 16.) The manner in which the Personal Representative immediately resolved this issue and affirmatively alerted the Heirs to it demonstrates that the Personal Representative is not seeking to recover for any duplicative charges or work. It also demonstrates that the Personal Representative does not approve the invoices carte blanche, rather it diligently reviews legal invoices for accuracy and reasonableness. (Id.)

Perhaps the best evidence of the reasonableness of Fredrikson's billing is that the Nelsons have objected to only a handful of billing entries (totaling \$11,339) out of more than 600 pages

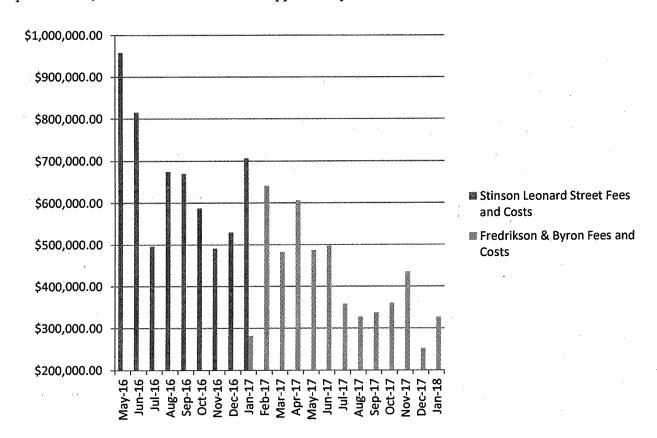
of invoices. In addition to the entries discussed above, the Nelsons object to the following as entries that "appear" to be "excessive or unnecessary":

- \$1,457.50 for research related to estate and \$1,431.00 for writing memo regarding estate issue: After he had made threats against the Personal Representative related to counsel for the Personal Representative asked Mr. McMillan (who is an attorney and who, in fact, represented his clients as counsel at a minimum in the wrongful death matter) to communicate through counsel moving forward. Mr. McMillan, however, continued to attempt to communicate directly with the Personal Representative. As a result, counsel for the Personal Representative assigned a first-year associate to research and prepare an internal memorandum on the application of the Rules of Professional Conduct to Mr. McMillan. Based on counsel's instructions to Mr. McMillan, he has now ceased communicating directly with the Personal Representative.
- \$874.50 for research regarding *redacted* and \$795.00 for research regarding *redacted*: A first-year associate conducted legal research regarding arguments advanced by Cousins Law in its appellate brief and potential responses to those arguments.
- \$1,080.00 for creating tracking mechanism for nationally-served subpoenas and \$1,774.00 for serving subpoenas: In the Boxill litigation, the Personal Representative sent cease and desist letters to approximately twenty individuals or entities and subpoenaed several of them. To assist with serving and tracking the subpoenas, a paralegal created a spreadsheet compiling service information for each of the individuals and entities (*i.e.* name, address, registered agent) and tracking the dates served and responses received. Metro Legal served the subpoenas.
- \$3,927.00 for Jason Boyarski's travel to Minnesota for removal hearing, meeting with Steve Silton, and preparation for hearing: As discussed above, the parties understood that there would be testimony at the hearing on the Nelsons' Petition to Remove. As entertainment counsel, Mr. Boyarski traveled to Minnesota for the hearing so that he would be available to provide information regarding entertainment deals he assisted the Personal Representative to negotiate.

(Cassioppi Decl. ¶ 21.)

Ultimately, the Nelsons provide the Court with no basis for their objections to the Personal Representative's attorneys' fees and no guidance to which specific billing entries they are objecting, apart from the handful of entries discussed above. Unable to object to the

reasonableness of specific work performed by the Personal Representative's attorneys or to the qualifications or rates of its attorneys, it appears that the Nelsons are instead simply objecting to the total amount billed. The total amount billed, however, is not only fair and reasonable considering the time and labor required to administer the Estate, the complexity of the legal issues, the expertise of the attorneys, and the Personal Representative's near-perfect track record in court; the total amount billed is also reasonable when compared to the fees billed by its predecessor, which were reviewed and approved by the Court:



Since stepping down as the Special Administrator, Bremer's counsel has billed an additional \$1,272,223.84 of fees and costs for its transition of the Estate to the Personal Representative and despite its very limited continuing role in Estate matters including the UMG rescission and the Boxill and Roc Nation litigations. (See 1/30/18 Halferty Aff. Ex. A; 10/20/17 Halferty Aff. Ex. A; 10/16/17 Greiner Decl. Ex. P.)

As demonstrated by the above chart, the Personal Representative has been judicious with its use of counsel. For example, the Personal Representative handles the day-to-day administration of the Estate's entertainment assets itself, rather than delegating those tasks to counsel as was the case with the former Special Administrator. (See Aycock Decl. ¶ 2.) The Personal Representative fields the licensing requests for Estate's intellectual property assets (consulting with counsel when appropriate), whereas the former Special Administrator paid attorney Traci Bransford (who billed \$600/hour) to field these requests. (Id.) While the totals vary from month to month due mostly to the conduct of third parties that is outside the Personal Representative's control, there has been a general downward trend in the amount of attorneys' fees and costs since the Personal Representative was appointed. (Id. at ¶ 3.) This trend will be even more dramatic if the Court

(Id.) The Roc Nation litigation, in combination with the Boxill matter, comprises nearly one third of the Personal Representative's total monthly attorneys' fees. (Id. at ¶ 4.) Subtracting the fees and costs associated with these matters, which had either not yet commenced (Boxill) or were just commenced (Roc Nation) during the former Special Administrator's term, would even more dramatically reduce Personal Representative's attorneys' fees as compared to those of the former Special Administrator. (Id.)

IV. THE PERSONAL REPRESENTATIVE'S REQUESTED FEES FOR 2018-2019 ARE VERY REASONABLE.

While the Nelsons do not appear to challenge the fees and costs incurred and charged by the Personal Representative for its services for October 2017 through January 2018, they object to the Personal Representative's request that its compensation remain the same for February 2018 through January 2019 based on the Nelsons' misguided belief that the Estate will not require the same investment of time and resources going forward. The Nelsons are incorrect.

A. Due in large part to the approval process outlined by the Court and the Nelsons' incessant objections, the Estate requires a greater investment of time and resources than originally anticipated.

As explained in Comerica's Petition for Personal Representative's Fees and Costs for February 2018-January 2019, the Personal Representative underestimated the time and resources that would be required to administer this Estate when it accepted its appointment based on multiple factors, resulting in underpayment for its services during the first year. Now, after more than one year of experience, the Personal Representative anticipates that it will be required to expend a similar amount of work and resources to administer the Estate during 2018 as it has expended over the past year. (Aycock Decl. ¶ 6.)

The primary factors that have increased the amount of work and resources required to administer the Estate beyond Personal Representative's original expectations are the barrage of objections and obstacles raised by the Nelsons and their advisor, and the multi-step approval process the Personal Representative is required to engage in every time it negotiates a deal for the Estate. (Aycock Decl. ¶ 7.) Since the Nelsons obtained new counsel in October 2017, they have objected to every deal that the Personal Representative has proposed with only a single (Id. at ¶ 8.) Each objection creates additional work for the exception (Personal Representative. Under the process currently outlined by the Court, in order to enter into any significant deal on behalf the Estate, the Personal Representative (1) procures a potential business partner and begins negotiations, (2) discusses the potential deal with the Heirs, their counsel, and, if requested, with their advisors (who are under NDAs), and responds to questions and comments, (3) negotiates deal terms, (4) submits the deal terms to the Heirs along with its analysis of why the deal is in the best interest to the Estate, (5) receives and responds to comments and objections from the Heirs, (6) mediates the Heirs' objections with Justice Gilbert, (7) if mediation is unsuccessful, briefs the deal and the objections for the Court and awaits the Court's ruling, (8) negotiates a longform agreement with the business partner, (9) submits the longform agreement to the Heirs for their review, and—finally—(10) executes the agreement. (Id. at \P 9.)

By contrast, if the Personal Representative was administering the Estate under the general rules that apply to all personal representatives under the Probate Code, Minnesota Statutes §§ 524.3-711 and 524.3-715, it would have the authority to simply procure, negotiate, and execute deals that are in the best interest of the Estate without the significant Heir involvement, mediation, and litigation involved in this Estate. While the Court had good reasons for creating and then adding to this approval process, it has (not surprisingly) significantly increased the amount of time and work required for the Personal Representative. As long as the Nelsons continue their pattern of objecting to every transaction the Personal Representative proposes, the amount of time and resources required to administer the Estate will remain the same.

B. The Estate will continue to require a similar investment of the Personal Representative's time and resources going forward.

The Nelsons argue that the Personal Representative should not receive the same compensation going forward because certain one-time tasks have already been completed, specifically, "inventorying Estate assets and the digitizing of over 500 file boxes." (SNJ Objection at 16.) While completing the inventory of Paisley Park was a significant task and the bulk of the work has been completed, there are still several substantial tasks related to the inventory and marshalling of assets that the Personal Representative is working on. (Aycock Decl. ¶ 10.) For example, the Personal Representative still needs to review, in addition to that need to be reviewed as well. (*Id.*) In addition, now that its inventory of Paisley Park is nearing completion, the Personal Representative has

(Id.) For example, the
Personal Representative
; and, at the
request of the Heirs, Personal Representative's cyber security team has also met in Los Angeles
with a security firm regarding the Estate's intellectual property. (Id.) Thus, while the inventory
of Paisley Park is nearly complete, there is ongoing and new work associated with reviewing
archiving, storing and securing the Estate's assets. (Id.)

Apart from the completion of the Paisley Park inventory, the Nelsons were unable to identify any other reason why it would require less time to manage the Estate in 2018 than it did in 2017. The Personal Representative is now in the third month of its second term (February 2018-January 2019) and has continued to dedicate as much—if not more—time and resources to managing the Estate as it did during its first term. (Aycock Decl. ¶11.) In her Declaration in support of Personal Representative's Petition for fees, Angela Aycock described at least 65 daily, weekly, and monthly tasks required for the Personal Representative to manage the Estate. The Personal Representative continues to perform all, or nearly all, of these tasks. (*Id.*) In addition to Andrea Bruce, who is co-leading the administration of the Estate on a full-time basis, Ms. Aycock also described the team of Comerica employees working for the Estate:

Gerard Snover (who has been managing the real property held by the Estate), Cyndi Mann (who has provided administrative assistance to Mr. Snover), Patrick Davis (who has directed the inventory of audio and visual assets at Paisley Park), Linda Joiner (who has been handling the Estate's transactional matters), Brian Wolfe (who serves as the Manager of Personal Representative's Estate Administration Department and has assigned and overseen a staff of four additional Comerica employees to the Paisley Park inventory project), in house counsel Susan Nystrom (who has monitored litigation involving the Estate), and

Jennifer Raczak (who serves as a Closely Held Business Analyst and has assisted with monitoring and analyzing financial statements and performance, gathering and reviewing royalty statements, assisting with trademark analysis and filings, and organizing digitization efforts of over 500 file boxes of documents).

(2/8/18 Aycock Decl. ¶ 8.) With the sole exception of the four additional Comerica employees who were dedicated to the Paisley Park inventory project, the Personal Representative continues to utilize all of these employees to manage the Estate, as the Estate continues to require expertise in real property, litigation, corporate transactions, finance, inventories, trademark analysis, and more. (Aycock Decl. ¶ 12.) In short, while certain one-time tasks have been completed, most of the Personal Representative's work is ongoing. As the Estate will require the same level of investment by the Personal Representative going forward, the Personal Representative should receive the same level of compensation going forward as well.

C. The pace of work required to manage the Estate has not slowed down during the last 18 months.

recoupment status, and numerous other matters. (*Id.*) To illustrate the incredible pace of work required by the Personal Representative to manage the Estate, Ms. Bruce and Ms. Aycock—who are two of the approximately 15 Comerica employees working for the Estate—each send and receive almost 200 emails *every day* regarding Estate business. (*Id.* at ¶ 14.) In short, while securing entertainment deals is certainly an arduous task, administering those deals is a daily and fast-paced commitment. The Personal Representative's efforts have been in both arenas—securing beneficial entertainment deals for the Estate and administering agreements in place.

* * * * *

WHEREFORE, for the reasons set forth herein, Comerica Bank & Trust, N.A., respectfully requests that the Court enter an order:

- 1. Overruling SNJ's Objection to Personal Representative's Petition for Fees and Costs; and
- 2. Granting such other relief as is appropriate.

Respectfully Submitted,

Dated: April 11, 2018

s/ Joseph J. Cassioppi

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