

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF CARVER

FIRST JUDICIAL DISTRICT
PROBATE DIVISION

In the Matter of:

Court File No. 10-PR-16-46

Judge Kevin W. Eide

Estate of Prince Rogers Nelson

Decedent.

**SECOND SPECIAL ADMINISTRATOR'S
MEMORANDUM IN SUPPORT OF
MOTION TO APPROVE SETTLEMENT
WITH [REDACTED]****[REDACTED VERSION]**

Pursuant to this Court's June 14, 2018 Order authorizing the Second Special Administrator ("SSA") to pursue litigation on behalf of the Estate and this Court's July 10, 2018 Order approving the Personal Representative's engagement agreement with the SSA, the SSA submits this memorandum in support of motion to approve settlement with [REDACTED]

BACKGROUND¹

The claims against [REDACTED] arise out of the [REDACTED]. A brief background of that failed transaction illustrates the basis for these claims.

At the time of his death, Prince [REDACTED]

¹ The factual background is largely drawn from the Second Special Administrator's December 15, 2017 Report and Recommendation Concerning the Rescission of the Universal Music Group Agreement. The SSA would refer this Court that report for a more detailed explanation of the failed transaction.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In 2016, the former Special Administrator (Bremer Trust) and its attorneys, Stinson Leonard Street (“SLS”) began exploring ways to commercially exploit [REDACTED]. SLS held itself out as having entertainment legal expertise, and, accordingly, the former Special Administrator retained SLS to provide counsel and guidance in these efforts. Bremer further retained and relied upon the services of entertainment industry experts L. Londell McMillan (through his company North Star Enterprises Worldwide, Inc. and Charles Koppelman (through his company CAK Entertainment, Inc.) (collectively “the Advisors”). SLS and the Advisors isolated Universal Music Group (“UMG”) as a party interested in purchasing available distribution and exploitation rights to the available Masters, NPG Masters, and Vault Masters. Negotiations for a UMG Agreement began. Despite claiming legal and entertainment expertise,

[REDACTED]

[REDACTED]

[REDACTED]

On or about November 10, 2016, the Special Administrator retained MSF to assist it, SLS, and the Advisors in representation of the Estate in connection with the review and negotiation of the UMG Agreement. MSF was to negotiate with UMG’s lawyers to finalize the UMG Agreement. Mr. McMillan and SLS remained actively involved in this negotiation process.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

On January 31, 2017, Bremer Trust (as Special Administrator) and UMG entered into an Agreement (“the UMG Agreement”), which was publically announced on February 9, 2017. The UMG Agreement provided that, [REDACTED]

[REDACTED]

On February 1, 2017, Comerica Bank & Trust, N.A. (“Comerica”) was appointed Special Administrator to the Estate. On February 10, 2017, the day after the announcement of the UMG Agreement, WBR contacted Comerica expressing its concern that the UMG Agreement infringed

³ [REDACTED]

on rights held by WBR until December 31, 2020. WBR claimed that WBR and UMG had been “ill used by Bremer Trust, their lawyers and their advisors, as [UMG had] been granted rights that the estate [did] not possess.” Concerned by the competing claims to the digital distribution of the WBR Masters, UMG demanded Comerica rescind the UMG Agreement or face litigation for fraud and breach of contract. In the end, Comerica was left with the untenable choice of either requesting this Court to rescind the UMG Agreement, [REDACTED] [REDACTED] or face potentially protracted litigation with both UMG and WBR, and the uncertainty whether the Estate would lose the ability to attempt to generate considerable revenue or face potential and substantial liability.

After an investigation of the issue, Comerica brought a motion before this Court on May 17, 2017 recommending rescission. In its briefing papers, Comerica noted the Advisors (and especially McMillan) went [REDACTED] [REDACTED] Comerica argued that rescission was in the best interest of the Estate. On July 13, 2017, this Court, recognizing the unenviable position of the Estate, granted the motion to rescind because it was in the best interests of the Estate. [REDACTED] [REDACTED]

On August 18, 2017, this Court appointed the SSA to conduct an independent investigation into the rescinded UMG agreement and whether the Estate had a reasonable basis for a claim against any person or entity in connection with the rescission of the UMG Agreement.

The SSA concluded that there exists a reasonable basis for a claim against SLS, MSF, and the Advisors in connection with the UMG rescission. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The Advisors demanded [REDACTED]

[REDACTED] In the interest of preserving Estate resources, the SSA agreed. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The settlement agreement is attached as Exhibit A for this Court’s review. The SSA believes the settlement agreement is in the best interests of the Estate.

ARGUMENT

The SSA believes the following reasons present sufficient justification for granting of this motion and approval of the settlement [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

CONCLUSION

Because settlement with [REDACTED]

[REDACTED]

[REDACTED] the SSA requests this Court

approved the settlement agreement with [REDACTED].

Date: January 30, 2019

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**Second Special Administrator to the Estate of
Prince Rogers Nelson**

1809143

EXHIBIT A

[REDACTED VERSION]

CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE