

STATE OF MINNESOTA

COUNTY OF CARVER

FILED

APR 05 2017

CARVER COUNTY COURTS

DISTRICT COURT

FIRST JUDICIAL DISTRICT
PROBATE DIVISION

Case Type: Special Administration

In the Matter of:

Court File No. 10-PR-16-46

Honorable Kevin W. Eide

Estate of Prince Rogers Nelson,

Deceased.

and

Tyka Nelson,

Petitioner.

**ORDER GRANTING SPECIAL
ADMINISTRATOR'S
REQUEST TO APPROVE PAYMENT
OF SPECIAL ADMINISTRATOR'S
AND ATTORNEYS' FEES AND COSTS
THROUGH JANUARY 31, 2017 AND
FINAL ACCOUNTS AND INVENTORY**

On December 16, 2016, Bremer Trust, N.A. (hereafter "Bremer" or "Bremer Trust"), the former the Special Administrator, filed with the Court its "Petition for Order Approving Accounting, Distribution of Assets, and Discharge of Special Administrator." Subsequent to this filing, the Special Administrator or other parties to this proceeding have filed with the Court numerous documents regarding the inventory, final accounts, Special Administrator's fees and attorney's fees for Stinson Leonard Street, LLP. In response to this Petition, the Court has received and reviewed the following documents:

1. Original Inventory, filed on 1/4/2017 as document 995.
2. Original Final Account through November 30, 2016, filed 1/4/17 as document 996.
3. Stinson Leonard Street, LLP Invoice for legal services for October, 2016 filed 1/5/17 as document number 1000.
4. Stinson Leonard Street, LLP Invoice for legal services for November, 2016 filed 1/5/17 as document number 1001.
5. Affidavit of Publication of Notice and Order of hearing on petition for Order Approving Accounting, Distribution of Assets and Discharge of Special Administrator, filed 1/10/17 as document number 1017.

6. Omarr Baker and Tyka Nelson's Notice of Motion and Motion for Extension of Time to File Opposition to Petition for Order Approving Accounting, Distribution of Assets and Discharge of Special Administrator, filed 1/11/2017 as document 1040.
7. Final Account through December, 2016, filed 1/9/2017 as document1044.
8. Omarr Baker and Tyka Nelson's Objections to Final Account Through 11/30/16, Final Account from 12/1/2016 Through 12/31/2016, and Petition for Order Approving Accounting, Distribution of Assets, and Discharge of Special Administrator, filed 1/11/2017 as document 1060.
9. Order for Submissions Regarding Inventory and Accounting, filed 1/13/2017 as document 1066.
10. Bremer Trust's Response to Objections Filed by Omarr Baker and Tyka Nelson, filed 1/12/2017 as document 1077.
11. Limited Objection of Roc Nation LLC and Aspiro AB to the Special Administrator's Petition for Order Approving Accounting, Distribution of Assets, and Discharge of Special Administrator, filed on 1/16/2017 as document 1092.
12. Omarr Baker and Tyka Nelson's Objection to Special Administrator's Request for Legal Fees Through December 31, 2016, filed 1/9/2017 as document 1096.
13. Memorandum in Support of Omarr Baker and Tyka Nelson's Objection to Special Administrator's Request for Legal Fees Through December 31, 2016, filed 1/19/2017 as document 1097.
14. Order for Transition from Special Administrator to Personal Representative, filed 1/20/17 as document number 1100.
15. Attorney Fee Affidavit of Laura E. Halferty in Support of Request to Approve Payment of Special Administrator's and Attorneys' Fees and Costs Through December 31, 2016, filed 1/23/2017 as document 1120.
16. Special Administrator Fee Affidavit of Craig Ordal in Support of Request to Approve Payment of Special Administrator's and Attorneys' Fees and Costs through December 31, 2016, filed 1/23/2017 as document 1126.
17. Omarr Baker and Tyka Nelson's Supplemental Objections to Final Account Through 11/30/16, Final Account From 12/1/2016 Through 12/31/2016, and Petition for Order Approving Accounting, Distribution of Assets, and Discharge of Special Administrator, filed 1/25/2017 as document 1129.
18. Affidavit of Steven H. Silton in Support of Omarr Baker and Tyka Nelson's Supplemental Objections to Final Account Through 11/30/16, Final Account From 12/1/2016 Through 12/31/2016, and Petition for Order Approving Accounting,

Distribution of Assets, and Discharge of Special Administrator, filed 1/25/2017 as document 1130.

19. Omarr Baker's Reply in Support of Objections to Final Account Through 11/30/2016, Final Account from 12/1/2016 Through 12/31/2016, and Petition for Order Approving Accounting, Distribution of Assets, and Discharge of Special Administrator, filed 1/30/2017 as document 1154.
20. Second Order Relating to the Transition from Special Administrator to Personal Representative, filed 1/31/17 as document number 1163.
21. Omarr Baker's Objection to Special Administrator's Request for Fees and Costs and Attorneys' Fees Through December 31, 2016, filed 1/30/2017 as document 1168.
22. Affidavit of Laura E. Krishnan Re: Attorney's Fees (Filed Under Seal), filed 2/1/2017 as document 1193.
23. Attorney Fee Affidavit of Laura E. Halferty in Support of Request to Approve Payment of Special Administrator's and Attorneys' Fees and Costs Through January 31, 2017, filed 2/16/2017 as document 1280.
24. January 2017 Original Accounting, filed 2/16/2017 as document 1281.
25. Omarr Baker and Tyka Nelson's Objections to Stinson Leonard Street LLP's Fee Statements Through January 31, 2017, filed 3/13/2017 as document 1404.
26. Memorandum in Support of Omarr Baker and Tyka Nelson's Objections to Stinson Leonard Street, LLP's Fee Statements Through January 31, 2017, filed "Under Seal" 3/13/2017 as document 1406.
27. Omarr Baker's Objections to Bremer Trust, National Association's Final Accounts Through January 31, 2017, filed 3/13/2017 as document 1412.
28. Memorandum in Support of Omarr Baker's Objection to Bremer Trust, National Association's Final Accounts Through January 31, 2017, filed "Under Seal" 3/13/2017 as document 1414.

On January 12, 2017, the Court conducted a hearing on the Original Inventory and the Final Accounts through December 31, 2016. The parties were given an opportunity to be heard regarding the Original Inventory and the Final Accounts through December 31, 2016. Prior to the hearing, Omarr Baker and Tyka Nelson objected to the inability to review certain documents and the lack of time to thoroughly review others. In its Order filed January 13, 2017, the Court ordered that all objections to the Inventory and Final Accounts be filed by January 19, 2017, with all

responses to be filed by January 26, 2017. Subsequently, on February 22, 2017, the Court amended that Order and ordered that all objections to the request for attorney fees by Stinson Leonard Street, LLP or fees by Bremer Trust, and all objections to the Final Accounts of Bremer Trust were to be filed by March 8, 2017.

Now, based upon the submissions of the parties, the Court makes the following:

ORDER

1. The request that the Court allow discovery and schedule an evidentiary hearing regarding the allowance of the fees of the Special Administrator and its attorneys, and approval of the Final Accounts is respectfully DENIED.

2. Based upon the Court's review of the attorneys' fees and costs, and the complete record in this matter, the Court approves the Special Administrator's Fees and Costs through January 31, 2017.

3. Based upon the Court's review of the attorneys' fees and costs, and the complete record in this matter, the Court approves the Special Administrator's Attorney's Fees and Costs through January 31, 2017

4. Within 30 days of the receipt of this Order, the Estate shall pay the amounts set forth in the motions and Halferty Affidavits to Bremer Trust, Stinson Leonard Street LLP, for the attorneys' fees incurred to represent the Special Administrator in this and related proceedings through January 31, 2017.

5. Based upon the Court's review of the Final Accounts, and the complete record in this matter, the Court approves the Final Accounts through January 31, 2017.

6. Based upon the Court's review of the Inventory, and the complete record in this matter, the Court approves the Original Inventory as filed on January 4, 2017.

7. Bremer Trust and its agents are hereby discharged from any and all liability associated with its Special Administration of the Estate. This portion of the Order is stayed until Comerica Bank & Trust has filed a receipt of the assets shown on the Final Accounts.

8. Comerica Bank & Trust shall continue to search for assets that are not yet found or inventoried and these shall be added to the Final Account to be filed with the Court.


9. Comerica Bank & Trust shall investigate and make an informed decision regarding whether any action should be pursued for the return of the commission paid to L. Londell McMillian in connection with the agreement with Jobu Presents to conduct the Tribute Concert.

10. Comerica Bank & Trust shall investigate and make an informed decision regarding whether any action should be pursued for the return of the advance paid by Jobu Presents to the Estate for the right to conduct the Tribute Concert, which advance was subsequently returned to Jobu Presents.

11. Comerica Bank & Trust shall investigate and make an informed decision regarding whether any action should be pursued to seek an interest in the real property located at 1119 Morgan Avenue North in Minneapolis, MN.

12. The approval of the Final Accounts filed by Bremer Trust is in no way intended to restrict the ability of Roc Nation, Aspiro AB, TIDAL or any other claimant to pursue their claims against the Estate.

Dated: March 27, 2017



Kevin W. Eide
Judge of District Court

MEMORANDUM

As stated, several of the Non-Excluded Heirs have repeatedly stated objections to the approval of the inventory, final accounts, the fees charged by the Special Administrator and fees charged by the attorneys for the Special Administrator. The Court will try to address each of these concerns and notes that a single concern, for example the Tribute Concert, may have been raised in various ways and relating to various requests by the Special Administrator.

In general, several heirs have objected to the reasonableness of the fees charged by the Special Administrator and its counsel. In her various Affidavits filed in support of the requests for payment of fees and costs to Bremer Trust and Stinson Leonard Street, LLP, Ms. Laura E. Halferty, formerly Laura E. Krishnan, stated the following as examples of the work that Bremer Trust and its attorneys had done on behalf of the Estate:

- Coordinating efforts to secure legislation regarding Decedent's Right of Publicity;
- Creation and implementation of protocol and retention schedule to locate, review, update and organize over 40 business entities owned by the Decedent and updating of corporate records for active entities;
- Create, organize and supervise protocol for will search in four different locations, including large warehouse containing over 1,500 boxes;
- Research and organize protocol regarding heirship determination and DNA testing;
- Assessing and processing of multiple claims against estate;
- Interview appraisers and valuation experts;
- Vault entry and coordinate with investigations by DEA and U.S. Attorney's Office;
- Hiring and securing professionals to assist with valuation issues in anticipation of preparation for estate tax return;
- Income tax audit and supervision of audits regarding Decedent's 2009-2012 income tax returns (Fox Rothschild);
- Oversight and management of employment tax audits;
- Review, catalog and respond to multiple and various requests and proposals for merchandising and licensing assets and rights owned by Decedent;
- Organization and coordination of tribute performance honoring Decedent;

- Organization and coordination of efforts to secure financing for Decedent's real property;
- Interview, manage and coordinate efforts for conversion of Paisley Park with Graceland;
- Trademark and copyright protection in the United States and abroad;
- Securing Decedent's multiple properties;
- Inventorying and cataloging Decedent's assets;
- Hire experts to defend media motion (Henson & Efron, P.A.);
- Investigate Decedent's ownership in charitable entity and loans to same;
- Locate and Review Decedent's Existing Entertainment Contracts;
- Coordinate, review and oversight of caretaker agreements and independent contractor agreements;
- Review and management of litigation related to Decedent's Turks and Caicos real estate;
- Review and management of litigation related to Decedent's intellectual property holdings;
- **Finalization and Implementation of Court-Approved Entertainment Deals:** The Special Administrator negotiated, finalized, and closed the following entertainment deals approved by the Court: Universal Music Publishing Group (Worldwide Administration Agreement) and related financing documents; Bravado Exclusive Merchandising (Trademark and License Agreement); and Global Music Rights (Performance Rights Organization Agreement) and related financing documents. The Special Administrator also negotiated the remaining entertainment deals approved by the Court, which are close to final. In addition, the Special Administrator has worked closely with its entertainment partners to fulfill the terms of the entertainment deals in numerous respects, including providing the necessary deliverables and approvals to maximize the values of the intellectual property.
- **Estate Administration:** The Special Administrator and its attorneys continued to work on completing a full inventory of Estate assets, accountings of the Estate and its businesses, and valuations and appraisals of those assets. The Special Administrator and its attorneys also continued work on estate tax matters, including the filings due on January 23, 2017 (the 706, 6161, and 6166 tax elections as well as appropriate tax extensions).

- **Disputes in This Probate Matter:** The Special Administrator and its attorneys continued to address multiple court matters in the last few months including motion practice with respect to seeking a modified protocol for confidential business agreements, as well as preparing for and attending multiple hearings and status conferences. Addressing matters with the Court continues to be a significant part of the Special Administrator's work – indeed, there are now more than 1,000 court filings in this matter to date. Court matters also included Mr. Dixon's appeal of the Court's dismissal of his claim in this matter and continued submissions from Claire Boyd. The Special Administrator's work also included responding to new claims and requests to the court, including those by Ms. Ellis-Lamkins and Mr. Cousins.
- **Roc Nation Dispute:** The Special Administrator researched and evaluated Roc Nation's purported claim in the probate matter and took actions to protect the assets and rights of the Estate, including pursuing a federal copyright action to collect damages and injunctive relief and seeking dismissal of Roc Nation's purported claim in the probate matter. This work included a substantial amount of time seeking documents, including a subpoena and confidentiality negotiations, given Roc Nation's position on confidentiality.
- **Transition:** The Special Administrator worked diligently to meet and communicate with eleven prospective replacement corporate administrators or personal representative suggested by potential heirs and to coordinate nondisclosure agreements and provide information to those entities. The Special Administrator also worked diligently to prepare for a smooth transition to a personal representative. Because all parties were interested in a transition from temporary Special Administrator to a permanent corporate personal representative, it was to the benefit of the Estate to make sure that the work done and the knowledge amassed over the previous nine months was properly transferred to the personal representative. Transition efforts are largely segregated into a separate invoice included in Exhibit A.
- **Heirship Issues:** The Special Administrator and its attorneys continued to evaluate the address heirship issues and new claims, both in this Court and at the Minnesota Court of Appeals.
- **Paisley Park Museum:** The Special Administrator and its attorneys managed the opening and operations of the Paisley Park museum, including related efforts with city government and intellectual property issues. The Special Administrator also obtained the Planned Unit Development for Paisley Park from the City of Chanhassen.
- **Entertainment and Licensing:** The Special Administrator and its attorneys continued to review and respond to synchronization, mechanical, and master use license requests, as well as merchandising approvals. The Special Administrator and its attorneys also began transitioning this work to the Estate's new entertainment partners.

- **Intellectual Property Protection and Enforcement:** The Special Administrator and its attorneys continued to protect and enforce intellectual property rights owned and controlled by the Estate, including notice-and-takedown work and ongoing trademark prosecution. The Special Administrator also worked on transitioning these efforts to its new entertainment partners.
- **Real Estate:** The Special Administrator and its attorneys continued to address real estate issues during the last three months, including the listing and sale of properties.
- **Litigation and Claims:** The Special Administrator and its attorneys continued to represent the Estate in litigation involving Mr. Nelson and his business entities and to address claims against the Estate after Mr. Nelson's death. Litigation work included ongoing evaluation of procedural issues in the Italian copyright lawsuit and addressing plaintiff's attempts to enforce the Italian judgment beyond Italy, and moving to dismiss the claim to all of Mr. Nelson's intellectual property by Rodney Herachio Dixon and review and respond to Mr. Dixon's multiple court submissions, as well as disputes with Jobu Presents, Mixed Blood Theater, Ricky Barron, and Make a Wish. This work also included evaluating and responding to Brianna Nelson's allegation of a breach of contract.
- **Finalization and Implementation of Court-Approved Entertainment Deals:** The Special Administrator negotiated, finalized, and closed the Universal Music Group entertainment deal approved by the Court. In addition, the Special Administrator continued to work closely with its entertainment partners to fulfill the terms of the Court-approved entertainment deals in numerous respects, including providing the necessary deliverables and approvals to maximize the values of the intellectual property.
- **Estate Administration:** The Special Administrator and its attorneys continued to work on completing a full inventory of Estate assets, accounting of the Estate and its businesses, and valuations and appraisals of those assets. The Special Administrator and its attorneys also continued work on estate tax matters, including finalizing and submitting the filings due on January 23, 2017 (the Federal and state estate tax return extensions, as well as the IRC Section 6161 tax election).
- **Disputes in This Probate Matter:** The Special Administrator and its attorneys continued to address multiple court matters including motion practice with respect to the Special Administrator's petition for discharge and accounting and the corresponding objections by some potential heirs to the UMG deal.
- **Transition:** The Special Administrator worked diligently to meet and communicate with the anticipated and now appointed personal representative – i.e., Comerica Bank & Trust, N.A.

- **Paisley Park Museum:** The Special Administrator and its attorneys continued work on the operations of the Paisley Park museum, including licensing and merchandising issues.
- **Entertainment and Licensing:** The Special Administrator and its attorneys continued to review and respond to synchronization, mechanical, and master use license requests, as well as merchandising approvals. The Special Administrator and its attorneys also continued transitioning this work to the Estate's new entertainment partners.
- **Intellectual Property Protection and Enforcement:** The Special Administrator and its attorneys continued to protect and enforce intellectual property rights owned and controlled by the Estate, including notice-and-takedown work and ongoing trademark prosecution. The Special Administrator continued to work on transitioning these efforts to its new entertainment partners.
- **Real Estate:** The Special Administrator and its attorneys continued to address real estate issues.
- **Litigation and Claims:** The Special Administrator and its attorneys continued to represent the Estate in litigation involving Mr. Nelson and his business entities and to address claims against the Estate after Mr. Nelson's death.

The Court notes that, for whatever reason, none of the attorneys that started on this proceeding continue to work on the file. A lot of institutional memory has been lost. The fragmented shotgun blast of activity that occurred at the beginning of this proceeding with a criminal investigation, an informal but overwhelming need for the community to grieve, create a memorial, gain information through the media and the need to search a vault, a seemingly endless supply of banker's boxes, file cabinets and business records has given way to much more intense litigation and negotiations regarding heirs, claims against the Estate and entertainment deals. Current counsel do not recall or recognize that the Special Administrator did everything it could to stay out of the Tribute Concert, leaving it to the heirs to deal with, only to get dragged in at the last minute as things unraveled and time became critical. Now the Special Administrator and its counsel are criticized for being too involved in the Tribute Concert.

Throughout this proceeding, and particularly starting in the early fall of 2016, counsel for the Non-Excluded Heirs have opposed many of the recommendations of the Special Administrator, leading in part to its decision to resign its position on January 31, 2017. The Court recognizes and applauds the contribution of the heirs counsel for what they have contributed, including advice to the Court which led to restructuring of a deal with Warner Brothers that the Court believes to be

in the best interest of the Estate and the contribution of attorneys such as Ken Abdo and Frank Wheaton and for assistance in negotiating entertainment deals. However, the constant chaffing over the recommendations of the Special Administrator has, no doubt, greatly increased the fees of the Special Administrator's counsel and the attorney fees of the Non-Excluded heirs. Yet, now, the Non-Excluded heirs complain that the fees for the Special Administrator and its counsel are excessive, unnecessary or repetitive, while they submit millions of dollars of their own attorney fees and request that the Estate pay them.

When Bremer Trust was appointed as Special Administrator, the identity of the likely heirs was unknown and a degree of independence needed to be exercised. This may have resulted in a level of mistrust of the Special Administrator. Concern regarding inadequate communication between the Special Administrator and the prospective heirs and their counsel has been raised at several stages of the proceeding. It is the Court's perspective that Bremer Trust and its counsel worked hard to maintain a high level of communication while keeping an appropriate level of independence. It is the hope of the Court, now that the heirs are likely identified and they have selected the Personal Representative that is now appointed, there will be a high level of communication between the heirs and the Personal Representative and this will reduce the level of fees charged by counsel for the Personal Representative and for the heirs.

The Court has reviewed the invoices for the attorney fees charged by counsel for the Special Administrator and the Court does not find that the amount of fees were unreasonable, unnecessary or unnecessarily duplicative, in light of the obligations of the Special Administrator. The Court has also reviewed the fees of the Special Administrator and finds that the charges were reasonable and, if anything, conservative in light of their own fee schedule.

Several Non-Excluded Heirs have requested that discovery regarding the approval of fees be allowed in advance of an evidentiary hearing. As stated in the Court's discussion of the procedural history, the Court gave the parties ample opportunity to review the Final Accounts and fee statements. While there were categorical objections, no objections were raised with specific time entries. The Court believes discovery and an evidentiary hearing would further increase the cost of this proceeding without commensurate benefit to the Estate.

Several Non-Excluded Heirs raised concerns about the Inventory and Final Accounts that were filed with the Court. Concerns were raised as to how assets or liabilities were categorized, whether assets were not included or improperly valued, and whether potential claims against the

Estate were acknowledged. The Court recognizes that the Inventory and the Final Accounts prepared by Bremer Trust were in anticipation of the transfer of administration from Bremer Trust to Comerica Bank & Trust. The importance of the documents is in the notice to the new Personal Representative of the existence of assets and liabilities of the Estate, and the receipt of those assets by the Personal Representative. The Court is not concerned if the value of an asset, at this stage of the proceeding, is listed as “unknown” or is based upon an assessor’s value.

The Court does recognize that there is opposition to the manner in which the Special Administrator did not obtain the return of the commission earned by L. Londell McMillian as a result of the contractual agreement reached with Jobu Presents to promote the Tribute Concert and allowed the return of a large portion of the advance paid by Jobu Presents. The Court has reviewed the agreement between Jobu Presents and the Estate but has not reviewed any agreement between Prince Tribute, LLC and L. Londell McMillian. The Court is not aware if a release of claims was signed as part of the return of the advance payment to Jobu Presents. The Court is directing the Personal Representative to determine if further proceedings should be brought with respect to agreements relating to the Tribute Concert and Jobu Presents or L. Londell McMillian. The Court has no expectation that further proceedings in this regard are necessary or prudent, rather the Court is requiring this investigation in light of the concern raised by the heirs.

Several Non-Excluded Heirs raised concerns about the release of any claim by the Estate in the real property located at 1119 Morgan Avenue North in Minneapolis, MN. The Court is directing the Personal Representative to determine if further proceedings should be brought with respect to seeking to reclaim an interest in the real property located at 1119 Morgan Avenue North in Minneapolis, MN. The Court has no expectation that further proceedings in this regard are necessary or prudent, rather the Court is requiring this investigation in light of the concern raised by the heirs.

K.W.E.

NOTICE: A true and correct copy of this Order/Notice has been served by EFS upon the parties. Please be advised that orders/notices sent to attorneys are sent to the lead attorney only.