

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF CARVER

FIRST JUDICIAL DISTRICT  
PROBATE DIVISION  
Case Type: Special Administration

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In the Matter of:

Court File No. 10-PR-16-46

Estate of Prince Rogers Nelson,

Decedent,

and

Tyka Nelson,

Petitioner.

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**ORDER APPROVING FEES AND COSTS  
AND EXPENSES AND ESTABLISHING  
PROCEDURE FOR REVIEW AND  
APPROVAL OF FUTURE FEES AND  
COSTS AND EXPENSES**

Before the Court is the Petition by Special Administrator Bremer Trust, N.A. ("Special Administrator" or "Bremer Trust") for approval of its fees and costs and expenses and those of its counsel through June 30, 2016, and to establish a procedure to govern payment and approval of such fees and costs and expenses thereafter.

Based upon the Petition of the Special Administrator, and the supporting material submitted, the Court hereby approves the payment of fees to Bremer Trust and its counsel incurred through June 30, 2016, and adopts the following procedure with regard to the ongoing fees, attorneys' fees and legal-related costs and expenses incurred by the Special Administrator and its counsel:

**FACTUAL BACKGROUND**

1. By Order of May 2, 2016 and Letters of Special Administration of April 27, 2016, Bremer Trust has been appointed by the Court to serve as the Special Administrator of the Estate of Prince Rogers Nelson (the "Estate") with "authority to manage and supervise the Decedent's

assets and determine the identity of the Decedent's heirs." Letters of Special Administration at ¶ 2.

2. Counsel for the Special Administrator have taken several actions to preserve the assets of the Estate and otherwise administer the Estate. The more significant undertakings by Stinson Leonard Street LLP ("SLS") to represent the Special Administrator in this action are set out in the June 2, 2016 Affidavit of Craig Ordal, the June 6, 2016 Supplemental Affidavit of Craig Ordal, both of which were filed under seal pursuant to the Court's Order of June 6, 2016. The work of SLS is also detailed in the Affidavit of Laura Krishnan dated July 29, 2016 and its attached exhibits. Many of these efforts involved highly sophisticated transactions that require considerable expertise and time to complete. Furthermore, the coordination required of the array of demands facing the Special Administrator of this unique Estate and its counsel is noteworthy.

3. Examples of the tasks performed by various attorneys since the Special Administrator's appointment and receipt of Letters of Administration on April 27, 2016 are:

- 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 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 a large warehouse;
- Research and organize protocol regarding heirship determination and DNA testing;
- Assessing and processing of multiple claims against estate;
- Hiring and securing professionals to assist with valuation issues in anticipation of preparation for estate tax return;
- 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;
- Securing Decedent's multiple properties;
- Inventorying and cataloging Decedent's assets;
- Locate and Review Decedent's Existing Entertainment Contracts;
- Trademark and copyright work in the United States and abroad;

- Coordinate, review and oversee caretaker agreements and independent contractor agreements; and
- Review and management of pending litigation.

4. Bremer Trust has also spent considerable time in its role as Special Administrator throughout this proceeding. It has participated in a wide array of actions taken to administer the Estate and preserve its assets, much of which has been addressed in Ordal and Krishnan affidavits referenced above.

5. The July 29, 2016 Affidavit of Craig Ordal explains the estate administration services fee schedule used by the Special Administrator, which adopts a "flat" fee to be paid on an annual basis for services based upon the size of the estate assets (2% of the first \$1,000,000; 1.5% of the next \$4,000,000; 1% for the next \$5,000,000; and 0.5% of any estate assets over \$10,000,000), with an additional hourly rate for excessive, unusual or complex administrative services at a minimum rate of \$150 per hour. This fee schedule is reasonable and standard for corporate fiduciaries engaged in general administrative duties including but not limited to: asset collection and management, communications with beneficiaries, processing of capital changes and income collection, tax reporting and accounting and additional functions for estates of this size.

6. As of June 30, 2016, Stinson Leonard Street's legal fees are in the total amount of \$1,931,057.00, plus \$13,320.57 in costs and expenses, all incurred on behalf of the Special Administrator as detailed in the billing records and invoices attached to the Affidavit of Laura E. Krishnan and filed under seal.

7. The Court has reviewed the affidavits submitted by the Special Administrator and counsel and finds the fees and costs and expenses incurred by counsel for Bremer Trust are reasonable given the (1) the time and labor required; (2) the experience and knowledge of the

attorneys; (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.

8. The Court has reviewed the affidavit submitted by Special Administrator and finds the fees sought to be reasonable given (1) the time and labor required; (2) the complexity and novelty of problems involved; and (3) the extent of the responsibilities assumed and the results obtained. The Court finds that Exhibit A to the Ordal Affidavit details a reasonable compensation schedule for Bremer Trust's services in its capacity as Special Administrator. The proposed presumption as to Estate value to be used to determine Bremer Trust's compensation on an interim basis is also reasonable, particularly in light of the fact that the Special Administrator has yet to perform an appraisal.

9. The unique and extraordinary nature of this probate proceeding is undeniable. It requires the attorneys for the Estate to navigate highly complex and novel problems. This, combined with the scope of the Estate, demands the attorneys for the Estate to expend considerable labor on this matter, which is well documented in the extensive record as well as the affidavits filed on behalf of the Estate. The attorneys for the Estate are well-qualified to perform their work, and they have been conducting themselves with civility and professionalism. After a close review of the record as well as the detailed and well-supported affidavits that accompany the motion, the Court concludes that the legal fees, costs and expenses charged to the Estate are fair and reasonable.

10. The Court finds it prudent and efficient to establish a procedure that will give the Special Administrator discretion to receive regular payment, and to pay its counsel, for the fees, attorneys' fees and legal-related costs and expenses incurred in performing its duties in service to

the Estate, but allows for court oversight and preserves the opportunity for interested parties to lodge objections with regard to such fees, attorneys' fees, and legal-related costs and expenses.

11. For the Special Administrator's fees, the challenge is that the value of the Estate's assets will not be determined until appraisals are performed and a determination of estate value is made by the taxing authorities. See July 29, 2016 Ordal Affidavit at ¶4. Accordingly, the Court authorizes Bremer Trust to pay itself on an interim basis as outlined in the July 29, 2016 Ordal Affidavit. Any interim payments made to date are hereby ratified.

12. For Stinson Leonard Street LLP fees or fees of other counsel retained by the Special Administrator, the Court finds it reasonable to authorize Bremer Trust to pay those fees on a monthly basis.

13. To facilitate the Court's ongoing supervision of the Estate, the Special Administrator is directed to submit a petition to the Court on a quarterly basis to ratify or modify any or all of such fees and expenses, with the Court reserving the right to compel the Special Administrator and/or its counsel to refund any fees which the Court does not so approve.

### **CONCLUSIONS OF LAW**

1. The Special Administrator is authorized to receive compensation pursuant Minn. Stat. § 524.3-719.

2. Counsel for the Special Administrator are entitled to fees and costs and expenses pursuant to Minn. Stat. §§525.515 and 524.3-721.

3. Based upon the pro-rated percentage arrangement outlined above, and as further detailed in the Ordal Affidavit, Bremer Trust is authorized to compensate itself for its services and costs and expenses incurred in its capacity as Special Administrator through June 30, 2016.

4. The reasonable compensation to Stinson Leonard Street LLP for legal services provided to the Special Administrator through June 30, 2016 is \$1,931,057.

5. The reasonable compensation to Stinson Leonard Street LLP for the costs and expenses incurred through June 30, 2016 is \$13,320.57.

6. The Krishnan and Ordal Affidavits submitted in support of this motion shall be deemed to be filed "under seal", with the understanding that the Special Administrator will file redacted versions of those affidavits which will inform the public of the non-confidential information within them.

7. The Court hereby adopts the following procedure with regard to the ongoing fees, attorneys' fees and legal-related costs and expenses incurred by the Special Administrator and its counsel:

- a. Within 30 days after the end of each month, the Special Administrator is authorized to pay its fees and related costs and expenses incurred in the administration of the Estate;
- b. Within 30 days after the end of each month, the Special Administrator is authorized to pay its counsel upon submission of counsel's itemized billing statements that represent attorneys' fees and legal-related costs and expenses incurred in the representation of the Special Administrator;
- c. On a quarterly basis hereafter, beginning with the three-month period ending September 30, 2016, the Special Administrator shall submit to the Court on an *ex parte* basis and for *in camera* review an affidavit of counsel (an "Attorney Fee Affidavit") that attaches unredacted copies of all itemized billing statements that

represent attorneys' fees and legal-related costs and expenses for which the Special Administrator seeks Court approval (the "Billing Statements").

- d. On a similar quarterly basis hereafter, beginning with the three-month period ending September 30, 2016, the Special Administrator shall submit to the Court on an *ex parte* basis and for *in camera* review a "Special Administrator Fee Affidavit" that details its fee approval request;
- e. The Court will consider all supporting submissions made by the Special Administrator on an *ex parte* basis and will order the Estate to make interim payment to the Special Administrator and/or its counsel in amounts that it determines to be reasonable and appropriate;
- f. Any submission of unredacted Attorney Fee and Special Administrator Fee Affidavits (together, "Fee Affidavits"), or supporting detail, for this Court's *in camera* review shall not be deemed to constitute a waiver of the Attorney-Client Privilege or Work Product Doctrine;
- g. To the extent counsel for the heirs and potential heirs, as defined by this Court's Order of July 28, 2016 or as later determined, receive the Fee Affidavits and supporting detail, they shall maintain the confidentiality of such documents and shall not disclose the contents to their clients or third parties. The disclosure of any attorney-client privileged or work product material contained in redacted Fee Affidavits and supporting detail which is provided to such counsel shall not be deemed a waiver of these confidentiality provisions given the common interest of the Special Administrator and these interested persons.

- h. Accordingly, Court filings that include Fee Affidavits and supporting detail shall be filed under seal to preserve the privilege and work product protections, and maintain the confidentiality of the ongoing business work of the Estate, with the understanding that the Special Administrator will file redacted versions of those documents to limit the sealed material to information which is privileged or confidential.

**IT IS HEREBY ORDERED THAT:**

1. Special Administrator Bremer Trust's petition for interim payment of fees and costs is GRANTED.

2. Within 10 days of the receipt of this Order, the Estate shall pay \$1,931,057 to Stinson Leonard Street LLP for the attorneys' fees incurred to represent the Special Administrator in this proceeding through June 30, 2016.

3. Within 10 days of the receipt of this Order, the Estate shall pay \$13,320.57 to Stinson Leonard Street LLP for the costs and expenses incurred to represent the Special Administrator in this proceeding through June 30, 2016.

4. Within 10 days of the receipt of this Order, the Estate shall pay Bremer Trust for its services in its capacity as Special Administrator as determined by its Fee Schedule attached to the July 29, 2016 Ordal Affidavit.

5. The Special Administrator's payment of the following amounts to the following firms performing services for the benefit of the Estate is hereby ratified:

- a. \$59,898.55 to Gray, Plant, Mooty, Mooty & Bennett, P.A.;
- b. \$11,534.56 to Henson & Efron, P.A.;
- c. \$146,336.50 to Fox Rothschild, LLP; and

d. \$37,993.68 to Broad and Cassel P.A.

6. The Special Administrator shall comply with the procedure laid out in this Order regarding the ongoing fees, attorneys' fees and legal-related costs and expenses.

7. Any compensation paid to the Special Administrator pursuant to its Fee Schedule is on an interim basis, subject to further review and adjustment by this Court once the value of the overall Estate is determined.

**IT IS SO ORDERED.**

BY THE COURT:

Dated: \_\_\_\_\_, 2016

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The Honorable Kevin W. Eide  
District Court Judge