

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF CARVER

FIRST JUDICIAL DISTRICT
PROBATE DIVISION
Case Type: Special Administration

In the Matter of:

REDACTED
~~FILED UNDER SEAL~~

Estate of Prince Rogers Nelson,

Court File No. 10-PR-16-46

Decedent,

**MEMORANDUM IN SUPPORT OF
MOTION TO APPROVE PAYMENT OF
SPECIAL ADMINISTRATOR'S AND
ATTORNEYS' FEES AND COSTS
THROUGH SEPTEMBER 30, 2016**

and

Tyka Nelson,

Petitioner.

The Special Administrator moves to approve the payment of fees and costs for the Special Administrator and its attorneys for their work administering the Estate of Prince Rogers Nelson for the three-month period of July 1, 2016 through September 30, 2016. In accordance with Minnesota Statutes Sections 524.3-719 and 525.515, the fees and costs of Bremer Trust, Stinson Leonard Street, and other law firms performing services for the Estate are just and reasonable and should be approved.

BACKGROUND

The Special Administrator previously moved to approve payment of fees and costs for the Special Administrator, Stinson Leonard Street, and a few other law firms from April 27, 2016 through June 30, 2016. The Special Administrator incorporates by reference the background information and supporting materials submitted in support of that motion, which is currently pending before the Court.

The present motion seeks payment based on the invoices for the following amounts attached as exhibits to the Affidavit of Laura Halferty¹:

Bremer Trust (July, Aug., & Sep.) ² :	\$ 322,766.50 (Exhibit A)
Stinson Leonard Street (July, Aug., & Sep.):	\$ 1,840,895.97 (Exhibit B)
Fox Rothschild (July, Aug., & Sep.):	\$ 113,213.70 (Exhibit C)
Kaye Scholar LLP (May):	\$ 41,572.59 (Exhibit D)
Trevisan & Cuonzo (May 1 – Aug. 22):	\$13,004.18 (Exhibit E)
Broad and Cassel (Aug.):	\$ 915.73 (Exhibit F)
Henson and Efron (July & Aug.):	\$ 38,049.43 (Exhibit G)

Stinson Leonard Street represents the Special Administrator in the administration of Mr. Nelson's estate. Fox Rothschild represented Mr. Nelson and his business entities with respect to [REDACTED] prior to Mr. Nelson's death, and continued to assist with these matters and related matters after Mr. Nelson's death, including for example [REDACTED]. Kaye Scholar represented Mr. Nelson and his business entities in copyright litigation and related matters prior to his death, including overseeing three pending lawsuits: (1) a copyright lawsuit in Italy related to the song "The Most Beautiful Girl in the World" (*Bergonzi, Vincino and Warner Chappell v. Prince Rogers Nelson and Controversy Music, Inc.*); (2) a copyright lawsuit in federal court in

¹ The Special Administrator provided redacted copies of these invoices to certain potential beneficiaries on October 14, 2016 in accordance with the Stipulation and Protective Order approved by the Court on September 9, 2016. In accordance with that Stipulation and Protective Order, any objection to approving payment is due within 14 days of receipt of the invoices—i.e., by October 28, 2016.

² Bremer Trust's fees include the following: (1) \$90,000 per month in fees; (2) compensation to Patrick Mazorol, an attorney who assisted Bremer Trust as a consultant, in the amount of \$50,566.50 for Mr. Mazorol's work from May 1, 2016 through September 22, 2016; and (3) \$2,200 for Special Administrator weekend services to respond to and coordinate [REDACTED].

Florida related to the song “*Girl 6*” (*Brandon v. New Power Generation*); and (3) a lawsuit to collect royalties brought on behalf of Mr. Nelson and his business entities in state court in California. The Italian lawsuit is handled by Italian attorneys at Trevisan & Cuonzo with oversight by Rhonda Trotter at Kaye Scholar. Likewise, the Florida lawsuit is handled by Florida attorneys at Broad and Cassel with oversight by Ms. Trotter. The California lawsuit to collect royalties is handled directly by Ms. Trotter. Henson and Efron previously represented Mr. Nelson in the marital dissolution proceedings between him and his ex-wife Manuela Testolini in Hennepin County and are now representing the Estate with respect to the Star Tribune’s motion to intervene and unseal the divorce file.

During the months of July, August, and September, the work of the Special Administrator and its attorneys continued to encompass multiple areas, including the following:

Heirship Issues: The Special Administrator and its attorneys continued to evaluate and address numerous heirship issues, including analysis of the Court’s July 29, 2016 Order Regarding Genetic Testing Protocol and Heirship Claims and the motion to reconsider that Order, responding to potential and actual claims, and addressing the claims (procedurally and substantively) for Brianna and V.N.

Paisley Park Museum: The Special Administrator and its attorneys spent a significant amount of time and effort developing the plans for a Paisley Park museum, including the negotiation of several related agreements. Work included [REDACTED]

[REDACTED]. The Court approved the Exhibition Operating Agreement for a Paisley Park Museum on August 17, 2016. Since that time, the Special Administrator has worked

tirelessly on getting the museum up and running, in conjunction with Paisley Park Management, pending zoning approvals by the Chanhassen City Council. The museum opened on a temporary basis on October 6, 2016 and a vote is expected on final zoning approvals at the October 24, 2016 Chanhassen City Council meeting.

Court Matters: The Special Administrator and its attorneys have addressed multiple court matters in the last few months including motion practice with respect to seeking [REDACTED], [REDACTED], media motions to intervene and unseal files in both this estate administration matter in Carver County and Mr. Nelson's prior marital dissolution in Hennepin County, and preparing for and attending multiple hearings and status conferences. Most recently, the Special Administrator brought a successful motion [REDACTED] [REDACTED]. Addressing matters with the Court is a significant part of the Special Administrator's work—indeed, there are more than 700 court filings in this matter to date.

Communications and negotiations with potential heirs: In the last three months, the Special Administrator has spent a significant amount of time communicating with potential heirs. Likewise, the Special Administrator's attorneys have spent a significant amount of time communicating with attorneys for potential heirs. Communications include status updates from the Special Administrator, responses to myriad requests from various attorneys and potential heirs, including requests for [REDACTED], communications about the Paisley Park museum and official tribute concert, and negotiations regarding [REDACTED] [REDACTED]. Many of these communications took place in person, in addition to via e-mail and over the phone. Employees of the Special Administrator and some of its attorneys prepared for and participated in [REDACTED]

[REDACTED]

[REDACTED]

Entertainment Issues: During the last three months, the Special Administrator and its attorneys continued to work on various entertainment issues and proposals, both in conjunction with the monetization experts retained via the Advisor Agreement and on its own. This work included the review of numerous entertainment proposals from third parties as well as from the monetization experts, as well as discussions, meetings, and negotiations with [REDACTED]

[REDACTED]. The Special Administrator and its attorneys also managed and reviewed synchronization, mechanical, and master-use license requests as well as [REDACTED]. The Special Administrator and its attorneys interviewed and reviewed background credentials for various proposed independent contractors to assist the Special Administrator in various monetization activities associated with Paisley Park Museum and with the [REDACTED]

[REDACTED]. The Special Administrator and its attorneys reviewed royalty statements from recording and publishing entities as well as from foreign sub-publishers that collected royalties on behalf of Mr. Nelson's publishing entities in foreign territories. [REDACTED]

[REDACTED]

[REDACTED]

Intellectual Property Protection and Enforcement: The Special Administrator and its attorneys continued to [REDACTED]

[REDACTED]

[REDACTED]. The Special Administrator also addressed [REDACTED]
[REDACTED]
[REDACTED].

Real Estate: The Special Administrator and its attorneys addressed numerous real estate issues during the last three months, including resolving [REDACTED], addressing and resolving [REDACTED], working on the [REDACTED], and drafting and negotiating various agreements related to real 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 multiple claims against the Estate after Mr. Nelson's death. Litigation work included motions to dismiss the third amended complaint in the Florida copyright lawsuit, [REDACTED], [REDACTED], 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. Claims work included continued research into the validity of claims, issuance of allowances and disallowances, communications with claimants and vendors, and responding to claims to personal property. Work also included addressing and attempting to resolve claims by [REDACTED]
[REDACTED]

Other Estate Matters: The Special Administrator and its attorneys continued to work on preparing for the estate tax return, including gathering financial data, working on the valuation of

assets, and interviewing and hiring appraisers. The Special Administrator also investigated and evaluated [REDACTED]. As previously demonstrated, one difficulty in administering this complex estate “ [REDACTED] [REDACTED]” October 6, 2016 Amended Order. The Special Administrator and its attorneys also continued to work on inventorying and archiving vast and diverse personal property assets, including [REDACTED] [REDACTED] So far, the Special Administrator has coordinated the archiving of [REDACTED] [REDACTED].

ARGUMENT

The Special Administrator moves to approve the payment of fees and costs for the Special Administrator and its attorneys for their work administering the estate of Prince Rogers Nelson through September 30, 2016. Minnesota law requires the payment of reasonable compensation to the special administrator of an estate. Minn. Stat. § 524.3-719(a) (“A personal representative is entitled to reasonable compensation for services.”).³ In determining reasonable compensation for a special administrator, the Court considers the following factors:

- (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.

Minn. Stat. § 524.3-719(b). Bremer Trust’s fees for its work on this extremely complex and time-consuming estate are eminently reasonable under these standards.

Minnesota law also requires the payment of just and reasonable compensation to the attorneys for the special administrator of an estate. Minn. Stat. § 525.515(a) (“Notwithstanding

³ This statutory provision refers to a “personal representative,” but also applies to a special administrator. *See* Minn. Stat. § 524.3-617.

any law to the contrary, an attorney performing services for the estate at the instance of the personal representative, . . . shall have such compensation therefor out of the estate as shall be just and reasonable. This section shall apply to all probate proceedings.”). In determining fair and reasonable attorneys’ fees, the Court considers the following 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); *see also* Minn. G. R. Prac. D. Ct. 119.

The Halferty Affidavit submitted in support of this Motion establishes all the information required by Minnesota Statutes Section 525.515 and Rule 119, including the work performed on each date, the identity of the individuals performing the work, the hourly rates of those individuals, and that the work was necessary for the proper representation of the Special Administrator. The invoices reflect that significant time and labor was required by attorneys for the Special Administrator, and that legal work was performed by attorneys and other timekeepers at the appropriate levels and with the appropriate expertise.

In addition, the hourly rates of Stinson Leonard Street attorneys are reasonable.⁴

Available data on attorney rates show that [REDACTED]

[REDACTED] Halferty Aff. Ex. F. [REDACTED]

[REDACTED] *Id.* In addition,

⁴ The opposition to the Special Administrator’s first motion to approve payment did not challenge the hourly rates of Stinson Leonard Street, [REDACTED]

[REDACTED]
[REDACTED] . *Id.*

Attorneys for the Special Administrator handled multiple complex and novel legal issues in July, August, and September. As the Court is aware, and as demonstrated in the Special Administrator's July 29, 2016 briefing and September 27, 2016 briefing in support of the Special Administrator's first motion to approve payment of fees and costs, which are incorporated by reference, the administration of this Estate is extraordinarily complex and requires devoted efforts from the Special Administrator and its attorneys. Their work spans multiple legal and business areas including typical estate administration, entertainment, intellectual property, and real estate. Moreover, this administration became even more complex as the Special Administrator worked to include and address the input of potential heirs on various matters, including [REDACTED].

Finally, during the three months of July, August, and September, the Special Administrator and its attorneys achieved significant results for the Estate, including those highlighted above. Notable results include the following: executing the Exhibition Operating Agreement for a Paisley Park Museum after successfully negotiating with the operator and all Non-Excluded Potential Heirs and approved by the Court; increasing [REDACTED]
[REDACTED]; resolving the [REDACTED]
analyzing and responding to a variety of claims against the Estate that are complicated by a number of factors including the [REDACTED]
responding to numerous licensing requests; resolving the [REDACTED]
[REDACTED]; filing persuasive motions to

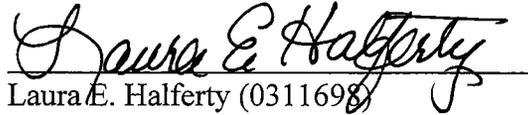
dismiss the Florida copyright lawsuit; and [REDACTED]

CONCLUSION

The fees and costs for the Special Administrator and its attorneys for their work administering this extraordinarily complex estate through September 30, 2016 are just and reasonable and should be approved for payment.

Respectfully submitted,

Dated: October 14, 2016



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