

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.

**DECLARATION OF MARK W. GREINER
IN SUPPORT OF COMERICA BANK &
TRUST, N.A.'S REPLY IN SUPPORT OF
PETITON TO APPROVE INTERIM
ACCOUNTING AND OPPOSITION TO
MOTION TO INSTITUTE PROTOCOLS****[Public Redacted Version]**

I, Mark W. Greiner, declare and state as follows:

1. I am a shareholder at Fredrikson & Byron P.A. ("Fredrikson"), counsel for Comerica Bank & Trust, N.A. ("Comerica"), the Personal Representative of the Estate (the "Estate") of Prince Rogers Nelson (the "Decedent"). I am the lead attorney representing Comerica in connection with the Estate.

2. By the time that Comerica was appointed as personal representative, we had less than 6 months before the extended deadline for filing the Decedent's estate tax return in July 2017. Prior to the Comerica's tenure, Bremer Trust had begun the process of discussions with experts to prepare valuations for the Estate, but most of the valuations had not been completed when Comerica was appointed.

3. For the Decedent's intellectual property assets, we worked with [REDACTED] [REDACTED] on music and [REDACTED] and [REDACTED] for name, image and likeness, as well as retaining [REDACTED] as a consulting expert. We interviewed a number of other music valuation experts. Ultimately we assembled an extremely qualified team of appraisers to prepare valuations of the Decedent's assets.

4. The most time-intensive appraisal related to tangible personal property. Bremer had engaged [REDACTED] to provide an initial estimated valuation for the first estimated tax payment due on January 21, 2016. Comerica extended this engagement so that [REDACTED] could continue its work and prepare a qualified appraisal for submission with the estate tax return. [REDACTED] worked with a network of specialists to ensure that it had the appropriate coverage across all categories of personal property that the Decedent owned. Comerica also retained a variety of real estate appraisers, using different appraisers whose specialties were suited to varying types of property in varying locales.

5. The estate tax return was submitted in July 2017, the day before the extended deadline for filing a return. This is the typical timeline for filing an estate tax return for a complex estate. A more expedited schedule would not have been possible in the six months between Comerica's appointment and the extended due date. Because the estate tax return was filed in July 2017, the IRS had until July 2020 to issue a notice of deficiency to the Estate.

6. By letter dated June 14, 2018, the IRS notified us that the estate tax return had been selected for audit, which was expected based on the size and nature of the Estate. At that time, the IRS also issued the first of several information and document requests ("IDRs") and notified the Estate that the goal was to complete the examination by December 31, 2019.

7. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] The IRS Appeals Office typically requires at least 9 months left on the statute of limitations in order to accept a case for negotiation prior to the issuance of a statutory notice of deficiency. The IRS Appeals Office has more discretion to take

litigation risk into account and thus has more negotiation ability than the IRS agent conducting the audit.

8. Throughout the audit, the Estate promptly provided the IRS with hundreds of documents in response to a number of additional IDRs. [REDACTED]

[REDACTED]

9. [REDACTED]

[REDACTED]

10. The IRS mailed its notice of deficiency to us on June 1, 2020. In order to preserve its right to contest the statutory notice of deficiency, the Estate needed to file a tax court

petition within 90 days of the issuance of the notice of deficiency. During this time period, there is no one with authority at the IRS with whom to negotiate values, because management of the case and all case files must be transferred from the IRS agent to IRS litigation counsel. The Estate filed its Tax Court petition on August 18, 2020. Unlike other courts, the Tax Court required paper filing at that time and its docketing was extremely backed up due to it being closed for many months due to COVID-19. As a result, the petition was not served on IRS litigation counsel by the Tax Court until September 30, 2020. The Estate had absolutely no ability to expedite the Tax Court's processing of the Estate's petition.

11. As soon as we learned, during October 2020, the identity of counsel at the IRS who had been assigned to the case, we contacted the assigned IRS counsel to inquire whether they would entertain settlement discussions as soon as possible and before any transfer of the case to the IRS Appeals Office, which would have been the next typical procedural step by the IRS and would have delayed settlement discussions for one year or more. IRS counsel responded that they would need time to familiarize themselves with the issues in the case. The IRS answered the Estate's Tax Court petition on November 19, 2020.

12. On December 2, 2020, our office and IRS counsel had initial discussions attempting to resolve the issues between the parties. After consultation with the Court and the Heir Group, Comerica agreed to forego consideration of the Estate's Tax Court case with the IRS Appeals Office in order to speed up the negotiation process.

13. The parties then set up an initial settlement conference in January 2021. Because the IRS had an internal real estate specialist on staff, the parties decided the first area of focus would be on real estate while the IRS worked on retaining its other experts. For the next few months, the parties worked on a real estate settlement. To facilitate settlement on the real estate valuation, we did something we would never ordinarily do in a litigated matter—we allowed IRS

counsel to meet directly with the Estate's real estate appraiser and ask questions on items that otherwise would be reserved for expert depositions or trial. The result of that collaborative process was [REDACTED]

[REDACTED]

[REDACTED]

14. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

15. [REDACTED]

16. [REDACTED]

17. [REDACTED]

18. After submitting the estate tax return, Comerica provided a copy of the Form 8971, Information Regarding Beneficiaries Acquiring Property from a Decedent, to each of the heirs during August 2017. Form 8971 outlined all items included on the estate tax return and the estate tax value of each item.

19. We provided a comprehensive update to the Court and the Heirs at the September 29, 2017 meeting held at the Carver County Government Center, which included comparisons with similar estates and potential timelines. We then provided another update on the estate tax audit at the February 22, 2019 meeting with the Court and the Heirs at the Carver County Government Center, which described the status of the audit, the efforts the Estate was taking to expedite the audit process, and delays associated with the government shutdown. Again, at the May 14, 2020 virtual meeting with the Court and the Heirs, we provided a comprehensive update

which included the status of the audit, the information the Estate had received to date on the IRS's valuation figures, anticipated timing related to the Tax Court dispute, and Comerica's estimate of when the IRS would be willing to begin discussing settlement.

20. At a March 25, 2021 round-table meeting convened by Justice Gilbert, we presented on the status of settlement efforts with the IRS related to the Estate's real estate assets.

[REDACTED]

21. Next, we informed the Heir Group in advance of a settlement meeting with the IRS to discuss real estate valuations that took place on April 2, 2021. We also informed the Heir Group of the offer Comerica received from the IRS on the real estate valuations and requested their positions on resolution on that aspect of the dispute on April 21, 2021. The parties then discussed and agreed to accept the offer.

22. [REDACTED]

23. [REDACTED]

25. We communicated to the Heirs that Comerica could not share valuation reports due to the engagement agreements that it had entered into with the valuation experts, which also made the Estate liable for the reliance of a third party (including an Heir) on the valuation reports.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Dated: August 27, 2021

/s/ Mark W. Greiner
Mark W. Greiner