

STATE OF MINNESOTA
COUNTY OF CARVER

DISTRICT COURT
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.

**FINDINGS OF FACT, CONCLUSIONS OF
LAW & ORDER APPROVING PAYMENT
OF PERSONAL REPRESENTATIVE'S
FEES AND COSTS**

Before the Court are the Declarations of Andrea L. Bruce and Mark W. Greiner, both regarding fees and costs from February 1, 2021 through May 31, 2021 and filed with the Court on June 30, 2021. The Declarations were submitted to the Court pursuant to the Court's Order filed March 22, 2017. Heirs Sharon Nelson, Norrine Nelson and John Nelson (hereinafter "SNJ") filed an objection to the Declarations and the proposed order on July 28, 2021. Comerica filed their response on August 11, 2021. SNJ filed an additional response on August 25, 2021.

On March 21, 2017, this Court filed an Order Regarding Application of Existing Orders and Protocols to the Personal Representative. That Order allowed, in part, that the Personal Representative could pay its attorneys when bills for fees and costs were submitted. However, every four months, the Personal Representative was to submit the invoices for fees and costs to the Court for approval. This was done on October 16, 2017, June 22, 2018, October 15, 2018, February 15, 2019, June 28, 2019, October 30, 2019, February 28, 2020, June 30, 2020, November 2, 2020 and March 1, 2021 without objection.

A Petition for the periodic approval of fees was filed on February 15, 2018 and SNJ objected to the payment of those fees. The objection was based upon:

1. The fees were not fair and reasonable based upon an analysis dictated by Minn. Stat. § 525.515.
2. The monthly fee to be paid the Personal Representative, Comerica, was excessive.

This Petition for the periodic approval of fees was filed on June 30, 2021 and SNJ objected to the payment of those fees. The objection was based upon:

1. The fees were not fair and reasonable based upon an analysis dictated by Minn. Stat. § 525.515.

In addition to the periodic approval of the fees and costs incurred by the Estate, the protocol approved by the Court allows the Personal Representative to petition the Court on an annual basis for ratification and confirmation of the acts of the Personal Representative, including the payment of fees and costs. This was done first by the Petition filed September 7, 2018. Heir Alfred Jackson objected in principle to the Court ratifying and confirming the acts of the Personal Representative on an annual basis. There was no specific objection to the 1st Annual Accounting. A Petition to Allow Annual Accounting-Interim Second Accounting was filed January 14, 2020. There was no objection.

A Petition to Allow Annual Accounting-Interim Third Accounting was filed on July 24, 2020 and SNJ objected to the payment of those fees. The objection was based upon:

1. The fees were not fair and reasonable (there was no reference to Minn. Stat. § 525.515 in the objection).

A Petition to Allow Annual Accounting-Interim Fourth Accounting was filed on May 21, 2021 and SJN objected to the payment of those fees. The objection was based upon:

1. Grossly excessive fees and expenses paid to advisors, especially Troy Carter, during a period that most deals have been executed.
2. Expenditures of Estate assets in creating new assets not in existence at the time of Prince's death, which rights belong to the Heirs (such as derivative rights and speculative projects).
3. Excessive costs related to Comerica's failure to administer business of the Estate and passing material obligations to third parties to provide the services Comerica was appointed to administer.
4. Unnecessary costs related to delay in seeking tax settlements with the IRS and MNDOR.
5. Comerica's decision to use the Estate as a blank check to incur substantial legal fees against the legitimate claims of the Heirs and other matters.
6. Comerica's failure to negotiate and seek cost savings and reduction of such fees to preserve the assets of the Estate.
7. Multiple entries and summaries which should have materially more detail for clarification to the Heirs and interested parties before approval of the Court.

Now therefore, based upon the file and proceedings herein, along with the Court's review of the submitted Declarations and attachments, the Court makes the following:

FINDINGS OF FACT

1. Minnesota Statute Section 525.515(b) requires the Court to analyze five factors when considering the fairness and reasonableness of the fees being requested:
 - (a) The time and labor required;
 - (b) The experience and knowledge of the attorney;
 - (c) The complexity and novelty of problems involved;
 - (d) The extent of the responsibilities assumed and the results obtained; and
 - (e) The sufficiency of assets properly available to pay for the services.
2. The attorneys for the Personal Representative, whether they be the primary attorneys of Fredrikson & Byron or attorneys working in other countries or with more specific expertise, have filed detailed fee statements regarding the services that they have provided to this Estate.
3. In the Declaration of Mark W. Greiner filed June 30, 2021, Mr. Greiner details the multiple areas in which the Fredrikson firm has assisted the Personal Representative in the administration of this Estate. Those include general estate administration, litigation, entertainment, real estate, and intellectual property monitoring and protection. Within each of those areas, the firm has provided representation and advice on numerous ongoing and pending matters, including matters outside Minnesota and outside of the United States.
4. The time and labor required, the wide variety of the experience and knowledge required of the attorneys, and the complexity and novelty of the issues in this Estate remains high.
5. In the June 30, 2021 Declaration of Mark Greiner, Mr. Greiner stated at paragraphs 15 and 16: “Every year Fredrikson analyzes attorneys’ fees charged by similar firms in Minnesota and the upper-Midwest and adjusts its attorneys’ fees accordingly. In addition to market factors, in setting the hourly rate of each individual timekeeper at Fredrikson, the firm takes into account each individual’s experience and expertise. The hourly rates charged by Fredrikson in this matter are our standard local hourly rates. No premium or national rate adjustments have been made in connection with any matters relating to the Estate.” There is nothing in the record which contradicts these statements.
6. This Court continues to encourage the Personal Representative and all of the Heirs to be conservative and cost-effective when incurring fees or costs on behalf of the Estate. It is their fiduciary responsibility to the Estate.

7. Based upon the Cash Flow Analysis done by the Personal Representative, it appears that there will be sufficient funds to provide for the on-going administration of the Estate, the payment of estate taxes and the distribution of the music right assets to the Heirs.

CONCLUSIONS OF LAW

1. The invoices for fees and costs submitted by the attorneys working for the Estate accurately state the time and labor required.
2. The administration of the Estate requires a wide variety of experience and knowledge of the attorneys involved. This is accomplished by the use of several attorneys with various areas of expertise and experience within the Fredrikson & Byron firm and through the use of outside counsel for specialties not available within that firm.
3. The law firm of Fredrikson & Byron, or firms selected to work with them, have taken on the full extent of the responsibilities required by this complex Estate and have been highly successful in the results obtained.
4. The fees and costs submitted by the Personal Representative are consistent with the fee rates previously approved by the Court, and the requested costs are fair and reasonable considering the complexity of this Estate.
5. There are sufficient assets properly available to pay for the services required.

ORDER

1. The payment of fees and costs incurred from February 1, 2021 through May 31, 2021, to Comerica Bank & Trust, N.A. and to its attorneys as reflected in the Declarations of Mark Greiner and Andrea L. Bruce filed with the Court on June 30, 2021, is APPROVED in accordance with Minnesota Statutes §§ 525.515 and 523.3-719.

BY THE COURT:

Dated: November 2, 2021

Kevin W. Eide
Judge of District Court

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.

MEMORANDUM

As stated above, Minnesota Statute Section 525.515(b) requires the Court to analyze five factors when considering the fairness and reasonableness of the fees being requested:

- (a) The time and labor required;
- (b) The experience and knowledge of the attorney;
- (c) The complexity and novelty of problems involved;
- (d) The extent of the responsibilities assumed and the results obtained; and
- (e) The sufficiency of assets properly available to pay for the services.

In most cases, when attorney fee, Personal Representative fee, and other cost statements have been submitted to the Court for approval, the submissions have been unchallenged. On several occasions, SNJ have challenged the requests based on the fairness and reasonableness of the submissions. The Court recognizes that it is difficult to raise specific challenges when everything involved with this Estate is so specific and, in some cases, unique. However, the Court cannot rely on mere assertions or concerns. SNJ have, now, submitted several objections to fee submissions dating back to 2018 and continuing through the present. They have yet to offer the Court any assistance in addressing the fairness and reasonableness of the fees being requested.

The Court is to address the time and labor required. In the most recent submission, the amount of time charged is really only challenged with respect to the claim of Sharon Nelson for an alleged assault. The original claim by Ms. Nelson was for 10 Billion Dollars in damages. That was later reduced to \$458,000 and the Court agrees that this amount was still claimed at the time that the summary judgment motion was filed. This Court has ruled that Ms. Nelson would only be entitled to nominal damages if she can establish that the assault actually occurred. This Court cannot agree that the claim was insignificant and did not have to be aggressively defended. The Court also cannot help but point out the elephant in the room, the irony that Ms. Sharon Nelson objects to the expense charged to the Estate that was brought about by her own excessive claims. Whether an assault occurred has not been litigated and this Court takes no position regarding that

determination to be made by a trier of fact. What is clear is that the 10 Billion Dollar claim, and then the \$458,000 claim, were entirely unsupported.

The Court is to address the experience and knowledge of the attorneys involved. SNJ argue that the attorneys assigned to the various matters involving the Estate had too much experience. As senior attorneys and shareholders were doing much of the work, the hourly rates were higher than if a younger associate had done the work. Again, the Court recognizes how difficult it is to compare this Estate to other similarly situated estates to support this claim. There are no similarly situated estates, at least in the Minnesota district courts. However, the objectors have provided nothing to the Court beyond mere assertion and conjecture. How important is it to have a senior attorney do the work when the entire world is watching? How important is it to do things right when this is one of the most significant and certainly the most prolific legal matters in the State of Minnesota? How important is it to have experienced attorneys involved when the disputed amount of estate taxes and penalties is millions of dollars? These are questions this Court has been asked to address without any guidance from SNJ as to how these questions should be answered.

The Court is to address the complexity and novelty of the problems involved. I have already addressed complex problems with the assault claim against the Estate by one of the Heirs as well as the substantial dispute regarding the amount of estate taxes and penalties. The attorneys for the Estate have also addressed complex intellectual property issues including, most notably, the Bergonzi litigation. The Bergonzi litigation is thoroughly addressed in the Estate's reply to the objection of SNJ. In short, it is an attempt to bring to a close 26 years of litigation involving a multi-million-dollar foreign judgement as well as injunctive relief. All the while, the Personal Representative is essentially running a substantial entertainment business. This Court has never overseen such an array of complex and novel legal issues.

This Court is to address the responsibilities assumed and the results obtained. This Court believes that the Personal Representative and their attorneys have served the Estate with integrity and have carried out their fiduciary responsibility to the Estate. What mistakes have been made along the way were primarily during the term of the First Special Administrator and the entertainment advisors who were retained by them. The Personal Representative and their attorneys have assumed the entire responsibility of managing this Estate and all matters that need to be addressed, inside and outside of the Court. They have, in this Court's opinion, been almost entirely successful in obtaining the sought-after results. Since the filing of the objection by SNJ,

the Estate has been successful in resolving the Bergonzi litigation and has made substantial strides in resolving the estate tax disputes with the IRS and MNDOR.

Finally, the Court is to address the availability of assets to pay for these services. The money is there to pay for these services and to pay for the estate taxes. The question is how long it will take to raise these funds. The Court asks the Personal Representative and their attorneys to be frugal in the use of their services, so as to be able to pay these fees and taxes as soon as possible. The Court asks the Heirs to work with the Personal Representative, not against it, in an effort to keep fees to a minimum.

K.W.E.