

FILED

STATE OF MINNESOTA
COUNTY OF CARVER

JAN 31 2017
CARVER COUNTY COURTS

DISTRICT COURT
FIRST JUDICIAL DISTRICT
PROBATE DIVISION

In Re: Estate of:

Court File No. 10-PR-16-46

Prince Rogers Nelson,

Deceased.

**FINDINGS OF FACT,
CONCLUSIONS OF LAW, ORDER
& MEMORANDUM ON ROC
NATION'S PETITION FOR
ALLOWANCE OF CLAIM AND
ADDITIONAL RELIEF**

The above entitled matter came on before the Honorable Kevin W. Eide on December 8, 2016, at the Carver County Courthouse, Chaska, Minnesota, pursuant to the Petition of ROC Nation LLC for Allowance of Claim and Additional Relief. Appearances were noted on the record.

Based upon the record and the arguments of counsel, the Court makes the following:

FINDINGS OF FACT

1. Decedent Prince Rogers Nelson died intestate on April 21, 2016.
2. On April 27, 2016, upon the Petition of Tyka Nelson, the Court appointed Bremer Trust National Association (hereafter "Bremer") as Special Administrator of Decedent's Estate on an emergency basis and set the matter for hearing on May 2, 2016. The Court confirmed Bremer's appointment after the May 2nd hearing in the "Order Confirming Appointment of Special Administrator" filed May 2, 2016.
3. On May 10, 2016, the Court issued an "Amended Notice of Formal Appointment of Special Administrator and Notice to Creditors (Intestate)" (hereafter "Notice to Creditors"). The Notice to Creditors stated, in relevant part, "Notice is also given that (subject to Minn. Stat. §524.3-801) all creditors having claims against the Estate are required to present the claims to the Special Administrator or to the Court Administrator within four months after the date of this Notice or the claims will be barred."
4. In a letter dated May 27, 2016, Roc Nation LLC (hereafter "Roc Nation") wrote to Bremer seeking an appointment to administer the musical assets of the Estate. Beyond seeking the

appointment to serve as administrator of the Estate's musical assets, the letter states that prior to his passing, Decedent, NPG Records, Inc. and NPG Music Publishing, LLC granted Tidal (a Roc Nation affiliate) streaming rights to his work on Tidal's service. The letter further states, "Roc Nation currently serves as the distribution and supporting record label for Mr. Nelson's most recent albums titled *HITNRUN Phase 1 and 2.*"

5. From May 27, 2016 through August 31, 2016, Bremer repeatedly asked Roc Nation to provide copies of any binding contractual agreements, along with an accounting of payments made in connection with those agreements. Roc Nation did not provide any of the requested information or documents to Bremer.
6. In a letter dated October 17, 2016, counsel for Roc Nation wrote Bremer again expressing Roc Nation's interest in administering the Estate's musical assets. This letter also makes specific reference to a "Distribution Agreement" between Roc Nation's licensors, Aspiro AB as assignee of WiMP Music AS, and NPG Records, Inc. and NPG Music Publishing, LLC which allegedly remained in full force and effect as of the date of the letter.
7. In a responsive letter dated October 19, 2016, counsel for Bremer denied any knowledge of the "Distribution Agreement" referred to in the October 17th letter, and stated the only agreement they were aware of was a Letter of Intent between WiMP Music AS ("Tidal") and NPG Records, Inc./NPG Music Publishing, LLC dated August 1, 2015. The albums produced with respect to that Letter of Intent were apparently the "Hit and Run: Phase 1" and "Hit and Run: Phase 2" albums.
8. NPG Records, Inc. and NPG Music Publishing, LLC are wholly owned by the Estate.
9. The Letter of Intent between WiMP Music AS ("Tidal") and NPG Records, Inc./NPG Music Publishing, LLC called for an album advance to be made in four payments, one every three months, beginning seven days after delivery of the album including all masters and artwork. The term of the agreement was to commence on August 1, 2015 and continue until the latter of three years after album delivery, or the complete recoupment by Tidal of the album advance from royalties payable to Decedent. However, in no event was the term of the agreement to exceed six years.
10. The "Hit N Run: Phase 1" album was apparently delivered to Tidal in August 2015. The advances required by the Letter of Intent were paid on August 28, 2015; November 13, 2015; April 11, 2016; and November 10, 2016.

11. On October 21, 2016, counsel for Roc Nation wrote a letter to the Court claiming Roc Nation is a creditor of the Estate and expressing concern that Bremer was about to take steps which would impair Roc Nation's contractual rights.
12. On October 25, 2016, counsel for Bremer wrote to counsel for Roc Nation stating that to the extent either the May 27, 2016 or October 21, 2016 letters could be considered claims against the estate, those claims were disallowed. Attached to that letter was Bremer's "Notice of Disallowance of Purported Claim." The "Notice of Disallowance of Purported Claim" states, "Your purported claims of May 27, 2016, October 17, 2016 or October 21, 2016 are disallowed because the purported claims have no basis in law or fact and the October 17, 2016 and October 21, 2016 claims were presented after the expiration of time allowed for presentation of a claim. Your purported claims will be barred unless you file a petition for allowance with the Court or commence a proceeding against the Special Administrator not later than two months after the mailing of this notice to you."
13. On November 7, 2016, Roc Nation filed a "Statement of Unsecured Claim" with the Court, alleging its claim consisted of "Written Contract for services and distribution of intellectual property as modified by subsequent writings, course of dealing between the parties and oral understandings and agreements. The nature and extent of the claim is set forth with greater particularity in Roc Nation's letter to the Special Administrator dated May 27, 2016 and the letter from my attorney, Rodney J. Mason, Ltd, dated October 21, 2016 that was sent to the Court and filed with the Court on the same date."
14. On November 11, 2016, Roc Nation filed the "Petition of Roc Nation LLC for Allowance of Claim and Additional Relief," (hereafter "Petition") describing the nature of the claim as in the "Statement of Unsecured Claim." The amount of the claim was listed as "an amount to be determined at trial." In addition, the Petition alleges Roc Nation (or its affiliates) have the right to exclusively stream Decedent's entire catalogue of music, with certain limited exceptions, pursuant to "subsequent agreements and a course of dealing between the parties."
15. The Petition also references an "Artist Equity Term Sheet" and a "Distribution Agreement." The "Artist Equity Term Sheet" was apparently not disclosed to Bremer until after the parties entered into a "Confidentiality Stipulation" on or about January 3, 2017. The "Artist Equity Term Sheet" is between "Project Panther Ltd., a Cayman Islands

Limited Company (“Company”) and the recording artist professionally known as “Prince” (“Artist”).” The subject of the “Artist Equity Term Sheet” is identified as “The Platform: Company has launched and operates an on demand, subscription based, digital streaming distribution platform, which is currently branded as “Tidal.” The document is signed by Decedent as “Artist,” not on behalf of either NPG Records, Inc. or NPG Music Publishing, LLC.

16. The “Distribution Agreement” referenced in the Petition is apparently the same document as the Letter of Intent between WiMP Music AS (“Tidal”) and NPG Records, Inc./NPG Music Publishing, LLC dated August 1, 2015.
17. The record is unclear as to the alleged relationships between Roc Nation LLC, WiMP Music AS, Project Panther Ltd., and Aspiro AB, however for purposes of the matter presently before the Court, they will assumed to be interrelated, with WiMP Music AS, Project Panther Ltd., and Aspiro AB falling under the Roc Nation umbrella.
18. In addition to allowance of Roc Nation’s claim, the Petition also seeks access to any and all information within the possession of the Special Administrator concerning the distribution or exploitation of the Estate’s musical assets, and advance notice of any agreements or business dealings that may affect Roc Nation’s alleged claim and interest in the Estate.
19. After his death, Tidal allegedly streamed Decedent’s entire catalog of music without authorization of Bremer or providing Bremer with documentation of their right to do so. As a result, and because most of Decedent’s music catalog is owned by NPG Records, Inc. and NPG Music Publishing, LLC, Bremer caused NPG Records, Inc. and NPG Music Publishing, LLC to file a complaint against Roc Nation and Aspiro AB in federal court for copyright infringement. That matter remains pending.

CONCLUSIONS OF LAW

1. For probate purposes, in relevant part, "claims" include liabilities of the decedent whether arising in contract or otherwise and liabilities of the estate which arise after the death of the decedent including funeral expenses and expenses of administration. The term does not include taxes, demands or disputes regarding title of a decedent to specific assets alleged to be included in the estate, or tort claims. Minn. Stat. §524.1-201(8) (2016).

2. Creditors have four months after notice of appointment of a [special administrator] and notice to creditors to present their claims or they will be barred. Minn. Stat. §524.3-801(a) (2016).
3. Within three months of the notice of appointment, the [special administrator] shall serve a copy of the notice on all known creditors. Minn. Stat. §524.3-801(b) (2016). A creditor is "known" if: (i) the personal representative knows that the creditor has asserted a claim that arose during the decedent's life against either the decedent or the decedent's estate; (ii) the creditor has asserted a claim that arose during the decedent's life and the fact is clearly disclosed in accessible financial records known and available to the personal representative; or (iii) the claim of the creditor would be revealed by a reasonably diligent search for creditors of the decedent in accessible financial records known and available to the personal representative. *Id.*
4. Claims of creditors only entitled to notice by publication under §524.3-801 are barred if not presented within four months after the notice to creditors. Minn. Stat. §524.3-803(a)(1) (2016). Other claims, whether or not notice to creditors was published or served, are barred if not brought within one year after the decedent's death. Minn. Stat. §524.3-803(a)(3) (2016).
5. In presenting a claim, the claimant may deliver or mail to the personal representative a written statement of the claim indicating its basis, the name and address of the claimant, and the amount claimed, or may file a written statement of the claim, in the form prescribed by rule, with the court administrator. Minn. Stat. §524.3-804(1) (2016). The claim is deemed presented on the first to occur of receipt of the written statement of claim by the personal representative, or the filing of the claim with the court. *Id.* If a claim is not yet due, the date when it will become due shall be stated. *Id.* If the claim is contingent or unliquidated, the nature of the uncertainty shall be stated. *Id.* If the claim is secured, the security shall be described. *Id.* Failure to describe correctly the security, the nature of any uncertainty, and the due date of a claim not yet due does not invalidate the presentation made. *Id.*
6. If the [special administrator] disallows a claim, that claim is barred unless the claimant files a petition for allowance in the court or commences a proceeding against the personal representative not later than two months after the mailing of the notice of disallowance.

Minn. Stat. §524.3-806(a) (2016). Failure of the [special administrator] to mail notice to a claimant of action on the claim for two months after the time for original presentation of the claim has expired has the effect of a notice of allowance, except that upon petition of the [special administrator] and upon notice to the claimant, the court at any time before payment of such claim may for cause shown permit the [special administrator] to disallow such claim. *Id.*

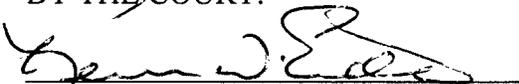
7. Roc Nation's May 27, 2016, letter to Bremer seeking appointment to administer the musical assets of the Estate, while not a formal statement of claim, was sufficient to put Bremer on notice that Roc Nation claimed a contractual relationship with Decedent, NPG Records, Inc. and NPG Music Publishing, LLC.
8. Bremer's knowledge of the Letter of Intent included knowledge of the provision for an album advance, and the provision relating to recoupment of the album advance from royalties payable to Decedent and/or NPG Records, Inc. and NPG Music Publishing, LLC.
9. Because Roc Nation was a known potential creditor of the Estate, Roc Nation's claim is timely, having been filed within one year of Decedent's death.
10. Because the "Artist Equity Term Sheet" was executed by Decedent personally, and because NPG Records, Inc. and NPG Music Publishing, LLC are wholly owned by the Estate, Roc Nation's claim is properly presented to the Estate.
11. Roc Nation's request for access to any and all information within the possession of the Special Administrator concerning the distribution or exploitation of the Estate's musical assets, and advance notice of any agreements or business dealings that may affect Petitioner's alleged claim and interest in the Estate is overbroad and could hamper the administration of the Estate.

ORDER

1. The Petition of Roc Nation LLC for Allowance of Claim is GRANTED.
2. The Petition of Roc Nation LLC for Additional Relief is respectfully DENIED.
3. The attached Memorandum is incorporated herein by reference.

Date: January 30, 2017

BY THE COURT:


Kevin W. Eide, Judge of District Court

MEMORANDUM

Roc Nation seeks allowance of its claim based upon a “Written Contract for services and distribution of intellectual property as modified by subsequent writings, course of dealing between the parties and oral understandings and agreements.” Bremer has disallowed Roc Nation’s claim, and makes various arguments as to why it should not be permitted to proceed.

Bremer first argues Roc Nation fails to allege a claim under the Probate Code. However, the Probate Code defines “claims” as liabilities of a decedent. Further discovery and/or decisions of the Court may determine the interplay between the “Artist Equity Term Sheet” executed by Decedent personally, and the “Letter of Intent” a/k/a “Distribution Agreement” Decedent executed on behalf of NPG Records, Inc. and NPG Music Publishing, LLC. That discovery or further Court rulings may establish that the Estate is indebted to Roc Nation for repayment of some or all of the album advance, or other relief as yet to be determined. While these are not traditional claims against an Estate, as all parties are aware, little about this matter is traditional.

Bremer also argues Roc Nation’s assertion of streaming rights is not proper under the Probate Code; that its claim fails to satisfy the statutory requirements for a claim; and that it is untimely. As discussed above, the interplay between the “Artist Equity Term Sheet,” the “Letter of Intent” and what streaming rights were granted by which entities remains at issue. Because NPG Records, Inc. and NPG Music Publishing, LLC are wholly owned by the Estate, distinctions at this point of the matter are without merit.

With respect to Bremer’s argument that Roc Nation’s claim fails to meet the minimal requirements for the presentation of a claim, the Court respectfully disagrees. While Roc Nation’s claim does not set forth a specific amount of money claimed or details regarding its “affiliated organizations,” failure to describe correctly the security, the nature of any uncertainty, and the due date of a claim not yet due does not invalidate the claim. *See* Minn. Stat. §524.3-804(1) (2016) (*emphasis added*).

As to timing, the Court agrees that Roc Nation’s May 27, 2016 letter to Bremer constituted not a statement of claim, but a solicitation for the opportunity to administer the musical assets of the Estate. However, that letter did put Bremer on notice of an alleged agreement between Decedent and Roc Nation. Bremer was aware of the Letter of Intent and its provision with respect to the album advance and provision requiring recoupment of the advance from royalties which would otherwise be due Decedent or the Estate. As a result, Roc Nation must be deemed a known

creditor whose claim would not be barred if brought within one year after the decedent's death. *See* Minn. Stat. §524.3-803(a)(3) (2016).

Finally, Roc Nation's Petition seeks access to any and all information within the possession of the Special Administrator concerning the distribution or exploitation of the Estate's musical assets, and advance notice of any agreements or business dealings that may affect Petitioner's alleged claim and interest in the Estate. While the record indicates Decedent (or the NPG entities) granted Roc Nation some rights with respect to the exploitation of some of the Estate's musical assets, nothing in the record supports this request. Roc Nation is a claimant, not a party to this proceeding. Disclosure of confidential business information regarding exploitation of the Estate's musical assets could hamper the Special Administrator's or Personal Representative's administration of the Estate, negatively impact business negotiations, and ultimately impact the value of the Estate. As a result, Roc Nation's motion for "Additional Relief" is respectfully DENIED.

In granting Roc Nation's Petition for Allowance of Claim, the Court is by no means ruling on the merits of the claim. Such determinations will be made in subsequent proceedings either in this Court or in connection with the parties' federal litigation.

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.