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June 28, 2017

The Honorable Kevin Eide
Judge of the District Court
Carver County Justice Center
604 East Fourth Street
Chaska, MN 55318

VIA E-FILE

UNDER SEAL

Re: *In re Estate of Prince Rogers Nelson*
Court File No.: 10-PR-16-46
Our File: 7820-1

Dear Judge Eide:

I write in follow-up to the Court's June 15, 2017 Order regarding the deal with Universal Music Group ("UMG"), and respond to UMG's letter to the Court on behalf of my clients Sharon Nelson, Norrine Nelson, and John Nelson ("SNJ"). This letter addresses why rescission of the UMG Agreement is not appropriate, Comerica's failure to protect and properly manage the Estate's Assets, and why this Court should issue new protocols regarding Comerica's management of the assets of one of music's true legends.

Rescission is not in the bests interests of the Estate

The parties have been trying to resolve the confusion between the UMG and Warner Brother Records ("WBR") Agreements. Following the Court's recent Order in this matter, SNJ continued to attempt to reach a resolution and had limited opportunity to engage UMG. While individuals had intermittent communications with certain UMG and Comerica representatives, only one collective meeting, a phone conference, involving Heirs' counsel, Comerica, Comerica's counsel, Sharon Nelson, and UMG's counsel occurred. It took place on June 22 and was scheduled on one day's notice with no room to reschedule—but the parties appeared in a last-ditch effort to save the deal that the Special Administrator, so many parties, lawyers, and consultants, and this Court had reviewed.



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ATTORNEYS AT LAW: Randall W. Sayers, James A. Schaps, Craig B. Nichols, Frederick E. Kaiser, Joseph G. Twomey,
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During the telephone conference, UMG reiterated [REDACTED]

Although most of the parties on the call had some familiarity with either copyright law, Prince and his Estate, the norms and practices of communications in the music industry, the WBR Agreement, or the UMG Agreement, Mr. McMillan was the only person on the call who could claim vast experience with all five. On the call and in correspondence, Mr. McMillan laid out several reasons why the UMG Agreement does not conflict with the April 2014 WBR Agreement. Following this Court's Order to attempt to resolve the issue, he laid out several points including the following:

- Prince was very protective over his music and wanted to retain the [REDACTED]
- [REDACTED]
- No one (except WBR) has ever stated that [REDACTED].
- In the [REDACTED].
- There is also no specific reference to inclusion [REDACTED]
- The term [REDACTED]
- [REDACTED]
- [REDACTED] That request would be unnecessary if WBR already had the rights it is now claiming were granted to it [REDACTED]. Demonstrably, WBR knows it does not currently have [REDACTED], which are the basis of its current threat against UMG.
- The [REDACTED]
- WBR and other Labels do [REDACTED]
- [REDACTED] Similarly, [REDACTED]. As noted earlier, [REDACTED]

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Kenneth Abdo, on behalf of the Heirs, even stated that the [REDACTED]

- The drafters of the UMG Agreement between the Estate and UMG foresaw potential [REDACTED] UMG's current position that it never would have paid for anything short of cloud-free title is undercut by its own Agreement that it spent months negotiating. (June 26, 2017 Letter from Gibson Dunn, at 2.)

In sum, Mr. McMillan attempted to focus on the parties' intent when they entered into the April 2014 WBR Agreement. Comerica insists that no clear answer exists as to whether the UMG and 2014 WBR Agreement conflict. Interpretation of these conflicts cannot be resolved merely by reference to bright-line rules; they are also resolved by reference to the industry standards for these terms and the history and intent of the parties—in short, the very experience that Comerica lacks. Despite these issues, UMG has declined to explore the intent issue further potential business solutions.

With respect to UMG's June 26, 2017 correspondence, its analysis is incomplete considering the June 22nd telephone conference. During the call, Mr. McMillan stressed Prince's intent to withhold [REDACTED]

[REDACTED] Mr. McMillan further noted that he possessed documents supporting his analysis of Prince's intent. UMG's counsel indicated that related documents would be of interest, and UMG's correspondence acknowledges the relevance of Prince's intent, yet seeks rescission.

Moreover, UMG's correspondence fails to effectively refute the analysis provided by Bremer on June 21st. (Attached as Exhibit A.) Bremer defends the deal and its interpretation of the 2014 WBR Agreement. More importantly, [REDACTED] with respect to any discrepancies between the two deals.

Also, UMG's correspondence again claims it was not aware of potential issues with the rights to [REDACTED] and other WBR challenges. That contention is unsupported in the record. Mr. McMillan's attorney has provided UMG with a previous email exchange with Jefferey Harleston of UMG (its General Counsel) that was referenced at the June 13th hearing. (Attached as Ex. B.) [REDACTED]

[REDACTED] This is clearly referencing [REDACTED] of rights such that UMG was aware of potential [REDACTED] issues.

Under these circumstances, SNJ respectfully submit that Comerica should be fighting to protect the Estate's assets, including the money from UMG. Comerica does not appear to recognize the amount of leverage it has regarding enforcing the UMG Agreement and fighting WBR's assertions that the Estate may not exploit its assets. The Estate has leverage on many aspects of the [REDACTED]

[REDACTED] Additionally, based upon the analysis

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provided, WBR has little chance of winning a claim that it controls the broad (and broadening) spectrum of rights for which it is willing to at least threaten litigation. Therefore, SNJ maintain that Comerica is wrong to refuse to stand up for the Estate, and SNJ respectfully ask this Court to deny the request for rescission and demand that the Personal Representative work to maximize the Estate's Assets.

Comerica has failed to properly protect Estate Assets

The recent telephone conference with UMG, Mr. McMillan, and the Heirs' attorneys is one of the first steps that Comerica should have taken when the UMG deal was threatened by WBR. In addition, Comerica should have sought to disclose the 2014 WBR Agreement to UMG as soon as possible, [REDACTED]

[REDACTED] (embarrassing UMG), and [REDACTED]

[REDACTED] which has not yet been granted. Comerica's reasons for rescission are undercut by the facts of the case.

Comerica stated one of its reasons for rescinding the UMG Agreement was to avoid litigation. Despite offering the Estate's unconditional surrender, however [REDACTED]

[REDACTED]

As such, Comerica's strategy of agreeing to rescission [REDACTED] has already failed and Comerica has offered scant analysis regarding the harm to the Estate should the UMG deal be rescinded. For example, Comerica has not offered a cost-benefit analysis of rescinding the agreement verses supporting it. We do not know if other possible deals could be made to replace the UMG Agreement if it is rescinded, or even a rough estimate of what other possible deals would now be worth in light of the confusion with UMG over this Agreement or Comerica's apparent willingness to capitulate to WBR and effectively hand over the rights in dispute. It has not presented this Court or the Heirs with any analysis of how it intends to release music in Prince's much anticipated Vault to the world. Moreover, Comerica also has not detailed compensation to be paid to Troy Carter as related to his involvement in monetizing assets subject to the UMG deal. Finally, there is no detailed analysis regarding the odds of prevailing in litigation with WBR or UMG or related expense beyond conclusory statements. Comerica's failure to provide this analysis leaves this Court and the Heirs with no information with which to judge whether it is acting in the best interests of the Estate in rescinding a Court approved deal.

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New Protocols are needed to protect the Estate

Comerica's handling of the UMG deal and its decision to rescind the agreement with UMG have demonstrated the need for new protocols regarding Comerica's handling and failure to maximize the Estate's Assets. SNJ are concerned that Comerica and its advisor, Troy Carter, are negotiating the Estate's Assets without appropriate expertise or consultation with parties who have inside knowledge. SNJ also maintain that Comerica also is not reasonably allowing the Heirs to offer meaningful input—as exhibited by its decision not to include the [REDACTED]

Comerica's mishandling of the Estate's Assets is not only exemplified in this situation, but also in how it handled the other proposed transaction that was reviewed by the Court as Comerica [REDACTED]

[REDACTED]. SNJ, therefore, request that additional protocols be put in place to ensure that the Estate's Assets are protected. As the Court acknowledged in its June 9, 2017 Order, the efforts provided by the Heirs and their advisors, [REDACTED], have secured a better deal from negotiating some of the Assets. (See June 9, 2017 Order.) In that Order, the Court stated that "the Court finds it likely that prompting by one of those advisors may have led to the inclusion of additional fees (as income to the Estate) not previously contemplated in the negotiations." (*Id.*) Comerica has repeatedly demonstrated that it is not strongly fighting on the Estate's behalf, which is why SNJ ask the Court to consider new protocols to ensure the Estate's Assets are not further harmed by Comerica's mismanagement. If additional protocols are not put in place, SNJ feel they must consider petitioning for Comerica's removal.

Conclusion

In conclusion, SNJ submit that neither the Estate nor Prince's legacy and the desires of his millions of fans will benefit from the policy of strategic capitulation Comerica now pursues. At some point, someone must stand up for both monetary and artistic value still remaining unheard, in Prince's Estate. Since Comerica has pointedly refused to do so, SNJ ask this Court to view Comerica's decisions in that light, and deny the rescission.

Respectfully submitted,

s/ Nathaniel A. Dahl

Nathaniel A. Dahl

NAD/klh

Enclosure

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cc. Joseph Cassioppi (via E-File)
Mark W. Greiner (via E-File)
Alan I. Silver (via E-File)
Justin Bruntjen (via E-File)
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Steven Silton (via E-File)
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