



January 11, 2021

VIA E-FILING

The Honorable Kevin W. Eide
Judge of the District Court
Carver County Justice Center
604 East 4th Street
Chaska, MN 55318

VERSION FILED PUBLICLY

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

Dear Judge Eide:

We are writing on behalf of the Personal Representative to address the topics set-forth in the Court's November 13, 2020 Order.

I. UPDATED CASH FLOW MODEL.

Since 2018, the Personal Representative has prepared and provided to the Heirs (and more recently, Primary Wave and Timothy Murphy on behalf of the Estate of Alfred Jackson) Prince Estate Cash Flow Models (each, a "Cash Flow Model") on an approximate quarterly basis. The Personal Representative provided the latest Cash Flow Model, a copy of which is attached hereto as **Exhibit A**, to the Heirs, Primary Wave, and Mr. Murphy (collectively, the "Interested Parties") on December 22, 2020. Unless instructed otherwise by the Court, the Personal Representative will continue to update and provide the Cash Flow Model to the Interested Parties on a quarterly basis.

II. STATUS OF TAX DISPUTES AND TIMELINE FOR BEING ABLE TO SATISFY OUTSTANDING LIABILITIES.

A. Federal and State Estate Tax Disputes.

The Estate currently has three separate disputes related to its federal and state estate tax liabilities. The largest is the Estate's dispute with the IRS related to the federal estate tax liability. As the Personal Representative recently reported to the Court, the IRS served a notice of deficiency during June 2020, and the Estate filed its petition in United States Tax Court on August 17, 2020. The IRS answered the Estate's petition on November 19, 2020. [REDACTED]

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[REDACTED]

Second, the IRS has also challenged the Estate's calculation of which assets are eligible for deferred payment under I.R.C. § 6166. [REDACTED]

[REDACTED]

Third, the Estate is disputing the Minnesota Department of Revenue's assessment of additional Minnesota state estate tax, penalties, and interest. MNDOR issued a tax order on November 9, 2020, which adopted the values and determinations made by the IRS in its notice of deficiency. The Estate filed an appeal from the tax order with MNDOR's Appeals and Legal Services division on January 8, 2021. As part of the appeal, the Personal Representative requested that MNDOR hold the appeal in abeyance until the Estate resolves the amount of the federal estate tax liability. [REDACTED]

[REDACTED]

B. Status of Negotiations.

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

C. Range of Possible Tax Liabilities.

[REDACTED]

[REDACTED]

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[REDACTED]

D. Timeline for the Wind up of the Personal Representative's Administration of the Estate.

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

III. ITALIAN JUDGMENT.

By way of background, two Italian songwriters and Warner Chappell Musica Italiana S.R.L. (collectively, “Warner Chappell”) brought a lawsuit against Prince during the 1990s alleging that Prince plagiarized portions of the song “The Most Beautiful Girl in the World” (the “Song”). During 2015, the Supreme Court of Italy determined that Prince was liable for plagiarism, affirmed a damages award, affirmed an injunction against use of the Song, and remanded to address additional issues.

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

Respectfully submitted,

/s/ Joseph J. Cassioppi

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EXHIBIT A

FILED UNDER SEAL

WITH JANUARY 11, 2021

COMERICA'S LETTER