

STATE OF MINNESOTA  
COUNTY OF CARVER

DISTRICT COURT  
PROBATE DIVISION  
FIRST JUDICIAL DISTRICT

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In Re Estate of:

Court File No.: 10-PR-16-46  
Judge Kevin W. Eide

Prince Rogers Nelson,

Deceased.

**OBJECTION TO PROPOSED  
ORDER REGARDING  
APPLICATION OF EXSITING  
ORDERS AND PROTOCOLS TO  
THE PERSONAL  
REPRSESENTATIVE**

**INTRODUCTION**

Sharon L. Nelson, Norrine P. Nelson and John R. Nelson (“Objectors”), by and through counsel, respectfully object to the proposed Order Regarding Application of Existing Orders and Protocols to the Personal Representative submitted on behalf of Comerica Bank & Trust, N. A. (“Comerica”).

The Court’s Order For Transition From Special Administrator to Personal Representative dated Jan 19, 2017, appointed Comerica as Personal Representative to replace Bremer Trust, N.A. (“Bremer”), the Special Administrator.

The Court’s Order dated February 22, 2017, directed Comerica and its counsel to review prior Orders granting or limiting the powers of the Special Administrator, including protocols approved by the Court, and file a proposed Order extending or terminating those powers.

Comerica has filed a proposed Order addressing eleven categories:

1. Powers of a Personal Representative under the Minnesota Uniform Probate Code;
2. Powers related to the sale or retention of real estate;
3. Powers related to business transactions, including exploiting entertainment assets;
4. Powers related to retention of agents, experts, and professionals;
5. Authorization to receive compensation;
6. Authorization to compensate counsel;
7. Procedure for review and approval of compensation and fees;
8. Sharing and disclosure of confidential information;
9. Petition to the Court for approvals not otherwise required;
10. Authorization for subpoenas and discovery; and
11. Court Orders and protocols not related to the powers of the Special Administrator.

### **BACKGROUND**

As the Court noted in its Order dated October 28, 2016: “The unique and extraordinary nature of this probate is undeniable.” Comerica echoes that observation in its Memorandum, noting “the extraordinary circumstances of this Estate.”

Following an exhaustive review and interview process, Comerica’s appointment as Personal Representative was supported by all of the Non-Excluded Heirs. As part of that process Comerica submitted a “Response to the Request for Proposal for the Prince Estate” dated September 28, 2016.

In response to the question “Would you include the heirs as voting advisors, or another structure? How would they function and how would you propose they vote on matters?” Comerica stated:

Comerica proposes that the heirs function in a non-binding advisory role with respect to decisions impacting Prince’s legacy and to the form that the distribution of assets will eventually take. The heirs will have the opportunity to express their opinions by voting at the monthly meetings. Votes by the heirs will be strongly considered and given significant and serious weight; however, decisions will not be made *solely* on the basis of the heirs’s (sic) votes, as this would be an abdication of Comerica’s fiduciary responsibility. (emphasis in original)

In identifying its capabilities Comerica stated:

In Los Angeles, Comerica’s Entertainment Group and Comerica’s Private Banking Entertainment Group specializes in working with individuals and complex assets in the music and entertainment industry. This group would be leveraged where appropriate for additional oversight of the management of the entertainment assets.

In reliance on these and other representations by Comerica, Objectors supported their appointment. However, in the five weeks since Comerica’s appointment Objectors have become very concerned that Comerica is not only failing to giving “significant and serious weight” to their voices, but is failing to listen to them at all and failing to treat them with respect. Additionally, Objectors believe that Comerica has failed to demonstrate its claimed expertise in the management of entertainment assets. The Affidavit of Sharon Nelson details specific events at a meeting on February 28, 2017, between five of the Non-Excluded Heirs and Comerica during which these issues came to a head. Therefore, Objectors believe that substantial limitations on Comerica’s powers are necessary to avoid irreparable harm to this iconic Estate.

## SPECIFIC OBJECTIONS AND PROPOSALS

(Objectors objections are keyed to the same numbers as the proposed Order from Comerica.)

1. No objection, except as otherwise specified herein.
2. Objectors object to the sale of any parcels of real estate without Comerica being required to present the parcels to the Non-Excluded Heirs for either i) a right of first refusal; and/or ii) the right to establish a minimum purchase price.
3. Objectors object to the proposed minimal procedure for involving the Non-Excluded Heirs. This is a critical issue, relating to the ongoing management of the Estate. Objectors note that the proposed Order provides only 5 days' notice for business deals with a value of more than \$2 million, but 10 days' notice for objections to attorney fees. The Non-Excluded Heirs need and are entitled to a much greater role.

Per the Affidavit of Sharon Nelson, Comerica has thus far failed to demonstrate its expertise in the entertainment industry. The Court required a detailed protocol for approval of entertainment deals made by the Special Administrator (Order Establishing Protocol for Finalizing Court-Approved Entertainment Agreements dated November 23, 2016). Similarly, there should be a robust procedure for the Non-Excluded Heirs to jointly manage and approve all business deals, specifically including intellectual property,

entertainment and music assets. The Non-Excluded Heirs should also be free to involve their experts.

4. See objection to Paragraph 7.
5. No objection.
6. See objection to Paragraph 7.
7. Objectors object to the provisions of this paragraph prohibiting counsel who receive Fee Affidavits and supporting documents from disclosure of the “contents” of to their clients. Although there was such a prohibition applicable to the Special Administration, at that point there was much less knowledge about the probable heirs and the risk of a breach of confidentiality was greater. As Comerica’s Memorandum acknowledges, there is a “reasonable likelihood” that the Non-Excluded Heirs will, in fact, be determined to be the heirs. The fees and costs of the Personal Representative and its counsel are in essence being paid by the Non-Excluded Heirs. Yet the proposed Order would prevent the Non-Excluded Heirs from receiving sufficient knowledge of those fees and costs on which to base an objection. Objectors believe that the Court can provide adequate protection to the attorney-client privilege and work product doctrine by permitting counsel for the Non-Excluded Heirs to share information with their clients while prohibiting any further dissemination by the Non-Excluded Heirs.

Additionally, Objectors believe that there should be specific caps to fees and costs of attorneys and experts which will not be exceeded without advance notice to and approval of the Non-Excluded Heirs.

8. Objectors do not object to any limitations on disclosure of genetic testing results, but do object to authorizing the Personal Representative broad discretion to restrict confidential business information from the Non-Excluded Heirs or their advisors. This is particularly important if the Non-Excluded Heirs are to have a legitimate voice in evaluating any business deals. The Non-Excluded Heirs themselves are not business or entertainment experts, so they or their counsel should be able to retain experts to assist in the evaluation of business deals, and those experts should have access to confidential business information relevant to evaluating the deals. As with the Fee Affidavits and supporting documents, the Court can prohibit further disclosure of any confidential business information by third parties, even to the extent of requiring any experts retained by the Non-Excluded Heirs or their counsel to sign a non-disclosure agreement.

9. No objection.

10. No objection.

11. No objection.

An additional critical matter not addressed in the proposed Order is for Comerica to work with the Non-Excluded Heirs in valuing the Estate, planning for the payment of taxes and developing a long term plan of distribution. As referenced

in the Affidavit of Sharon Nelson, it appears that Comerica has made representations that distributions would not take place until the lapse of the maximum period allowed under Internal Revenue Code Sec. 6166 which permits a 5 year deferral followed by annual installment payments for up to 10 years. That could effectively deprive some beneficiaries of any benefit, and there are other alternatives for ensuring that the taxes are paid earlier.

Objectors request that the Court order Comerica to consult with the Non-Excluded Heirs regarding the valuation of the Estate, a plan for paying the taxes as soon as possible, including dealings with the IRS on tax disputes, and a plan of distribution to the Heirs once they have been confirmed by the Court.

#### **CONCLUSION**

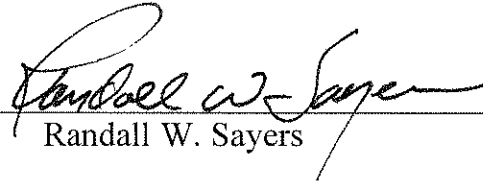
This is a unique Estate, one in which the Non-Excluded Heirs have an enormous stake. As the Court noted in its Order for Transition, “the heirs are all strong advocates of their positions on how the Estate should be managed,” and they should have great involvement in the Estate administration, as Comerica said they would. However, based on the conduct of Comerica to date, the Objectors have grave concerns about the ongoing administration, and if the administration does not improve, are prepared to seek removal of Comerica as Personal Representative. Accordingly, the Objectors object to the proposed Order and request it be modified as provided above.

Respectfully submitted,

HANSEN DORDELL

Dated March 10, 2017

By

  
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