

STATE OF MINNESOTA
COUNTY OF CARVER

DISTRICT COURT
FIRST JUDICIAL DISTRICT
PROBATE DIVISION

In the Matter of:

Court File No. 10-PR-16-46
Case Type: Special Administration

Estate of Prince Rogers Nelson,

Decedent.

**THE SPECIAL ADMINISTRATOR'S
RESPONSE TO THREE LAW FIRMS'
MOTIONS FOR PAYMENT OF
ATTORNEYS' FEES**

and

Tyka Nelson,

Petitioner.

Three law firms¹ – one that formerly represented John, Sharon, and Norrine Nelson, and two that have successively represented Tyka Nelson² – seek to collectively recover over \$1.2 million in attorneys' fees from the Estate. In contrast, none of the attorneys representing Alfred Jackson and Omarr Baker are seeking payment of their fees, although they have taken part in many of the same activities as the moving attorneys. The Special Administrator takes no position on the appropriate amount that each firm should recover. However, in light of its fiduciary duties to act in the best interest of the Estate, conserve Estate assets, and treat all potential beneficiaries impartially, the Special Administrator offers some context regarding the payments sought.

¹ The Court's Order of December 28, 2016 only invited comment with respect to the motions by Holland & Knight and Lommen Abdo for fees. With the Court's indulgence, the Special Administrator responds to those motions as well as the one filed by Gray Plant Mooty, because the substance is applicable to all.

² Neither of which now represent Tyka Nelson, pursuant to the Substitution of Counsel filed January 4, 2017.

I. Efforts Benefiting the Estate, Rather Than Particular Non-Excluded Heirs

The moving parties correctly assert that Minnesota law allows for the payment of attorneys' fees from the Estate for services rendered on behalf of the Estate, even by the attorney for an interested person, if those services "contribute to the benefit of the estate, as such, as distinguished from the personal benefit of such person." Minn. Stat. § 524.3-720.

With that test in mind, the Special Administrator generally agrees that the following activities contributed to the benefit of the Estate as a whole, as distinguished from the personal benefit of any non-excluded heir (NEH):

- Lommen Abdo's efforts to draft and lobby for the PRINCE Act, relating to the right of publicity;
- Efforts by counsel for the NEH to identify and interview trust companies that could take over for Bremer Trust, as either a special administrator or personal representative, including efforts to identify other potential structures for managing the Estate (co-PRs, etc.);
- Reasonable time of Mr. Abdo and Mr. Labate (supported by Mr. Hernandez-Torano) as NEH Representatives for the purpose of finalizing court-approved entertainment contracts³;
- Counsel's review and comment on other entertainment-related contracts that extended past November 2, 2016, pursuant to the Court's June 8, 2016 order;

³ The Special Administrator takes issue with the description by Holland & Knight of the value and impact of its efforts as an NEH Representative on the court-approved entertainment deals, especially to the extent it appears to denigrate the efforts of the Special Administrator's Advisors and counsel, who had negotiated the short-form agreements and took the lead in the negotiations to finalize the long-form versions. The Special Administrator refers the Court to the Memorandum and supporting affidavits it filed on November 15, 2016, in response to the protocol motion. The fees Holland & Knight seeks for its entertainment efforts (nearly \$390,000) are disproportionate to the value it added to the final agreements.

- Research, briefing and argument regarding the determination of heirs; and
- Assisting in establishment of the Paisley Park Museum.

II. Efforts Resulting in Less Clear Benefits (or No Benefit) to the Estate

Some of the time for which the moving attorneys seek payment, however, either appears to have been primarily for the benefit of their individual client(s) instead of the Estate as a whole, or was arguably detrimental to the Estate as a whole. For example:

- *Dispute over Advisors and motion to void the Advisor Agreement.* Despite not having formally objected to the appointment or fees of the Advisors when the Special Administrator sought and obtained court approval to hire the Advisors, and even after the Advisors were bringing valuable potential entertainment contracts to the Estate, many of the moving attorneys continued challenging the Estate's employment of the Advisors. Those efforts did not benefit the Estate and instead wasted Estate assets by leading to the expenditure of additional attorney time for all parties.
- *Dispute over entertainment deals recommended by the Advisors.* The moving attorneys seek to recover the time they spent opposing the entertainment deals that were recommended by the Advisors and later approved by the Court. That opposition, however, was without substance, as the NEH did not object to any of the short-form deals themselves and had no valid alternatives for raising funds for the payment of estate taxes.
- *NEH counsel transition expenses.* If a NEH chooses to change counsel, significant time is spent by the new firm getting up to speed on the many moving parts of this Estate. The December 13, 2016, affidavit of Robert Labate reflects

that ten attorneys at Holland & Knight billed nearly \$100,000 in fees in the first few days after it appeared as counsel for Tyka Nelson. (Labate Aff. ¶¶ 18-19.)

There is no value to the Estate in that duplicative effort.

- *Paisley Park consulting agreements.* For these consulting agreements, counsel for the NEH was acting on behalf of the individual family members and not the Estate, as these were agreements for payments and financial benefit to the individual family members for sharing their anecdotes and certain memorabilia with the museum.
- *Motion to modify protocol.* Although counsel for four of the NEH were satisfied with the existing process for how the Special Administrator and its counsel would work with the Heirs' Representatives to finalize the court-approved entertainment contracts, Tyka Nelson and Omarr Baker made a motion for a revised protocol. That motion resulted in a month-long delay in finalizing the entertainment deals that are critical to the Estate's ability to pay taxes and resulted in significant additional attorneys' fees incurred by nearly all parties. Holland & Knight seeks \$132,786 in fees related to the protocol motion alone. (Labate Aff. ¶ 37.)

In conclusion, the moving attorneys all have benefited the Estate to some extent. However, not all the time those attorneys submitted to the Court was primarily for the benefit of the Estate. Some benefited particular NEH more than the Estate. Indeed, some of it ended up harming the Estate by increasing legal costs of the Estate and delaying receipt of necessary income for the Estate.

Respectfully submitted,

Dated: January 6, 2017

s/ Liz Kramer

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