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September 19, 2018

VIA E-FILE

Honorable Kevin W. Eide
District Court Judge
Carver County District Court
604 East Fourth Street
Chaska, Minnesota 55318

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

Your Honor:

We write in our capacity as the Second Special Administrator (“SSA”) to the Estate of Prince Rogers Nelson (the “Estate”). On behalf of the Estate, we object to the request of CAK Entertainment, Inc. and Charles Koppelman that Your Honor adjourn the October 2, 2018 motion that we filed seeking an Order for the return of the excessive compensation paid to the former Advisors, CAK Entertainment, Inc. and NorthStar Enterprises Worldwide, Inc.

We do not believe that it would be in the best interests of the Estate to postpone the hearing on the motion for the return of the excess compensation paid to the Advisors until after the mediation. While it is conceivable that mediation may moot the motion, given the number of parties and posturing that has occurred to date, we are not particularly optimistic that the claims of the Estate will be settled in mediation in acceptable amounts to the Estate, subject of course to Court approval.

The mediation is taking place in mid-October to comply with a provision in the Advisor Agreement requiring pre-suit mediation. The motion is not brought to address a dispute under the Advisor Agreement. The position taken by CAK that the bringing of the motion violates the Advisor Agreement, and the position articulated by CAK in earlier letters to us that the compensation received by the Advisors has already been approved by Your Honor are wrong.

The Advisor Agreement does not govern the reasonableness of compensation received by those performing services for the Estate such as the Advisors. The Advisor Agreement formed a contractual relationship between the Advisors and the Estate that permitted the Advisors to retain

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a certain percentage of revenue generated for the Estate as compensation for their services in monetizing assets. Through the Advisor Agreement, the Advisors recognized and agreed that “the power of the Administrator is limited by laws applicable to the Special Administration as well as orders of the Court.” That is, the subject matter of the Agreement (e.g., compensation) was at all times subject to Court oversight; the Estate could not agree to something in contravention of the Probate Code. As dictated by statute, the reasonableness of compensation is within the discretion of this Court, not pursuant to any contractual agreement between the Estate and those acting on behalf of the Estate such as the Advisors. As long as jurisdiction exists, this Probate Court retains the power and discretion to determine the reasonableness of compensation and may direct refunds where necessary. Minn. Stat. § 524.3-721. Thus, the assertion that the Estate must first mediate is a misapprehension of the basis upon which the motion rests; it is statutory, not contractual.

Second, this Probate Court has not approved the Advisors’ compensation for the failed Jobu and UMG transactions. While the Court approved the Advisor Agreement at the onset and the methodology by which compensation to the Advisors was to be calculated, the Court did not cede its power to order refund of “[a]ny person who has received excess compensation from the Estate” as long as the Court retains jurisdiction over the Estate. That this Court has not yet ordered CAK and/or NorthStar to retain excessive compensation received as part of the failed Jobu and UMG transactions, is not tacit approval of the reasonableness of their compensation with respect to the two transactions.

The Advisors have also earlier argued that a refund of any fees in respect of the UMG and/or Jobu failed transactions may be a collateral source for any relief obtained in the Estate’s claims against Jobu and the Advisors and/or the Estate’s claims arising out of the rescinded UMG Agreement. The argument does not undermine the basis upon which the motion is brought. The Advisors appear to continually misapprehend the distinction between the statutory power of a court and a cause of action. The motion for refund of fees is permitted by the Legislature and in the discretion of this Probate Court. It is not a cause of action for breach of contract or breach of fiduciary duty as the Advisors have suggested in earlier correspondence to us.

Finally, we assume the Advisors’ request that the Court also adjourn their motion seeking an order recusing Your Honor from considering the motion for an order requiring the Advisors to refund excessive fees is moot in light of Your Honor’s directive that all parties file any written arguments on the issue by September 21, 2018.

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Thank you for your time and attention.

Sincerely,

s/ Peter J. Gleekel

Peter J. Gleekel

PJG/jh

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cc: Erin Lisle (*via e-file*)
Barbara Berens (*via email*)
Al Silver (*via e-file*)
L. Londell McMillan (*via email*)
Ken David (*via email*)
Justin Bruntjen (*via e-file*)
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