

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF CARVER

FIRST JUDICIAL DISTRICT
PROBATE DIVISION

In Re:

Case Type: Special Administration

Court File No: 10-PR-16-46

Judge: Kevin W. Eide

**The Estate of Prince Rogers Nelson,
Decedent.****SNJLC'S RESPONSE TO SKOLNICK &
JOYCE'S DECLARATION OF
ATTORNEY LIEN BALANCE**

Sharon Nelson, Norrine Nelson, L. Londell McMillan, Charles Spicer and the Co-Trustees of the John. R. Nelson Revocable Trust ("SNJLC") submit this memorandum in response to the Declaration of Attorney Lien Balance filed on December 30, 2021 by Samuel M. Johnson on behalf of Skolnick & Joyce, P.A. ("Skolnick"). For the reasons set forth below, SNJLC object on the basis that SNJ are not obligated to pay interest on the lien and seek a \$27,927 reduction of the total amount sought by Skolnick.

FACTUAL BACKGROUND

Following the withdrawal of their prior estate counsel, SNJ entered into a retainer agreement with Skolnick on October 27, 2017 (the "Retainer Agreement"). Therein, the scope of legal services to be provided was defined as "legal advice, counsel and litigation services in regard to protecting the claims as heirs of the Estate of Prince Rogers Nelson (the "Estate") and/or claims concerning the moving of music recordings from the vault at Paisley Park by Comerica Bank." 12/26/18 Decl. of William Skolnick in support of Motion for Attorney Lien (hereinafter, "Skolnick Decl."), Exhibit 1 ¶1. SNJ's "obligations" were defined as "mak[ing] timely payment of retainers, fees and expenses and to cooperate in all reasonable requests." (*Id.* at ¶ 4). The Retainer Agreement further stated that "[t]he Firm understands that payment of fees and expenses owed by

Sharon, Norrine and John may be delayed until they receive a distribution from the Estate.” (*Id.*). Additionally, the Retainer Agreement contained an arbitration clause requiring all disputes to be arbitrated in Hennepin County, Minnesota. (*Id.* at ¶ 11).

Skolnick withdrew from its representation of SNJ on June 20, 2018, claiming that it had not been paid its legal fees. On August 27, 2018, Skolnick served a Notice of Attorney Lien on the Estate’s Personal Representative, Comerica Bank & Trust N.A. (“Comerica”) in the amount of \$180,935.12. On December 26, 2018, Skolnick filed a motion with the probate court to establish its attorney’s lien. SNJ filed their objections to this motion on January 17, 2019 and supplemented them on February 15, 2019. In an Order dated April 5, 2019, the Court ruled that “[p]ursuant to the terms of the binding engagement agreement between SNJ and Skolnick [], SNJ and Skolnick [] shall participate in binding arbitration to determine the amount of Skolnick[]’s attorney’s lien.”

By Order of June 24, 2019, the Court appointed The Honorable Richard B. Solum as arbitrator of the dispute between SNJ and Skolnick. Judge Solum received and reviewed the parties’ written submissions over the next several months and issued his Final Arbitration Award (“Award”) on January 2, 2020. Judge Solum granted Skolnick a lien on Sharon Nelson’s interest in the amount of \$58,819, a lien in Norrine Nelson’s interest in the amount of \$58,819, and a lien on John Nelson’s interest in the amount of \$58,819. 1/13/20 Decl. of Samuel Johnson in Support of Motion to Confirm Arbitration Award (hereinafter, “Johnson Decl.”), Exhibit A at 1-2. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

██ On February 26, 2020, the probate court issued an Order confirming the Arbitration Award.

On December 30, 2021, Skolnick filed a Declaration of Attorney Lien Balance, stating that following the Award, Skolnick had received \$25,000 from Comerica, lowering the lien amount to \$151,457, and that interest on that amount had accrued at a 10% rate since February 27, 2020, resulting in accrual of an additional \$27,927 as of December 31, 2021, thereby increasing the lien to \$179,384.

ARGUMENT

I. SKOLNICK IS NOT ENTITLED TO INTEREST ON ITS ATTORNEY’S LIEN UNDER MINN. STAT. § 549.09

Minn. Stat. § 549.09 (1)(a) limits the application of interest from the time of a verdict, reward or report to circumstances “[w]hen a judgment or award is for recovery of money.” However, an attorney’s lien is not a “money judgment” under § 549.09, but rather a claim on property as security for a debt or charge. *Gaughan v. Gaughan*, 450 N.W.2d 338, 344 (Minn. Ct. App. 1990) (declining to award interest on attorney’s lien under § 549.09); *Boline v. Doty*, 345 N.W.2d 285, 288 (Minn. Ct. App. 1984). In *Gaughan*, the Minnesota Court of Appeals specifically noted that, in contrast with the Minnesota mechanics lien statute, Minn. Stat. § 514.135, which expressly states that interest shall be awarded, the Minnesota attorney’s lien statute, § 481.13, omits any such language. 450 N.W.2d at 344. Since Skolnick’s attorney’s lien was not a money judgment, but rather a claim on SNJ’s property for a debt of attorney’s fees, Skolnick is not entitled to interest under Minn. Stat. § 549.09(1)(a). Moreover, as discussed below, SNJ were not obligated to pay interest to Skolnick under the terms of Skolnick’s Retainer Agreement ██████████

II. SKOLNICK’S RETAINER AGREEMENT DID NOT OBLIGATE SNJ TO PAY ANY INTEREST ON THEIR ATTORNEY’S FEES AND JUDGE SOLUM DID NOT REQUIRE SNJ TO PAY INTEREST IN HIS ARBITRATION AWARD

Although a client’s obligation to pay interest accrued on unpaid legal fees is a standard provision in retainer agreements for legal services, the Retainer Agreement signed by SNJ did not contain any provision requiring payment of interest on unpaid legal fees. (*see generally* Skolnick Decl., Ex. 1). Not only did Skolnick omit such provision, but it also included a provision reflecting its understanding that any payment of legal fees by SNJ might be delayed until they received a distribution from the Estate. (Skolnick Decl., Ex. 1 at ¶ 4). SNJ are still waiting to receive their distribution from the Estate.

In his Arbitration Award, Judge Solum did not award interest to Skolnick in connection with the attorney’s lien. [REDACTED]

[REDACTED]

[REDACTED] – particularly in the absence of any such requirement in the Retainer Agreement.

Under the Minnesota attorney lien statute, Minn. Stat. 481.13, an attorney lien is “subordinate to the rights existing between the parties to the action or proceeding.” Since SNJ

were not obligated to pay interest under the terms of the Retainer Agreement, [REDACTED]
[REDACTED] Skolnick is ineligible to receive interest on the amount secured by its attorney's lien and the amount sought by Skolnick should be reduced accordingly.

CONCLUSION

For the foregoing reasons, SNJLC respectfully seek a reduction of the amount sought in Skolnick attorney's lien in the amount of \$27,927, which reflects interest to which Skolnick is not entitled, such that the total amount payable on the lien by SNJ shall be \$151,457.

Dated: January 24, 2022

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By: /s/ Allen D. Nelson
Allen D. Nelson as Co-Trustee of the John R.
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By: /s/ Breanna M. Nelson
Breanna M. Nelson as Co-Trustee of the John R.
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