

STATE OF MINNESOTA
COUNTY OF CARVER

DISTRICT COURT
FIRST JUDICIAL DISTRICT
PROBATE DIVISION
Case Type: Special Administration

Court File No. 10-PR-16-46

In the Matter of:

Estate of Prince Rogers Nelson,

Decedent.

**FINDINGS & ORDER APPROVING
FOURTH INTERIM ACCOUNTING**

The above-entitled matter came on before the Court based upon the Comerica Bank & Trust, N.A.'s Petition to Approve Fourth Interim Accounting. On May 12, 2021, Comerica Bank & Trust, N.A. filed its Petition to Approve Fourth Annual Accounting and supporting documents. On July 29, 2021 Sharon, Norrine and John Nelson filed their Objections to Comerica Bank & Trust's Petition to Approve Interim Accounting. On August 27, 2021, the Personal Representative filed Comerica Bank & Trust, N.A.'s Reply in Support of Petition to Approve Interim Accounting and Opposition to Motion to Institute Protocols.

Now, therefore, the Court makes the following:

FINDINGS

1. The Petition is complete.
2. The Petitioner has declared that the representations contained in the Petition are true and complete to the best of the Petitioner's knowledge.
3. The Petitioner has filed a complete interim accounting with the Court for Petitioner's administration of the Estate of Prince Rogers Nelson from February 1, 2020, through January 31, 2021.
4. The Petitioner has complied with all court orders and decrees and with the provisions of law applicable to this Estate and to Petitioner as Personal Representative of the Estate and has fully discharged its duties as Personal Representative through January 31, 2021.
5. The Court's Memorandum attached hereto is incorporated as additional findings.

6. The Court's reasoning in its Findings of Fact, Conclusions of Law & Order Approving Payment of Personal Representative's Fees and Costs filed November 2, 2021 is incorporated as additional findings.

ORDER

1. The Fourth Interim Accounting for February 1, 2020 through January 31, 2021, submitted by Comerica Bank & Trust, N.A. as Personal Representative of the Estate is approved.
2. All acts and doings of Comerica Bank & Trust, N.A. set forth in the Third Interim Accounting from February 1, 2020, through January 31, 2021, are approved, ratified, and confirmed.
3. For this accounting period, the Court determines that objections that could have been raised and have not been raised are waived.

BY THE COURT:

Dated: November 22, 2021

Kevin W. Eide
Judge of District Court

NOTICE: A true and correct copy of this Order/Notice has been served by EFS upon the parties. Please be advised that orders/notices sent to attorneys are sent to the lead attorney only.

MEMORANDUM

On November 2, 2021, this Court filed its Findings of Fact, Conclusions of Law & Order Approving Payment of Personal Representative's Fees and Costs addressing the request to approve the fees and costs from February 1, 2021 to May 31, 2021 submitted by the Personal Representative for approval pursuant to the protocol approved by this Court. Sharon, Norrine and John Nelson (hereinafter "SNJ") also objected to that request. In that Order, this Court addressed the difficulty this Court has in addressing the objections when there is no supporting documentation or argument submitted to assist the Court. In the case of the Objections to Comerica Bank & Trust's Petition to Approve Interim Accounting filed on July 24, 2021, there were no affidavits or memorandum submitted along with the objection.

SNJ stated their objection was based upon:

1. Grossly excessive fees and expenses paid to advisors, especially Troy Carter, during a period that most deals have been executed.
2. Expenditures of Estate assets in creating new assets not in existence at the time of Prince's death, which rights belong to the Heirs (such as derivative rights and speculative projects).
3. Excessive costs related to Comerica's failure to administer business of the Estate and passing material obligations to third parties to provide the services Comerica was appointed to administer.
4. Unnecessary costs related to delay in seeking tax settlements with the IRS and MNDOR.
5. Comerica's decision to use the Estate as a blank check to incur substantial legal fees against the legitimate claims of the Heirs and other matters.
6. Comerica's failure to negotiate and seek cost savings and reduction of such fees to preserve the assets of the Estate.
7. Multiple entries and summaries which should have materially more detail for clarification to the Heirs and interested parties before approval of the Court.

In this Court's Order filed on November 13, 2020 approving the Third Annual Accounting, the Court specifically found, "[t]he Court is satisfied with the Personal Representative's response and finds that it is in the best interest of the Estate to continue to retain the services of Troy Carter and Q&A Talent Management, Inc. to serve as entertainment advisors to the Estate." The Court

has not been presented with any facts which would lead the Court to reach a different conclusion now.

The Personal Representative has informed the Court that it has made substantial progress in seeking a tax settlement with the IRS and with MNDOR, likely resulting a substantial decrease in the expected time to resolve disputes with these two agencies.

The Personal Representative has made substantial progress in continuing to resolve disputes with the Estate. In a foreign dispute which has gone on for decades, and which could negatively impact the worldwide distribution of music rights by the Estate, and subsequently the heirs, the Personal Representative was able to negotiate a settlement and release of claims. In the proceeding by Sharon Nelson against the Estate, the Personal Representative was able to substantially reduce the potential liability of the Estate.

In his response to the Objection, Mark Greiner stated in his declaration, “Every year Fredrikson analyzes attorneys’ fees charged by similar firms in Minnesota and the upper-Midwest and adjusts its attorneys’ fees accordingly. In addition to market factors, in setting the hourly rate of each individual timekeeper at Fredrickson, the firm takes into account each individual’s experience and expertise. The hourly rates charged by Fredrikson in this matter are our standard local hourly rates. No premium or national rate adjustments have been made in connection with any matter relating to the Estate.” The Court has no basis to find that counsel for the Personal Representative is charging more to this Estate than is fair and reasonable considering the size and breadth of the proceeding and the complexity of the issues involved.

The argument that expenditures of Estate assets in creating new assets not in existence at the time of Prince’s death, which rights belong to the Heirs (such as derivative rights and speculative projects) is unsupported. The Court has seen no convincing argument that the Estate can not now seek to raise money for operating expenses and for the payment of taxes. If the Estate had done nothing to monetize the assets of the Estate in the past, there would be no funds available for these purposes.

As to the other objections stated above, SNJ has given the Court nothing to support the various objections stated.

Minnesota Statute Section 525.515(b) requires the Court to analyze five factors when considering the fairness and reasonableness of the fees being requested:

- (a) The time and labor required;
- (b) The experience and knowledge of the attorney;
- (c) The complexity and novelty of problems involved;
- (d) The extent of the responsibilities assumed and the results obtained; and
- (e) The sufficiency of assets properly available to pay for the services.

In its November 2, 2021, Findings of Fact, Conclusions of Law & Order Approving Payment of Personal Representative's Fees and Costs, this Court stated the following in the Memorandum. Most of the reasoning set forth in that Order is relevant here as well.

“In most cases, when attorney fee, Personal Representative fee, and other cost statements have been submitted to the Court for approval, the submissions have been unchallenged. On several occasions, SNJ have challenged the requests based on the fairness and reasonableness of the submissions. The Court recognizes that it is difficult to raise specific challenges when everything involved with this Estate is so specific and, in some cases, unique. However, the Court cannot rely on mere assertions or concerns. SNJ have, now, submitted several objections to fee submissions dating back to 2018 and continuing through the present. They have yet to offer the Court any assistance in addressing the fairness and reasonableness of the fees being requested.

“The Court is to address the time and labor required. In the most recent submission, the amount of time charged is really only challenged with respect to the claim of Sharon Nelson for an alleged assault. The original claim by Ms. Nelson was for 10 Billion Dollars in damages. That was later reduced to \$458,000 and the Court agrees that this amount was still claimed at the time that the summary judgment motion was filed. This Court has ruled that Ms. Nelson would only be entitled to nominal damages if she can establish that the assault actually occurred. This Court cannot agree that the claim was insignificant and did not have to be aggressively defended. The Court also cannot help but point out the elephant in the room, the irony that Ms. Sharon Nelson objects to the expense charged to the Estate that was brought about by her own excessive claims. Whether an assault occurred has not been litigated and this Court takes no position regarding that

determination to be made by a trier of fact. What is clear is that the 10 Billion Dollar claim, and then the \$458,000 claim, were entirely unsupported.

“The Court is to address the experience and knowledge of the attorneys involved. SNJ argue that the attorneys assigned to the various matters involving the Estate had too much experience. As senior attorneys and shareholders were doing much of the work, the hourly rates were higher than if a younger associate had done the work. Again, the Court recognizes how difficult it is to compare this Estate to other similarly situated estates to support this claim. There are no similarly situated estates, at least in the Minnesota district courts. However, the objectors have provided nothing to the Court beyond mere assertion and conjecture. How important is it to have a senior attorney do the work when the entire world is watching? How important is it to do things right when this is one of the most significant and certainly the most prolific legal matters in the State of Minnesota? How important is it to have experienced attorneys involved when the disputed amount of estate taxes and penalties is millions of dollars? These are questions this Court has been asked to address without any guidance from SNJ as to how these questions should be answered.

“The Court is to address the complexity and novelty of the problems involved. I have already addressed complex problems with the assault claim against the Estate by one of the Heirs as well as the substantial dispute regarding the amount of estate taxes and penalties. The attorneys for the Estate have also addressed complex intellectual property issues including, most notably, the Bergonzi litigation. The Bergonzi litigation is thoroughly addressed in the Estate’s reply to the objection of SNJ. In short, it is an attempt to bring to a close 26 years of litigation involving a multi-million-dollar foreign judgement as well as injunctive relief. All the while, the Personal Representative is essentially running a substantial entertainment business. This Court has never overseen such an array of complex and novel legal issues.

“This Court is to address the responsibilities assumed and the results obtained. This Court believes that the Personal Representative and their attorneys have served the Estate with integrity and have carried out their fiduciary responsibility to the Estate. What mistakes have been made along the way were primarily during the term of the First Special Administrator and the entertainment advisors who were retained by them. The Personal Representative and their

attorneys have assumed the entire responsibility of managing this Estate and all matters that need to be addressed, inside and outside of the Court. They have, in this Court's opinion, been almost entirely successful in obtaining the sought-after results. Since the filing of the objection by SNJ, the Estate has been successful in resolving the Bergonzi litigation and has made substantial strides in resolving the estate tax disputes with the IRS and MNDOR.

“Finally, the Court is to address the availability of assets to pay for these services. The money is there to pay for these services and to pay for the estate taxes. The question is how long it will take to raise these funds. The Court asks the Personal Representative and their attorneys to be frugal in the use of their services, so as to be able to pay these fees and taxes as soon as possible. The Court asks the Heirs to work with the Personal Representative, not against it, in an effort to keep fees to a minimum.”

In conclusion, this Court continues to find that the Personal Representative, their primary attorneys, and the consultants and attorneys working with and for them, have carried out their fiduciary duties to the Estate. While the Court agrees that the hourly rates and size of the bills are somewhat staggering, so is the breadth and complexity of the Estate. SNJ have given the Court no facts or argument to convince the Court otherwise.

K.W.E.