

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

Estate of Prince Rogers Nelson,

Decedent.

**MEMORANDUM OF LAW
IN OPPOSITION TO THE SECOND
SPECIAL ADMINISTRATOR'S
MOTION FOR REFUND OF FEES**

NorthStar Enterprises Worldwide, Inc. (individually, “NorthStar Enterprises”) and L. Londell McMillan (individually, “McMillan”) (collectively, “NorthStar”), submit this Memorandum of Law in opposition to the motion noticed on August 2, 2018 (the “Motion”) by the Second Special Administrator (the “SSA”) for the Estate of Prince Rogers Nelson (the “Estate”) seeking the refund of fees and commissions earned by NorthStar,¹ Charles Koppelman (individually, “Koppelman”), and CAK Entertainment, Inc. (individually, “CAK Entertainment”) (collectively “CAK,”) in their role as Entertainment Advisors to the Estate.

SUMMARY

The Motion purports to seek recovery of “excessive compensation” under Minnesota’s Uniform Probate Code (the “Minnesota UPC”) in the form of certain commissions and fees earned by NorthStar and CAK (collectively, the “Advisors”) in connection with two significant

¹ Reference is made throughout this Memorandum of Law to an “Advisor Agreement” where the parties to the contract are NorthStar Enterprises Worldwide, Inc., CAK Entertainment, Inc., and the Estate, not Mr. McMillan or Mr. Koppelman. For purposes of this Opposition, reference is made to the collective “NorthStar” without waiver of the corporate formalities and protections provided by law with respect to any fees or commissions paid to NorthStar Enterprises as opposed to Mr. McMillan personally.

contracts that were negotiated by NorthStar Enterprises and CAK Entertainment purportedly on behalf of the Estate (the “Commissions”). Although the SSA cites Section 524.3-721 of the Minnesota UPC as his basis for bringing the Motion, the Motion must be denied summarily on procedural, substantive, and equitable grounds.

First, the Motion is procedurally improper because the proposed use of the statute and its application in this context is unprecedented, raises significant due process concerns, and is both premature and in violation of the [REDACTED]. Notwithstanding those fatal deficiencies, and despite the glaring distinctions between the compensation at issue here and the type typically addressed by Minnesota UPC Section 524.3-721, substantively the Commissions sought by the SSA are, in fact, reasonable and not excessive when analyzed under the factors specified by the statute, the particularly unique set of facts and circumstances in this Estate, and in light of the Estate’s own decision-making and contribution to the losses it now attempts to recover. Finally, as an equitable matter, the Estate cannot be allowed to benefit from, nor should the Advisors be penalized for, the business dealings and systemic, ongoing bad faith actions of the Estate’s Personal Representatives in their dealings with the Advisors (or lack thereof) and related to the very matters for which the SSA improperly seeks a refund. For these reasons, as argued in further detail herein, the SSA’s Motion should be denied.

FACTUAL BACKGROUND

I. APPOINTMENT OF BREMER AND THE ADVISORS

Following the sudden and untimely death on April 21, 2016, of world-renowned music icon, Prince Rogers Nelson (“Prince”), Ms. Tyka Nelson, one of Prince's siblings, selected Bremer Trust N.A. to serve as Special Administrator to the Prince Estate and brought that

request by petition before the Minnesota District Court for Carver County. (LLM Decl.² Ex. A). On April 27, 2016, this Court authorized Bremer Trust, N.A. to serve as Special Administrator of the Prince Estate for a period through November 2, 2016. This appointment was later extended through January 31, 2017. (LLM Decl. Ex. A).

Bremer Trust, N.A. (“Bremer”) is a small yet respected organization affiliated with Bremer Bank, N.A., the institution with which Prince had a banking relationship prior to his death. Although Bremer was not experienced in the business of music and entertainment, it had extensive estate administration experience and expertise. Upon its appointment as Special Administrator to the Estate, Bremer hired Stinson Leonard Street LLP (“Stinson”), a respected law firm with estate and entertainment practice areas. Bremer delegated to Stinson substantial business and legal duties regarding the Estate including, without limitation, the process of vetting experienced entertainment advisors to assist the Estate to generate income, which reportedly was desperately needed at the time due to a number of imminent legal and business concerns and tax obligations of the Estate. (LLM Decl. Ex. B at ¶¶ 2-7).

Among the candidates for consideration were NorthStar Enterprises, led by its Chairman Mr. McMillan, a long-time business and legal advisor to Prince with a successful track record working with Prince, his business, and other well-known music superstars and celebrities. (LLM Decl. Ex. B at ¶8(a)). Mr. McMillan introduced and encouraged Bremer to meet with Mr. Koppelman and his company, CAK Entertainment, because McMillan believed Koppelman’s experience in music, publishing, and finance would complement his own expertise and assist

² Reference herein to “LLM Decl.” refers to the Declaration of L. Londell McMillan, dated September 24, 2018, and the Exhibits attached thereto, filed simultaneously and in conjunction with this Memorandum of Law in Opposition to the Second Special Administrator’s Motion for Refund of Fees.

McMillan to effectively and expeditiously serve and advise the Estate. (LLM Decl. at ¶ 3; LLM Decl. Ex. B at ¶¶ 8(a)).

On June 16, 2016, after a national search of qualified candidates and a competitive selection process, Bremer retained both NorthStar (for the services of McMillan) and CAK Entertainment (for the services of Koppelman) to serve as the branding, music, and entertainment advisors to the Estate (the “Advisors”) by entering into an “Advisor Agreement” between Bremer, NorthStar Enterprises, and CAK Entertainment (the “Advisor Agreement”) (LLM Decl. Ex C). The Advisor Agreement was carefully negotiated by the Advisors and Stinson and executed by Bremer on behalf of the Estate under the authority previously granted to it by this Court to “enter into employment or other contractual relationships with the identified entertainment industry experts on terms and conditions which the Special Administrator determines to be *reasonable and beneficial under all of the circumstances.*” (LLM Decl. Ex. D at p.5, ¶ 2) (emphasis added).

II. THE ADVISOR AGREEMENT

The Advisor Agreement contains a number of heavily negotiated terms and conditions

[REDACTED]

[REDACTED]. Among the material provisions agreed upon is the [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(LLM Decl. Ex. C at p.2 § 5)(emphasis added). Section 5 of the Advisor Agreement continues [REDACTED]

[REDACTED]

Nowhere in that section, or in any other, does the Advisor Agreement [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

In exchange for these counseling and advisory Services, the Advisors were to be paid on a commission-basis only. Specifically, the Advisors were to be [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. (LLM Decl. Ex. C at p.3, § 6). In essence, all compensation earned by the Advisors was based solely on: (1) the Estate's decisions whether or not to enter into the agreements or pursue the business opportunities negotiated and presented to them by the Advisors; and (2) whether those deals generated income for the Estate. [REDACTED]
[REDACTED]
[REDACTED].

Accordingly, under the Advisor Agreement, the Advisors were [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(LLM Decl. Ex. C at p.4, § 6(d)(ii)).

