

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF CARVER

FIRST JUDICIAL DISTRICT
PROBATE DIVISION

Case Type: Supervised Administration

In the Matter of:

Court File No. 10-PR-16-46

Judge Kevin W. Eide

Estate of Prince Rogers Nelson,

Decedent.

**COMERICA BANK & TRUST, N.A.'S
RESPONSE TO SHARON, JOHN, AND
NORRINE NELSON, L. LONDELL
MCMILLAN AND CHARLES SPICER'S
OBJECTION TO PERSONAL
REPRESENTATIVE'S FEES AND COSTS
FOR FEBRUARY 2021 THROUGH MAY
2021**

**PUBLICLY FILED REDACTED
VERSION**

INTRODUCTION

Objectors Sharon, John, and Norrine Nelson, L. Londell McMillan, and Charles Spicer (“Objectors”) challenge the attorneys’ fees and costs submitted by Comerica Bank & Trust, N.A. (the “Personal Representative”) and its counsel for the time period of February 2021 through May 2021. As in the past, the objection consists solely of bare assertions, bereft of any evidence to substantiate the Objectors’ position that the fees and expenses incurred were somehow improper or should be reimbursed to the Estate. The detailed billing records submitted by counsel for the Personal Representative and the supporting information provided herein definitively establish that the Objectors’ assertions are without merit. The Objectors’ objection should be overruled in its entirety.

ARGUMENT

The Personal Representative's attorneys' fees and costs are governed by Minnesota Statutes § 525.515, which provides that "an attorney performing services for the estate at the instance of the personal representative, guardian or conservator shall have such compensation therefor out of the estate as shall be just and reasonable." *Id.* In determining just and reasonable attorneys' fees, the Court considers five factors: "(1) the time and labor required; (2) the experience and knowledge of the attorney; (3) the complexity and novelty of problems involved; (4) the extent of the responsibilities assumed and the results obtained; and (5) the sufficiency of assets properly available to pay for the services." Minn. Stat. § 525.515(b). Consideration of these five factors here demonstrates that the Personal Representative's requested attorneys' fees and costs are just and reasonable compensation for necessary services performed for the Estate.

I. THIS ESTATE REQUIRES AN EXTENSIVE INVESTMENT OF TIME AND LABOR AND THE FEES AND COSTS CHARGED TO THE ESTATE ARE PROPORTIONAL TO THAT EXTRAORDINARY NEED.

The Objectors challenge the time billed by attorneys for the Personal Representative related to four matters — the IRS estate tax litigation (the "Estate Tax Litigation"), Sharon Nelson's lawsuit against Comerica (the "Sharon Nelson Case"), litigation in the United Kingdom and Italy (the "Bergonzi Litigation"), and an April 15, 2021 meeting convened by Justice Gilbert ("April 15 Meeting") — asserting that "each such attorney was not properly billing time under the circumstances." (Obj. at 5.) The fees and expenses incurred in connection with the Estate Tax Litigation and the Bergonzi Litigation were necessitated by the extremely complex and important nature of those disputes. With respect to the Sharon Nelson Case, the fees and expenses were incurred solely based on Sharon Nelson's intransigence. Attendance by counsel for the Personal Representative at the April 15 Meeting was based on requests for discussion and updates by Justice Gilbert and Norrine Nelson.

A. The Estate Tax Litigation.

First, the Objectors assert that the Estate charged an excessive amount related to the Estate Tax Litigation during the period covered by the fee application. According to the Objectors, many of the tasks performed by shareholders should instead have been handled by an associate. (Obj., at 5.) Indeed, according to the Objectors, the entire Estate Tax Litigation matter — a dispute over tens-of-millions of dollars of alleged additional taxes — should have been handled almost entirely by a single “tax attorney” with the assistance of an associate. (*Id.*) The evidence the Objectors cite for their position — absolutely nothing. Evidently, the Court is expected to take the Objectors’ word on the matter.

The time period at issue involved work on a number of separate matters relating to the Estate Tax Litigation. Although the estate tax petition was filed in the summer of 2020, IRS counsel did not begin to engage substantively with the Estate on settlement discussions until January 2021. During the time period at issue, the Estate resolved the valuation of all real estate matters with the IRS and [REDACTED]. Both of these matters involved substantial and necessary work during this time frame in order to (i) meet with the IRS, (ii) research substantive questions of law raised in connection with the negotiations, (iii) coordinate with the Estate’s valuation experts and (iv) prepare correspondence, offers and counterproposals. (August 11, 2021 Declaration of Karen Sandler Steinert (“Sandler Steinert Dec.”), ¶ 2.)

Mark Greiner, Karen Sandler Steinert and Sue Ann Nelson have been the primary attorneys involved with the Estate Tax Litigation since the IRS audit of the estate tax return began in May 2018. They have involved additional attorneys at the firm on discrete matters that do not require significant knowledge of the case. The staffing of three shareholders at the firm is appropriate in

light of the significance of the estate tax deficiency proposed and the specialized experience and varying levels of involvement of the team involved. The work the attorneys performed has been necessary and non-duplicative in nature. Specifically:

- Ms. Nelson is a former trial attorney for the IRS and focuses her practice on tax litigation. She is an expert on IRS and Tax Court procedure and has been able to leverage this experience to help shape appropriate resolution on issues with the IRS. Her hourly rate is commensurate with her experience in the field, both among local and national practitioners, and has been consistently approved by this Court. Ms. Nelson spent fewer hours on this matter than the other lawyers involved beginning in May 2021, when the Estate began preparations on a non-technical global settlement proposal.
- Mr. Greiner has led the overall supervision of the estate administration since Comerica began serving as personal representative in February 2017, including with respect to the Estate Tax Litigation. In this role, Mr. Greiner's involvement in the Estate Tax Litigation is critically important. A more detailed review of invoices reflects that Mr. Greiner has billed less to the Estate Tax Litigation during this time period than Ms. Sandler Steinert or Ms. Nelson, appropriate to his role as general counsel to the Estate. Mr. Greiner's hourly rate is appropriate given his experience both among local and national practitioners and has been consistently approved by this Court.
- Ms. Sandler Steinert brings a depth of knowledge to the team as to the factual basis for the valuation of various estate assets. From the outset of trying to file an estate tax return for the Estate, the chaotic state of the Decedent's records made bringing a sense of order to the valuations difficult. These problems persisted throughout the audit stage, where Ms. Sandler Steinert supervised the document production. Ms. Sandler Steinert's historic knowledge of the factual bases and supporting documentation makes her participation in the negotiation stage with the IRS critical. Ms. Sandler Steinert's hourly rate is appropriate given her experience in estate administration among both local and national practitioners and has been consistently approved by this Court.

(Sandler Steinert Dec., ¶¶ 3-6.)

Additional attorneys at the firm are involved on discrete matters. The Objectors highlight fees billed to the Estate by Lynn Linne (\$8,242 in March 2021). Fredrikson utilized Ms. Linne—a first year shareholder—to conduct research on certain real estate valuation matters. This was prudent because Ms. Linne had previously led the firm's representation of the Estate on property tax disputes while she was an associate, meaning that she already had a base of knowledge on the matter. Fredrikson has also consistently utilized a staff attorney, Adam Gyurisin, to assist on

computational matters. (Sandler Steinert Dec., ¶ 7.) Instead of reflecting inefficient billing, as the Objectors suggest, review of the time charged on the Estate Tax Litigation matter demonstrates that Fredrikson utilizes subject matter experts and delegates, wherever possible, to lower-rate attorneys.

Finally, perhaps the most egregious of the Objectors' baseless argument is their position that because the IRS has challenged the Estate's valuation figures, it should result in a reduction of the attorneys' fees incurred by the Personal Representative. Evaluating fees in light of "results achieved" is inappropriate given that this matter remains ongoing, although as set forth below, the Personal Representative has already obtained substantial tax savings for the Estate. The Objectors continue to object to the allegedly slow speed at which the Estate Tax Litigation is being resolved. As Fredrikson has communicated on a number of occasions, the Estate has no control over the speed at which the IRS proceeds on these matters. After successfully resolving the real estate matters with the IRS during May 2021, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] (to which most of the time billed on this matter in May 2021 relates). (Sandler Steinert Dec., ¶ 8.)

It is clear that the estate tax savings already achieved are significant in light of the fees expended to achieve such result. The objection misrepresents and conflates the additional value asserted in the Notice of Deficiency with the additional tax attributable to such value. The Notice of Deficiency indicated a deficiency in estate tax of \$32,356,762, as well as penalties of \$6,355,367. The deficiency resulted from additional value that the IRS was proposing of approximately \$82 million. (Sandler Steinert Dec., ¶ 9.) Of this additional \$82 million of value,

approximately \$9.3 million of the additional value asserted by the IRS related to the real estate assets. The Estate and the IRS agreed to a settlement of additional value on the real estate assets of less than 1/3 of the amount set forth in the Notice of Deficiency, with an increase from the amount reported by the Estate of approximately \$2.75 million. This resulted in a reduction of federal estate tax liability by more than \$2.2 million, as well as additional savings with respect to interest and penalties associated with such assets. The Estate's legal fees spent on the resolution of the real estate valuation matters are appropriate in light of these significant savings, particularly considering that some of the fees expended during this time period relate to matters on which the IRS has not yet provided a response. (*Id.*)

As indicated in the Personal Representative's petition seeking approval of the settlement on the valuation of the real estate valuation matters, the Personal Representative believed this was a fair settlement in in light of the cost, delay, and uncertainty with proceeding to trial on these issues. The Personal Representative also believes that resolution of the valuation of the real estate assets will help facilitate the resolution of the valuation of the remaining areas of dispute between the IRS and the Estate.

B. The Sharon Nelson Case.

It is hardly surprising that Sharon Nelson, her siblings, and her advisors would prefer that the Estate not incur fees and expenses defending against Sharon's meritless assault claim. What is surprising, however, is the Objectors' willingness to misrepresent the record in an effort to bolster their argument.

First, the Objectors challenge the amount of fees the Estate incurred bringing a successful motion for summary judgment, stating that Personal Representative should have known that

Sharon would not have opposed the motion, and the same result could have been achieved “through a five-minute phone call.” (Obj. at 7.) That statement is false, and the Objectors know it.

As set forth in greater detail in the Personal Representative’s summary judgment filings in the Sharon Nelson Case, Sharon originally sought \$10 billion in damages. When Sharon refused to disclose the basis for her alleged damages, the Personal Representative was forced to bring a motion to compel, which the Court granted on December 16, 2021. (4/30/21 S.J. Mem. at 4-5.) When Sharon still refused to adequately supplement her discovery responses, the Court ordered her to do so again on February 1, 2021. (*Id.*) The Personal Representative then took Sharon’s deposition on March 22, 2021, during which she admitted that she was not seeking any of the categories of damages allowed by the Court. (*Id.* at 5-11.) Nevertheless, on April 16, 2021, Sharon had her attorney supplement her discovery responses to claim \$458,000 in damages, consisting of the same categories of damages Sharon had conceded that she was not seeking during her deposition. (*Id.* at 11.)

Two weeks later, the Personal Representative brought its motion for summary judgment, seeking to dismiss Sharon’s attempt to recover the \$458,000 in damages she had just disclosed she was seeking. The notion that Sharon, who had just two weeks earlier served a demand for \$458,000 in damages, would have instantly abandoned her claim with a phone call is specious. Instead, the Personal Representative was forced to brief the issue to convince Sharon and her counsel that her admissions during her deposition and Minnesota law precluded Sharon from seeking anything beyond nominal damages in the case. The relatively modest amount the Personal Representative incurred briefing and filing the summary judgment motion was necessitated solely by Sharon’s attempt—only two weeks before the motion was filed—to claim \$458,000 in damages, despite having already conceded that she had no basis to seek those exact same damages.

Second, the Objectors criticize the Personal Representative for using a shareholder to litigate the case, before instantly contradicting themselves by asserting that the Personal Representative should not have used a junior associate to prepare the initial draft of the summary judgment motion. The Objectors' hypocrisy is head-spinning. The undersigned, working with a paralegal and case assistant, prepared for and conducted the depositions in the Sharon Nelson Case, including preparing Comerica's witnesses and defending those depositions. (June 30, 2021 Declaration of Mark W. Greiner ("Greiner Dec."), Ex. A at 23-25; Ex. B at 24-26.) The time entries properly reflect delegation, where possible, to time keepers with lower billing rates, while the undersigned focused on preparing for and conducting depositions. (*Id.*)

The same is true with respect to the summary judgment briefing. The Personal Representative utilized a first-year associate to research and prepare the initial draft of the motion, as well as prepare the declaration, exhibits, and associated filings, including the filings necessary to file medical records under seal. (Greiner Dec., Ex. C at 25-27.) Because the associate was new, Fredrikson reviewed the time entries at the end of the month and discounted the invoice by 2.3 hours (\$724.50) to account for any inefficiencies. (*Id.*, Ex. C at 26.) The undersigned then revised and finalized that initial draft, before working with the associate to make the filing, which consisted of substantial briefing, a declaration, 15 exhibits, and a motion to file certain records as confidential to protect Sharon's privacy. (*Id.*, Ex. C at 25-27; 4/30/21 S.J. Filings.) Rather than a duplication of efforts, the time entries incurred in connection with the summary judgment motion establish the proper delegation of the initial draft and related activities to a junior associate, with the subsequent drafting and finalization of the motion by a more senior attorney.

During the time encompassed by the fee application, Fredrikson took or defended six depositions, successfully opposed Sharon's attempt to file an interlocutory appeal, and brought a

motion for summary judgment that reduced the amount Sharon will be able to seek at trial from \$458,000 to nominal damages. The fees and costs incurred were necessary, reasonable, and proportionate to the extremely successful results obtained by the Personal Representative.

C. The Bergonzi Litigation.

The Objectors next assert that the attorneys' fees charged by counsel for the Personal Representative in the United States, the United Kingdom, and Italy in connection with the Bergonzi Litigation are "excessive and unreasonable." (Obj. at 8.) Wholly absent, however, from their objection is any recognition of the substantial benefit obtained by counsel for the Estate — namely the successful resolution of one of the longest running civil lawsuits in world history.¹

The Estate, and the Decedent before it, have been ensnared in litigation with two Italian songwriters and Warner Chappell Music Italiana S.r.l. (including its predecessors, "Warner Chappell") (with the songwriters, the "Bergonzi Plaintiffs") since 1995 related to the song "The Most Beautiful Girl in the World" (the "Song").² During 2015, the Italian Supreme Court of Cassation entered a ruling affirming the award of a monetary judgment and injunctive relief in favor of the Bergonzi Plaintiffs and remanding for further proceedings. During 2018, the Italian Court of Appeals entered a judgment setting the final amount of the damages award and an injunction, the world-wide scope of which was disputed by the parties ("Italian Judgment"). (August 11, 2021 Declaration of Joseph J. Cassioppi ("Cassioppi Dec."), Ex. A at 3.) Nevertheless, Warner Chappell began instituting lawsuits throughout the world attempting to widen the scope of

¹ Indeed, the Bergonzi litigation lasted as long—26 years—as the notorious litigation stemming from the Exxon Valdez oil spill in Alaska.

² The detailed historical background of the Bergonzi litigation is set forth in the August 28, 2020 First Witness Statement of Luca Trevisan, which is attached as Exhibit A to the August 11, 2021 Declaration of Joseph J. Cassioppi.

██████████ of their May 2020 demand, as well as agreeing to provide the Estate the ██████████. (*Id.*)

The Personal Representative has kept the Heir Group informed, in meticulous detail, regarding the status of the Bergonzi Litigation and its efforts to resolve the dispute throughout its administration of the Estate, including during late 2020 and early 2021. (Cassioppi Dec., ¶ 5 & Exs. C-D.) This included discussing the proposed settlement with the Heir Group and filing a motion to approve the settlement, which none of the members of the Heir Group opposed. (*Id.*; March 24, 2021 Motion to Approve Settlement Agreement.) The fact that the Objectors make the summary assertion that the legal fees incurred by the Estate were “excessive and unreasonable,” without any attempt to address the substantial benefit provided to the Estate through the settlement, establishes the baseless nature of their objection.

Instead, the Objectors summarily challenge the amounts charged by four law firms related to proceedings in Italy, the U.K., and the negotiation and settlement of the Bergonzi Litigation. First, the Objectors challenge the fees charged by the Trevisan & Cuonzo firm in Milan, Italy. Other than stating the amount charged by the firm, the Objectors do not explain why they believe that the fees are unreasonable. The Personal Representative submitted the detailed time entries for Trevisan & Cuonzo, which reflect the work the firm performed, including providing advice and guidance regarding the scope of the Italian injunction, assisting to calculate the amount of the judgment, working with an expert on Italian copyright law to prepare his testimony in the U.K. proceeding (and paying the expert’s fees), preparing memoranda to assist with the settlement, preparing for trial in the U.K., working to advise the Estate regarding the legal implications of the settlement under Italian law, and effectuating the settlement through necessary court filings in Italy. (Greiner Dec., Ex. I.) Those services were necessary and reasonable to prepare for trial in

the U.K. and then negotiate and effectuate the settlement in Italy. Without any additional context for why the Objectors believe that these fees should not be paid, the Personal Representative cannot respond further.

Second, the Objectors criticize the Estate's entertainment counsel, Boyarski Fritz LLP for billing "several thousand dollars" related to the Bergonzi Litigation. Later in their objection, the Objectors assert that Boyarski Fritz should not have charged anything to litigated matters, such as the Bergonzi Litigation. The Objectors know better. The settlement agreement the Estate reached with the Bergonzi Plaintiffs involved the negotiation and division of world-wide copyright, songwriter, and publishing rights. (Boyarski Dec., ¶ 3.) Although the time charged by Boyarski Fritz was minimal, the firm's involvement during the negotiation and drafting of the memorandum of understanding and long-form settlement agreement was critical to ensure the Estate understood and protected its rights with respect to the Song and its other intellectual property assets. (*Id.*) Boyarski Fritz was also vital to the success of the negotiation. Although it predated the period covered by the current fee application, it was attorney Jason Boyarski who utilized his connections with Warner Chappell's U.S. affiliate to finally convince Warner Chappell to come to the negotiating table during mid-2020. (*Id.*, ¶ 2.)

Third, the Objectors contest the amount charged by Fredrikson, again without any attempt to address the legal services provided by Fredrikson related to the Bergonzi Litigation or explain why those services were unnecessary. Fredrikson's detailed time entries establish the activities undertaken each month related to negotiating, drafting, and effectuating the settlement agreement. During February, Fredrikson (primarily Lora Friedemann, who represents the Estate in disputed intellectual property matters) charged \$4,520.50 related to assisting with the preparation for trial, negotiating settlement terms, and advising Comerica in connection therewith. (Greiner Dec., Ex.

A at 21-22.) When the Estate and the Bergonzi Plaintiffs reached agreement on the general terms of a settlement at the beginning of March, Fredrikson's efforts shifted to drafting the motion for this Court to approve the settlement, reviewing and editing the draft memorandum of understanding and long-form settlement agreement, working with U.S. counsel for Warner Chappell to reach an extended tolling agreement to avoid needing to commence litigation in the U.S. while settlement negotiations were pending, and analyzing and advising Comerica regarding the withholding tax implications of the settlement and incorporating relevant provisions into the draft agreement, resulting in total charges for that month of \$12,880.50. (*Id.*, Ex. B at 20-22.) During April, Fredrikson worked to review and edit the long-form settlement agreement — including to ensure the best possible tax treatment of the payment — as well as assisted to effectuate the settlement in the jurisdictions world-wide where the Bergonzi Plaintiffs had obtained judgments against the Estate. (*Id.*, Ex. C at 22.) The total fees for April were \$3,180.50. (*Id.*) Finally, during April, Fredrikson charged \$1,984.50 to ensure the proper tax treatment of the settlement payments, review and edit the long-form settlement agreement, and work with Italian counsel to effectuate the settlement with the Italian copyright collecting agency, SIAE. (*Id.*, Ex. D at Matter No. .0402.) All activities undertaken by Fredrikson were necessary and non-duplicative of the services provided by Comerica's other law firms.

Finally, the Objectors challenge the fees charged by counsel in the U.K. The Personal Representative included invoices from the Russells firm, which included amounts the Russells firm paid to the barristers (the "Barristers") Russells retained to prepare for and litigate the trial in the U.K. The detailed ledgers underlying those invoices are attached as Exhibit A to the August 10, 2021 Declaration of Steven Mark Tregear. As set forth in the ledgers, Russells performed litigation services in connection with the U.K. proceeding, worked to create testimony outlines

and pretrial materials, negotiated the settlement agreement, including preparation of initial drafts of the memorandum of understanding (including edits thereto following subsequent negotiations) and the final long-form settlement agreement, advising the Personal Representative in connection with trial and the settlement, and working with the Estate and its entertainment partners to finalize the settlement agreement and implement the agreement in Europe. (Tregear Dec., Ex. A.)

With respect to the fees charged by the Barristers, trial expenses are billed differently in the U.K. from the United States. Attorneys in the U.K. are divided into solicitors, who provide legal advice to clients and represent clients in pretrial proceedings, and barristers, who specialize in representing clients at trial and in complex matters draft the pleadings filed at court. When a case reaches the point where it is prepared for trial, a solicitor hires barristers to present the case. (Tregear Dec., ¶¶ 4-5.) Because of this unique arrangement—where the barristers have no direct relationship with the client and must reserve the time in their schedules to try the case—it is the standard practice in the U.K. that a client must pay the barristers’ fees in connection with the trial in advance, regardless of whether the case settles on the eve of trial. (*Id.*, ¶¶ 5-6.)

Here, as the parties were unable to agree to terms of a settlement in late February 2021, the Barristers invoiced Russells in the amount of £67,500 for the upcoming trial in March, which was the amount negotiated by Russells to represent the Estate at trial. (*Id.*, ¶ 7.) The Estate and the Bergonzi Plaintiffs then reached an agreement-in-principle on settlement terms in the beginning of March and obtained an order continuing the trial. Nevertheless, the Estate and Russells were contractually obligated to pay the entire amount invoiced by the Barristers because the Barristers had reserved the time in their schedules and, unlike attorneys in the United States, could not easily replace that time with other work. (*Id.*, ¶¶ 6, 8.) Despite that obligation, at the request of the Personal Representative, Russells negotiated with the Barristers in an attempt to reduce the amount

owed. As a result of those negotiations, the Barristers agreed to reduced their fees by £17,540. (*Id.* ¶ 9 & Ex. B.) Such reductions are **not** commonplace, and the Barristers' agreement to do so here was based on their long-standing relationship with the Russells firm. (*Id.*, ¶ 9.)

Ultimately, the attorneys' fees and costs submitted to the Court for approval reflect the expenses associated with preparation for a significant trial and negotiating, documenting, and implementing a [REDACTED] settlement agreement setting world-wide music rights. The settlement agreement was very favorable for the Estate, brought to a close a series of expensive and time-consuming litigated matters, and was necessary for the protection of the Estate and its assets.

D. The April 15 Meeting.

Finally, the Objectors assert that Fredrikson should not have billed for three attorneys to prepare for and attend the April 15 Meeting. (Obj. at 8.) Justice Gilbert convened the April 15 Meeting as part of his ongoing efforts to facilitate transition planning among the parties. Although the agenda for the meeting was designated a confidential mediation communication, it required counsel for the Personal Representative to present on seven topics. (Cassioppi Dec., ¶ 6.) Three days before the meeting, Norrine Nelson asked that the Personal Representative and counsel address two additional topics. In order to present on and discuss the nine topics, Mr. Greiner, Ms. Sandler Steinert, and the undersigned divided-up the subjects and all attended the meeting. (*Id.*) Fredrikson ordinarily limits participation at hearings or meetings to one or two attorneys (e.g., only the undersigned attended the July 23, 2021 accounting hearing). When the subject of a particular meeting or hearing requires attorneys to present on multiple topics, however, as was the case with the April 15 Meeting, Fredrikson properly utilizes multiple attorneys to fulfill those tasks.

II. THE LEGAL NEEDS OF THE ESTATE ARE EXTREMELY COMPLEX, NECESSITATING THE LEGAL FEES AND COSTS INCURRED BY THE PERSONAL REPRESENTATIVE.

The Objectors assert that the Estate’s legal matters “are not novel or overly complex” and can be handled primarily by associates. (Obj. at 9.) Again, however, the Objectors provide the Court absolutely no support for their summary assertion. As set forth above, the Estate’s litigated matters are extremely complex and involve claims ranging from hundreds-of-thousands to tens-of-millions of dollars. The same is true of the work on other disputes and advice work provided to the Estate, ranging from intellectual property, to real estate, tax, probate, employment, and corporate work. No single attorney, and certainly no associate, has the requisite skill in all of these specialized areas to perform all of this work. To be sure, the Personal Representative utilizes lower-priced attorneys wherever possible, including having a lower-priced attorney in Fredrikson’s Des Moines office (Tracy Deutmeyer) manage all world-wide trademark matters. (*See, e.g.*, Greiner Dec., Ex. A at 34-116.) But the complicated nature of the Estate’s legal matters require experienced subject matter experts to manage and conduct legal services on behalf of the Estate. The Objectors have no basis to assert otherwise.

III. THE AMOUNTS COUNSEL CHARGED TO THE ESTATE ARE SUPPORTED BY THE EXTENT OF RESPONSIBILITIES ASSUMED AND THE RESULTS OBTAINED.

The Objectors argue that three categories of legal expenses are not supported by the responsibilities assumed and the results obtained: (1) Comerica’s fee application and interim accounting; (2) the services of the Estate’s entertainment counsel Boyarski Fritz LLP; and (3) work related to an extensive copyright due diligence project. Again, the Objectors are wrong.

A. The Personal Representative is Entitled to Recover the Legal Expenses associated with its Fee Application and Accounting.

First, the Objectors assert that the fees incurred by the Personal Representative in connection with its fee application and interim accounting were not incurred for the benefit of the Estate and, therefore, should not be allowed. The Objectors are wrong on both the law and the facts. On the law, the Objectors are improperly attempting to apply to the Personal Representative a provision of Minnesota Statutes § 524.3-720—requiring the showing of a benefit to the Estate for expenses incurred in connection with estate litigation—that by its terms applies only to “interested person[s].” The Personal Representative’s fee application and interim accounting are not estate litigation expenses. Instead, they are normal expenses of administration the Personal Representative is entitled to pay under the Probate Code, subject only to review for reasonableness under Minnesota Statutes §§ 524.3-721 and 525.515.

On the facts, the Personal Representative is required by Court order to file a detailed fee application every four months, as compared to the standard process in probate matters in Minnesota of including attorneys’ and personal representative’s fees as part of an annual or final accounting. (Cassioppi Dec., ¶ 7.) That process results in the Heir Group obtaining extraordinary access to the records of the Estate’s legal matters, but creates substantial additional work for counsel, for which it is entitled to be reimbursed. Indeed, the majority of the fees the Estate incurred in connection with the fee application resulted from the need to review and redact hundreds of pages of billing records to protect the Estate’s confidential information. (Greiner Dec., Ex. A at 5-7.)

Similarly, absent a different agreement among all parties, personal representatives in formal proceedings in Minnesota are required to file an accounting, ordinarily at close of an estate. Minn. Stat. § 524.3-1001. Based on the extraordinary level of activity in this Estate, the Personal

Representative is filing its accountings on an annual basis to allow for meaningful review by the Court and Heir Group. The Objectors' assertion that the Estate's interim accounting "is an administrative obligation of Comerica" is simply incorrect. (Obj. at 10.) An accounting is just like any other court filing, and the Personal Representative is entitled to employ counsel to assist with the preparation of the document. That is particularly necessary here based on the extremely complex nature of the accountings the Personal Representative is required to prepare.

B. The Fees Charged by Boyarski Fritz LLP are Necessary and Reasonable.

The Objectors next assert that the Estate's entertainment counsel, Boyarski Fritz LLP, should not have charged time related to negotiating non-disclosure agreements, a location agreement for a film production, and advising the Personal Representative related to litigated matters. Additionally, the Objectors criticize Boyarski Fritz for the amount it charged negotiating a Prince-themed interactive exhibit. Like their other objections, the Objectors fail to explain why the fees are excessive and rest only on unsupported allegations, such as their evident belief that the Personal Representative itself should be negotiating and drafting most entertainment agreements.

While Boyarski Fritz has a specialty in entertainment transactions, the firm's expertise relates to transactions across all intellectual property rights, settlements, professional services, as well as advice on intellectual property issues and rights. Even when a matter is, at its core, related to litigation or to "Advisors and Consultants" of the Estate, the Personal Representative utilizes the firm's expertise where appropriate to the applicable matter because of the intersection with entertainment or intellectual property matters. (Boyarski Dec., ¶ 4.)

Items like the location agreement in question, amongst many other deals that the firm handles for the Estate, become complicated and require Boyarski Fritz's involvement when

opposing counsel seeks rights that the Estate is not prepared to provide. In that instance, the production was seeking what was akin to a co-development agreement and was not a typical location agreement. Boyarski Fritz not only had to negotiate with opposing counsel but also had to ensure the Estate's dealings did not violate other pre-existing obligations, such as the Estate's agreement with [REDACTED] (Boyarski Dec., ¶ 5.) The firm spent significant time with opposing counsel and with the Personal Representative unraveling the language such that the Estate was granting only limited rights in connection with the project. (*Id.*)

With respect to non-disclosure agreements, the Personal Representative does negotiate and prepare relatively straight-forward NDAs without requiring legal counsel. When a transaction involves exploitation of the Estate's intellectual property assets, however, the Personal Representative employs Boyarski Fritz to ensure the protection of those assets and to protect the Estate from inadvertently granting conflicting rights to multiple parties. (Boyarski Dec., ¶ 6.)

Finally, the Estate's agreement related to a [REDACTED] was a very unique and complicated transaction involving a plethora of rights including name/image/likeness, approval rights, music use, and a complicated financial royalty calculations, among others. In line with the mission of treating the Estate as a high status international brand, Boyarski Fritz acting under direction from the Personal Representative sought improvements on many terms and conditions that were better than its partner's precedent and secured a deal that was important to Prince's global brand imaging. (Boyarski Dec., ¶ 7.) The transaction resulted in a minimum guaranteed fee of [REDACTED] as well as significant additional royalties and at least a [REDACTED] consulting pool for the Heirs of the Estate. (*Id.*) In other words, the Objectors are complaining that the Personal Representative spent between 1.6 and 3% of the value of the transaction on legal fees related to that transaction.

C. To Prepare for the Eventual Transition of the Estate, the Personal Representative Needed to Research and Catalog the Copyright Registrations Controlled by the Estate.

Third, the Objectors contest the fees charged by Fredrikson under its “Intellectual Property” matter. Although the Objectors purport to contest all of the fees charged on the Intellectual Property matter, they reference only a single example—the time charged primarily by junior associate Jacob Abdo on “IP due diligence of copyright catalog” (“IP Due Diligence Project”). (Obj. at 11-12.)

Fredrikson utilizes the “Intellectual Property” matter for work related to the Estate’s intellectual property that does not fall within more specific matters. (Sandler Steinert Dec., ¶ 10.) As the Court can see from reviewing the entries, Fredrikson time-keepers have overwhelmingly provided detailed time entries on the matter, going so far as to identify the specific copyright or other intellectual property matters to which their work relates. (*See, e.g.*, Greiner Dec., Ex. A at 23-32.)

With respect to the IP Due Diligence Project, during the Decedent’s lifetime, there were substantial deficiencies associated with the Decedent’s maintenance and organization of his copyright catalog and entertainment industry agreements. The result of those deficiencies is that there was, following the appointment of the Personal Representative, substantial disarray regarding the copyright registrations controlled or potentially controlled by the Estate, as well as licenses, security interests, and assignments related thereto. In anticipation of the closing of the Estate, the Personal Representative directed Fredrikson to undertake a review of those copyright registrations to determine: (1) how they are held (i.e., in the name of the Decedent, under a pseudonym, or in an entity); (2) what other individuals or entities claims rights to the registrations; (3) the historical ownership of each registration; and (4) how the various agreements entered into by the Decedent

and the Estate implicate the registrations, including permissions that may be necessary in order to transfer the registrations. (Sandler Steinert Dec., ¶ 11.) The Personal Representative needed to complete the project so that it can transfer the copyrights to the successors to the Estate when the Estate is closed. (*Id.*)

The task required Fredrikson to review and catalog more than 1,900 copyright registrations, as well as analyze the rights to those registration, as controlled by the numerous entertainment agreements to which the Decedent or the Estate is a party. (Sandler Steinert Dec., ¶ 12.) The result of the project is a detailed spreadsheet with 14 columns and over 1,900 rows cataloging each copyright registration that the Personal Representative can use to determine which entities to assign various assets to, prepare assignments and obtain relevant permissions from its entertainment partners upon closing of the Estate. (*Id.*) The fees charged to the Estate for the project were not just reasonable (primarily a junior associate's work at a low billing rate), they were absolutely necessary to allow the Personal Representative to close the Estate and distribute all copyright registrations to successors.

IV. THE PERSONAL REPRESENTATIVE'S FEES AND EXPENSES ARE PROPORTIONATE TO THE ASSETS OF THE ESTATE AND THE REVENUE GENERATED THEREFROM.

The Objectors conclude their objection by acknowledging, as they must, that this Estate is large, complex, and requires a “significant amount of legal and business expertise to manage properly.” (Obj. at 12.) But the Objectors then go on to make the incredible claim that the vast majority of revenues are being used to pay the expenses of counsel and the Personal Representative. Setting aside the irony inherent in this argument when one of the Objectors (Mr. McMillan) charged the Estate millions of dollars for eight months of work, the Objectors are egregiously wrong on the math.

As set forth in the detailed financial statements provided to the Heir Group on a quarterly basis,³ the Estate and its managed entities earned ██████████ in income for the time period of February 2020 through January 2021. That compares to Comerica's fees and expenses of \$1,331,166 and legal fees of \$4,012,118. (Cassioppi Dec., Ex. E at 3.) Those fees are significant—as they must be based on the complicated legal needs of the Estate—but on a proportionate basis constitute only ██████ of annual revenues. The Objectors' assertion that the Estate cannot support the fees necessary for the Personal Representative and its counsel to administer and protect the Estate and its assets is belied by the facts. Indeed, the Personal Representative has built a substantial cash reserve — ██████████ as of January 31, 2021 — while meeting the many administrative needs of the Estate. (*Id.*, Ex. E at 1.)

The Personal Representative and its counsel are cognizant of and appreciate the Heir Group's legitimate interest in ensuring the attorneys representing the Estate are providing good value and that the compensation paid is proportionate to the value of the services provided. The Personal Representative respectfully submits that its detailed invoices and the supporting submissions filed herewith establish the substantial value the Personal Representative and its counsel have provided to the Estate.

* * * * *

³ The Estate's financial statements are prepared on a calendar year basis, which is one month off of the February to January basis used for purposes of the Personal Representative's accountings. To respond to the figures cited by the Objectors, the Personal Representative prepared a February 2020 to January 2021 consolidated financial statement, which is attached as Exhibit E to the Declaration of Joseph J. Cassioppi.

WHEREFORE, for the reasons set forth herein, Comerica Bank & Trust, N.A., respectfully requests that the Court enter an order:

1. Overruling the Objectors' Objection to the Personal Representative's Petition for Fees and Costs from February 2021 through May 2021; and
2. Granting such other relief as is appropriate.

Respectfully Submitted

Dated: August 11, 2021

s/ Joseph J. Cassioppi

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