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12 Co-Conservator of the Estate

14 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
15 **FOR THE COUNTY OF LOS ANGELES**

17 In re the Conservatorship of the Person and
Estate of

18 BRITNEY JEAN SPEARS,
19
20 Conservatee.

Case No. BP 108 870 [BY FAX]

**EX PARTE PETITION FOR
MODIFICATION AND CLARIFICATION
OF THE COURT'S SEPTEMBER 8 AND
NOVEMBER 18, 2010 INVESTMENT
ORDERS**

Date: February 10, 2011
Time: 8:30 a.m.
Dept.: Room 258

Assigned to Hon. Reva Goetz

1 Andrew M. Wallet ("Mr. Wallet"), as Co-Conservator of the Estate of Britney
2 Jean Spears, and James P. Spears, ("Mr. Spears"), as Conservator of the Person and
3 Co-Conservator of the Estate of Britney Jean Spears (collectively, the "Conservators")
4 respectfully bring this verified *Ex Parte* Petition for modification and clarification of the Court's
5 September 8 and November 18, 2010 Investment Orders (the "Petition"), as follows:

6 **PURPOSE**

7 1. The purpose of this Petition is to modify and clarify the September 8 and
8 November 18, 2010 Orders of this Court (collectively, the "Investment Orders"), which
9 authorized the Conservators to delegate certain of their investment powers as to the assets of the
10 Conservatorship to designated professional investment managers. Specifically, the Conservators
11 seek to modify the Investment Orders to replace UBS Financial Services, Inc. ("UBS") with
12 Morgan Stanley Smith Barney LLC ("MSSB") in view of the fact that the investment advisors
13 who were selected to manage the investment of the assets of the Conservatorship have moved
14 from UBS to MSSB. The Conservators further seek to clarify the scope of authority of Andrew
15 M. Wallet with respect to the investment accounts with Merrill Lynch Global Wealth
16 Management ("ML") and MSSB and the scope of authority of ML and MSSB in investing the
17 assets of the Conservatorship.

18 **PROCEDURAL BACKGROUND**

19 2. **Appointment of Temporary Conservators.** On February 1, 2008, Mr.
20 Spears was appointed Temporary Conservator of the Person of Britney Jean Spears ("Ms.
21 Spears" or "Conservatee"). On that same date, the Court also appointed Mr. Spears and Mr.
22 Wallet Temporary Co-Conservators of Britney's Estate. Letters of Temporary Conservatorship
23 were issued the same day and were extended several times.

24 3. **Appointment of Permanent Conservator of the Person and**
25 **Co-Conservators of the Estate.** On October 28, 2008, the Court appointed Mr. Spears the
26 Permanent Conservator of the Person of Conservatee. Permanent Letters of Conservatorship of
27 the Person were issued on January 9, 2009. On that same date, the Court also appointed
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1 Mr. Spears and Mr. Wallet as Permanent Co-Conservators of the Estate of Conservatee.

2 Permanent Letters of Conservatorship were issued on January 9, 2009.

3 4. **Appointment of PVP Counsel.** On February 1, 2008, the Court
4 appointed Samuel D. Ingham, III ("Mr. Ingham") as the PVP attorney for the Conservatee. Mr.
5 Ingham continues to serve as such.

6 5. **The Conservators' Investment Powers Petition and the Court's**
7 **September 8, 2010 Order.** On August 19, 2010, the Conservators brought an *Ex Parte* Petition
8 re Investment Powers and Strategy (the "Investment Powers Petition"). By their Investment
9 Powers Petition, the Conservators sought an order authorizing them to delegate certain of their
10 investment powers as to the assets of the Conservatorship to designated professional investment
11 managers. The Conservators further sought an order authorizing them to invest the assets of the
12 Conservatorship with the assets of the SJB Trust in separate accounts, but as a unified whole
13 consistent with an investment plan. The Court granted the Investment Powers Petition on
14 September 8, 2010 and authorized the Conservators to invest the Conservatorship assets with
15 UBS and ML (the "September 8, 2010 Order").

16 6. **The Conservators' Petition for Modification of the September 8, 2010**
17 **Order.** On October 22, 2010, the Conservators brought an *Ex Parte* Petition for Approval of
18 Bond and Modification of Order re *Ex Parte* Petition re Investment Powers and Strategy. By that
19 Petition, the Conservators sought to modify the September 8, 2010 Order to eliminate the
20 requirements that:

21 1) the ML investment account be blocked; and
22 2) the Conservators establish a blocked account at UBS at such time
23 as the funds invested through UBS exceed a certain amount.

24 Instead, the Conservators requested that the Court order that the power to withdraw or direct
25 investment of funds in both the ML and UBS account be limited to Mr. Wallet. The Court
26 granted that Petition, and an Order was entered on November 18, 2010 (the "November 18, 2010
27 Order").
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1 7. **The Investment Advisors at UBS Move to Morgan Stanley.** The
2 Conservators specifically selected Robin Krasny and Mark Lewis of UBS as their investment
3 advisors to manage the investment of the assets of the Conservatorship. Ms. Krasny and Mr.
4 Lewis recently moved from UBS to MSSB. The Conservators therefore seek to move the
5 Conservatorship assets previously invested with UBS to MSSB.

6 **REQUEST FOR MODIFICATION AND CLARIFICATION OF THE SEPTEMBER 8**
7 **AND NOVEMBER 18, 2010 ORDERS (THE "INVESTMENT ORDERS")**

8 8. The Conservators request that the Court modify and clarify the Investment
9 Orders by issuing an Order as follows:

10 a. Notwithstanding the fact that James P. Spears and Andrew M.
11 Wallet are the Co-Conservators of the Estate, Andrew M. Wallet shall have the sole authority to
12 invest conservatorship assets with ML and MSSB, upon the terms previously ordered in regard to
13 ML and UBS in the September 8, 2010 Order as follows:

14 I. Andrew M. Wallet may delegate the sole responsibility of
15 selecting, investing in and monitoring the particular investment vehicles for the Conservatorship
16 assets, as well as the strategies utilized in the investment of the assets of the Conservatorship in
17 accordance with the prudent investor rule and the conservative portfolio allocations of the
18 Conservatorship assets, as previously set forth in Exhibits A and B of the Investment Powers
19 Petition, to professional investment advisors, MSSB and ML;

20 ii. MSSB and ML, acting on behalf of the Conservatorship, may
21 invest the assets of the Conservatorship consistent with the investment plan set forth in Exhibits
22 A and B to the Investment Powers Petition. The annualized investment advisors' fees are
23 approved as follows:

24 (A) For ML: At approximately 0.97% of the portfolio
25 invested with ML, which may vary slightly due to market movement and fund manager selection
26 and
27
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1 (B) For MSSB: At approximately 0.99% of the portfolio
2 invested with MSSB, which may vary slightly due to market movement and fund manager
3 selection;

4 iii. Andrew M. Wallet's duties to Britney Jean Spears
5 regarding the investment of the Conservatorship assets will be limited to participating in
6 regularly scheduled telephone conferences to review the investment strategies and performance
7 of the portfolios from time to time – at least quarterly, but not more frequently than monthly; and
8 by performing periodic reviews of the overall performance of MSSB and ML and their
9 compliance with the terms of Andrew M. Wallet's delegation of responsibility; Andrew M.
10 Wallet shall be the sole account holder and have the sole authority to transact business with ML
11 and MSSB, including but not limited to withdrawals, transfers and any and all other rights
12 afforded an account holder. Andrew M. Wallet, in his discretion, may confer with James P.
13 Spears or his agents concerning the ML and MSSB accounts. James P. Spears and his agents
14 may communicate with ML and MSSB to obtain account information, such as statements and
15 account activity, but shall have no other authority with respect to said accounts.

16 b. ML and MSSB, respectively, shall have authority to engage
17 investment managers, investment companies, investment advisors and other related investment
18 entities, in their respective discretion, consistent with the investment strategies of the
19 Conservatorship. For any investment managers, investment companies, investment advisors and
20 other investment entities chosen by ML and MSSB at their discretion, where investment
21 direction is required to be given to the above-mentioned entities beyond that required between
22 the above-mentioned entities and ML and MSSB, Andrew M. Wallet shall have the sole
23 authority to direct the investments, with the advice of ML and/or MSSB, respectively, and to
24 withdraw or transfer funds in regard to these entities, and all other rights afforded an account
25 holder. However, James P. Spears and his agents may communicate with these entities to obtain
26 account information, such as statements and account activity, but shall have no other authority
27 with respect to said accounts.

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NOTICE

9. **Notice.** Notice of the time, date and location of the *ex parte* hearing on this Petition has been given to all persons entitled to notice under California law, as set forth in the Declaration of Geraldine A. Wyle re Notice and Urgency filed concurrently with this *Ex Parte* Petition.

10. **Special Notice.** No request for special notice has been filed in this matter.

WHEREFORE, the Conservators pray as follows:

1. For an Order of the Court modifying and clarifying the Investment Orders as follows:

a. Notwithstanding the fact that James P. Spears and Andrew M. Wallet are the Co-Conservators of the Estate, Andrew M. Wallet shall have the sole authority to invest conservatorship assets with ML and MSSB, upon the terms previously ordered in regard to ML and UBS in the September 8, 2010 Order as follows:

I. Andrew M. Wallet may delegate the sole responsibility of selecting, investing in and monitoring the particular investment vehicles for the Conservatorship assets, as well as the strategies utilized in the investment of the assets of the Conservatorship in accordance with the prudent investor rule and the conservative portfolio allocations of the Conservatorship assets as previously ordered in the September 8, 2010 Order to professional investment advisors, MSSB and ML;

ii. MSSB and ML, acting on behalf of the Conservatorship, may invest the assets of the Conservatorship consistent with the investment plan set forth in Exhibits A and B to the Investment Powers Petition. The annualized investment advisors' fees are approved as follows:

(A) For ML: At approximately 0.97% of the portfolio invested with ML, which may vary slightly due to market movement and fund manager selection and

1 (B) For MSSB: At approximately 0.99% of the portfolio
2 invested with MSSB, which may vary slightly due to market movement and fund manager
3 selection;

4 iii. Andrew M. Wallet's duties to Britney Jean Spears
5 regarding the investment of the Conservatorship assets will be limited to participating in
6 regularly scheduled telephone conferences to review the investment strategies and performance
7 of the portfolios from time to time -- at least quarterly, but not more frequently than monthly; and
8 by performing periodic reviews of the overall performance of MSSB and ML and their
9 compliance with the terms of Andrew M. Wallet's delegation of responsibility; Andrew M.
10 Wallet shall be the sole account holder and have the sole authority to transact business with ML
11 and MSSB, including but not limited to withdrawals, transfers and any and all other rights
12 afforded an account holder. Andrew M. Wallet, in his discretion, may confer with James P.
13 Spears or his agents concerning the ML and MSSB accounts. James P. Spears and his agents
14 may communicate with ML and MSSB to obtain account information, such as statements and
15 account activity, but shall have no other authority with respect to said accounts.

16 b. ML and MSSB, respectively, have authority to engage investment
17 managers, investment companies, investment advisors and other related investment entities, in
18 their respective discretion, consistent with the investment strategies of the Conservatorship. For
19 any investment managers, investment companies, investment advisors and other investment
20 entities chosen by ML and MSSB at their discretion, where investment direction is required to be
21 given to the above-mentioned entities beyond that required between the above-mentioned entities
22 and ML and MSSB, Andrew M. Wallet shall have the sole authority to direct the investments,
23 with the advice of ML and/or MSSB, respectively, and to withdraw or transfer funds in regard to
24 these entities, and all other rights afforded an account holder. However, James P. Spears and his

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1 agents may communicate with these entities to obtain account information, such as statements
2 and account activity, but shall have no other authority with respect to said accounts; and

3 ~~For such other orders as this Court deems proper.~~

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5 Dated: February 9, 2011

Respectfully submitted,

6 HOFFMAN, SABBAN & WATENMAKER
7 A Professional Corporation

8 Attorneys for James P. Spears, Conservator of the
9 Person and Co-Conservator of the Estate of Britney
10 Jean Spears

11 HINOJOSA & WALLET, LLP

12 Andrew M. Wallet, Co-Conservator of the Estate of
13 Britney Jean Spears

14 By: 
15 GERALDINE A. WYLE

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VERIFICATION

I, ANDREW M. WALLET, a party in the above-entitled matter, declare that I have read the foregoing *EX PARTE* PETITION FOR MODIFICATION AND CLARIFICATION OF THE COURT'S SEPTEMBER 8 AND NOVEMBER 18, 2010 INVESTMENT ORDERS and know its contents. It is true of my knowledge, except to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this document is executed on February 9, 2011, at Los Angeles, California.



ANDREW M. WALLET

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this document is executed on February 9, 2011, at

James P. Spears
JAMES P. SPEARS