



Soundcheck

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The Mantra of Standards

*A few words from Gary Churgin,
HFA President & CEO*

Anyone who has been around me much over the past few years has heard me lament the lack of enforceable industry-wide data standards for the transmission of license and royalty information. As we move more and more into a world defined by the need for accurate digitized information, the stumbling blocks caused by the lack of these standards become more and more apparent.

This impacts HFA the most in the areas of royalty reporting and licensing. The first issue is just getting the information off paper and into electronic formats. We receive about a third of our total royalty collections from record companies on paper – over \$100 million a year. It requires an intensive, expensive and time-consuming manual effort on our part to distribute these funds correctly. It increases the number of calls to the licensee for corrections and it makes the royalty compliance exams more difficult for the licensee. Getting paper-based licensees to switch to electronic reporting, by any method, has been one of our key initiatives. In 2005, we were able to convert 97 licensees from paper to electronic reporting, which represents over \$42 million in reported dollars, and cut our average distributions turnaround for major manufacturers to about 13 days. We do have a very simple template available for download through HFA Online for all licensees who would like to report digitally, and we will continue to work with paper-based licensees to convert them to electronic reporting.

We have had great success with the adoption of eMechanical, achieving a 10% reduction in the number of paper license requests we received in 2005. This has helped speed our processing of licenses dramatically, with virtually all license requests now being processed within 30 days. We have had a bulk licensing system for digital licensees since 2001, and we have just begun to roll out a version of this system to high-volume licensees for physical product. We work with the licensee so that information that is already present in their own label copy and licensing systems can be formatted and sent to HFA as a license request, reducing both parties' need for manual entry and expediting the license process.

However, no matter how great the technology, inaccurate and/or incomplete data bogs down the whole process. For example, we receive hundreds of thousands of requests for digital music missing such vital information as the song title, writer, and/or publisher. For example, it is difficult for us to license the title "Bonus Track." We receive royalty information without album titles, UPC numbers, license numbers, and songwriter names.

You don't worry too much any more if your bankcard will be compatible with a bank machine, at least in the United States. I am hoping that we can achieve something similar for licensing and royalty systems. Let's make 2006 the year of the data standard.

A handwritten signature in blue ink, appearing to be 'G. Churgin', is located at the bottom right of the page.

NMPA and HFA Announce Reorganization of Legal Departments Jacqueline Charlesworth Named Senior Vice President and General Counsel of NMPA; Michael Simon Adds HFA General Counsel Stripes

In January, David Israelite, President and CEO of the National Music Publishers' Association (NMPA), and Gary Churgin, President and CEO of NMPA subsidiary The Harry Fox Agency (HFA), announced a reorganization of their respective legal departments.



Jacqueline Charlesworth, who had been Senior Vice President and General Counsel of HFA, will become Senior Vice President and General Counsel of the NMPA. Charlesworth will remain based in HFA's New York offices and will report to David Israelite. Michael Simon, currently HFA Senior Vice President of Licensing and Chief of Strategic Development and Marketing, will assume HFA's General Counsel position in addition to his other responsibilities. His title will be Senior Vice President Business Affairs, General Counsel and Chief Strategic Officer. HFA's Legal Department will now report to him, in addition to the Business Development, Communications, and Licensing Departments. He will continue to report to Gary Churgin.

"This arrangement takes advantage of the natural synergy between the NMPA and HFA, and allows us to make full use of Jacqueline and Michael's talents," said Churgin. "While I will miss having Jacqueline directly at HFA, this is a logical progression of her role, and I know we will continue to work together closely. HFA's Licensing and Business Development departments have always worked very closely with Legal, so this is a natural extension of Michael's responsibilities and capabilities."

"Jacqueline will bring to the NMPA her understanding of how day-to-day business and licensing concerns impact music publishers' legal and political strategies," said David Israelite. "She joins us at a critical time for the publishing industry's future as we look to establish rates for digital music services."

"I'm pleased to have the opportunity to work more directly with David and his team on these challenging issues," said Jacqueline Charlesworth. "I've greatly enjoyed my tenure at HFA, and I look forward to continuing to work closely with Gary, Michael and the rest of the HFA staff on matters that affect both organizations."

"Jacqueline has certainly left me with big shoes to fill," said Michael Simon. "By bringing together HFA's business development, legal, and licensing functions, we hope to further improve our ability to enhance our traditional business while also creating new opportunities for the company and the publishers we represent."



Prior to assuming her position with HFA in late 2001, Charlesworth was an associate in the Litigation Department of Paul, Weiss, Rifkind, Wharton & Garrison, where she represented both the NMPA and HFA with respect to various litigation and licensing matters, including infringement actions, rulemaking proceedings before the Copyright Office and the 2001 agreement with the RIAA that allowed for the launch of online music subscription services. A graduate of Yale Law School and Brown University, Charlesworth clerked for federal judges in the Southern District of New York and on the Ninth Circuit Court of Appeals before entering private practice.

Before joining HFA in 2001, Simon was the Executive Vice President of Business Affairs and General Counsel for Razorfish, Inc., a public company. Simon also has experience as an artist manager, representing such major label acts as the Honeydogs and the Gigolo Aunts. Prior to that, he was Senior Director of Legal Affairs at Polygram Records, where his responsibilities included negotiating and drafting music industry agreements for the record and publishing companies, including those relating to recording artists, distribution, music publishing, joint ventures and video licensing. In addition, he served as an associate in several law firms specializing in entertainment and intellectual property matters. Simon received his Juris Doctor from the Columbia University School of Law, and he graduated magna cum laude from Amherst College.

**Attention NMPA Members:
2006 Annual Dues & Meeting**

In January, NMPA members received the invoice for their 2006 annual dues. Please return your payment promptly to maintain your membership in good standing so that you can participate during the annual meeting, which will be held in New York City on June 19. If you have any questions regarding your NMPA membership, contact Laurie Jakobsen at 212-834-0133 or by email at ljakobsen@harryfox.com.

If you are interested in becoming an NMPA member, forms are available at www.nmpa.org.

**Copyright Awareness Week
March 6-10, 2006**

The Copyright Society of the USA is once again hosting their annual Copyright Awareness week to encourage teachers from all subject areas to teach students basic concepts about copyright. The goal is that students will gain an appreciation of the efforts of creative people and the protections the law affords them. This year, the Copyright Society has expanded their curriculum materials by adding a Copyright Awareness Week video and accompanying lessons, and more age-appropriate lesson plans.

More information about this event can be found at www.csusa.org. Copyright Awareness Week is funded solely by donations. To donate contact Monica Corton, CAW Chairperson at cawquestions@aol.com, or call (212) 354-6401.

***Direct Deposit of HFA Royalties
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New Statutory Rate Proceedings

January 1, 2006 marked the last increase in the statutory rate for mechanical licenses under the 1997 Mechanical Rate Adjustment Proceeding, and efforts are already underway regarding the determination of the next rate schedule. These new rates will cover physical recordings and full length digital downloads, as well as rates for on demand streams and limited downloads.

As you may recall, the Copyright Royalty and Distribution Reform Act of 2004 phased out the old Copyright Arbitration Royalty Panel system and replaced it with the Copyright Royalty Board (CRB) made up of three copyright royalty judges. In January, the Librarian of Congress announced the appointment of the judges. The Chief Copyright Royalty Judge is James S. Sledge, the Copyright Royalty Judge with expertise in economics is Stanley C. Wisniewski, and the Copyright Royalty Judge with expertise in copyright law is William J. Roberts.

The judges assumed office on January 9, 2006 and commenced the statutory rate proceeding. The deadline to submit a petition to participate in this proceeding is February 8, 2006 and the National Music Publishers' Association, the parent organization of HFA, will be submitting a petition. This will be followed by periods of negotiation, discovery, hearings and other proceedings. The CRB must issue its determination prior to the expiration of the current rate on December 31, 2007.

You can be sure that the NMPA will be working very hard to represent the publishers' interests throughout these proceedings, and HFA will be working very closely with them. While HFA does support the NMPA's work, it can't be stressed enough that active publisher membership helps strengthen our collective voice in Washington. You can obtain a membership application at www.nmpa.org.

HFA Comes to Nashville
February 28, 2006
5:30-7:30pm
Hilton Nashville Downtown Ballroom

HFA will be hosting a meet & greet event at the Hilton Nashville Downtown Ballroom (121 Fourth Avenue South) on Tuesday, February 28 at 5:30pm. Come and get to know members of the HFA team, including President and CEO Gary Churgin, CFO Al Pedecine, Sr. VP Publisher Services Ed Hunt, and Sr. VP Business Affairs, General Counsel and Chief Strategic Officer Michael Simon, and learn more about HFA's activities.

If you would like to attend, please RSVP by Tuesday, February 21 to 212-922-3290 or email ljakobsen@harryfox.com. We hope to see you there!

HFA Publisher Profile:

ole **Robert Ott, Managing Partner**



You can't open a music trade publication these days without reading about Canadian music publisher ole.

ole burst onto the scene in 2005 in a big way, with some \$21 million in new acquisitions over the past year including purchases of the Balmur, Encore, Keith Follese, Dream Warriors and David Tyson catalogues. The ole catalogue now includes over 20,000 songs across all genres ranging from pop and rock to country, urban, rhythm & blues and soul.

Recent hits for the company include Shania Twain's "Shoes" on the album *Music Inspired by Desperate Housewives*, Sean Paul's "Change The Game" and Gretchen Wilson's "He Ain't Even Cold Yet."

Founded by Managing Partners Robert Ott, the former VP/GM of BMG Music Publishing Canada, and Tim Laing, whose background includes extensive experience in both broadcast radio and investment banking, ole boasts an experienced team of some 18 industry professionals involved in acquisitions, creative development and administration, with offices in Toronto, Nashville, Los Angeles and the UK.

Robert says, "Tim and I had an opportunity to found a full-service, globally competitive music publishing company that is committed to great songs and the songwriters who create them. When you're dealing with ole, you're dealing with the owners of the company. You're not going to wake up to find that you're A&R guy is history along with your prospects of getting any attention or support. We have the great people and we've collectively got a huge commitment to being the very best!"

ole calls itself "majorly indie," which, Robert explains, means, "We have the flexibility and speed of an indie without sacrificing the financial resources, experience and reach of a major. We're trying to bring the best elements of our collective experience to bear and delete the bureaucracy and other negatives that we have seen in other organizations."

ole is also interested in administration agreements, having concluded worldwide deals with film and television producers Nelvana, Shaftesbury Films, Arcadia Entertainment, Devine Entertainment, CCI and Slanted Wheel. They are also the Canadian sub-publisher for the prestigious Arc Music Group, a catalogue that includes songs by Jerry Butler, Chuck Berry, John Lee Hooker, Bo Diddley and Otis Rush.

Not surprisingly, Robert feels strongly that ole offers a strong package for publishers looking for a sub-publishing arrangement for Canada. "We have four experienced

(continued next page)



Robert Ott

administrative staff and two creative people based in Toronto promoting our catalogues full time. Our board positions on the Canadian Music Publishers Association and CMRRA add to an effective industry network that gives us a great deal of insight into what's happening in our backyard. To service administration deals, we have direct relationships for North America and a hand-picked sub-publishers network outside of North America. We're very aggressive in collecting for our clients, and given the large body of works that we already administer, we are able to apply the most leading edge auditing tools available. In other words, we're big enough to have some clout but not too big to concentrate on all of our clients individually."

The company is also building its own repertoire, signing songwriters such as Gerald O'Brien, John Wesley Chisholm, Ben Dunk, James Huff and Scarlett, and entering a co-venture deals with Last Gang Publishing, a division of Last Gang Records (Panurge, Kinnie Starr), and Roots Three, a division of RGK Entertainment (including RGK Management/Open Road Recordings), for the development of Country songwriter/recording artists.

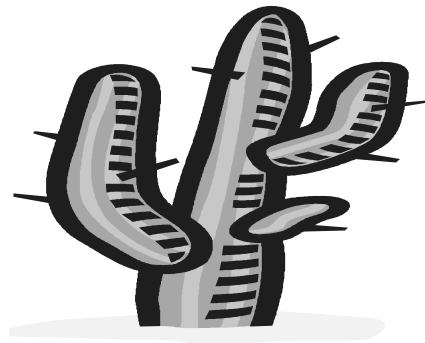
"We're really excited about the great songwriting talent that we represent," says Robert. "We've had a terrific start in placing songs for cuts and sync in our first year. Talent being a given, we're looking for songwriters that have the same proactive attitude and work ethic that we do, people that network tirelessly and deliver when it counts. ole offers our songwriters a lot of attention and a tireless pitching machine that is constantly updating our 'who's looking' lists and finding innovative ways to get their songs in the right hands and ears. We're intent upon 'internationalizing' our songwriters by setting up collaborations with songwriters in other countries and landing cuts around the globe."

Not stopping there, Robert adds that ole also provides its writers with transparent, easy-to-interpret statements, and is working on web-based programs that will offer online access to statements and account status.

With such clear commitment, energy and focus, ole has already made a serious impact in the music world. For more information about ole, go to www.majorlyindie.com.

HFA at SXSW March 15-19 – Booth C14

HFA will be exhibiting at the 20th annual SXSW Music and Media Conference in Austin, TX. If you're registered for the conference, be sure and stop by our booth in the trade show area. We're looking forward to meeting you, answering questions, and hearing some great music. You can find more information about SXSW, including registration forms, at www.sxsw.com.



Word on the Street . . . HFA Affiliate Publisher News

Universal Music Publishing Group announced the renewal of a long term worldwide publishing administration deal with one of music's royal elite -- **Prince**. The deal includes administration of Prince's numerous future works and his complete, extensive back catalog of more than 35 albums and compilations including landmark, multi-platinum albums *Musicology*, *1999*, *Sign O' The Times*, *Diamonds and Pearls*, *Parade*, *Around the World in a Day*, *Emancipation*, *Purple Rain*, and *Batman – The Motion Picture Soundtrack*. In 2004, Prince continued to reign with *Musicology* (NPG/Columbia) and a sold-out tour named Billboard's Top Earning Tour of the Year, grossing \$90.2 million in ticket sales. Following his induction into the Rock & Roll Hall of Fame, Prince shined in the spotlight again when

he opened the 46th annual Grammy awards with a show-stealing duet alongside Beyonce Knowles.

Steve Reich's publisher, Boosey & Hawkes/Hendon Music, is pleased to announce that there will be a month-long celebration of the famed composer's 70th birthday, kicking off on his actual birthday of October 3. Steve Reich@70 will be marked by a unique collaboration between the Brooklyn Academy of Music, Carnegie Hall and Lincoln Center. For more information, see www.boosey.com.

Correction: An item in the December 2005/ January 2006 issue of HFA Soundcheck incorrectly stated the last name of one of the writers of "Whiskey Lullaby." It is Jon Randall, not Jon Williams.

"Word on the Street" is taken from press release material.

AIMP NY & LA Events

Lauren Apolito, HFA's VP of Business Development, was a panelist at the New York Chapter of the Association of Independent Music Publishers' (AIMP) January 25 seminar entitled "Non-Traditional Licensing." This seminar was the first of a three-part series called "*Everything you ever wanted to know about licensing but were afraid to ask.*" Lauren discussed trends in the industry and provided an overview of HFA's licensing activities regarding full downloads, kiosks, subscription services, ringtones/ringbacks, Express Live CD/DPDs, digital background music and digital jukeboxes. She also discussed new opportunities for publishers such as podcasting and emerging royalty structures beyond "per use" rates such as advertising revenue-based royalties. Other panelists included Richard Conlon of BMI and Avery Kottler of Napster, and the panel was moderated by Helene Blue of Helene Blue Musique. Part II of the series, *Mechanical Licensing and Sampling*, will be held on February 15 and moderated by Neil Gillis of Warner/Chappell Music, Inc., and Part III, *Synchronization Licensing*, will be held on March 15th and moderated by Caroline Bienstock of Family Style Music Publishing.

The Los Angeles Chapter will present *A View from the Top* on February 23 at 11:45am, with Scott Francis of BMG, Lance Freed of Rondor Music International, and Kathy Spanberger of peermusic Group speaking on the current state of the music publishing business and the challenges and opportunities. The panel will be moderated by Steven Lowy. RSVPs for this event luncheon are due by February 22. See www.aimp.org for more details, or call (212) 391-2532 for the NY Chapter or (818) 771-7301 for the LA Chapter.

**“Return to Sender, Address Unknown”
Publishers MIA: Can You Help Us Find Them?**

If you are a music publisher (or the assign, successor in interest, heir or beneficiary of a music publisher) that has been affiliated with HFA, and you're not sure whether HFA has your current contact information, it is possible that HFA is holding royalties due to the lack of a valid mailing address.

To find out if HFA is looking for you and to provide current information so we can pay you any royalties we may be holding, visit “Help Us Find Publishers” at www.HarryFox.com, or call HFA's Client Relations Department at 212-834-0100. And please remember to update your contact information with HFA if it should change in the future.

If you have any comments regarding HFA Soundcheck, please contact Laurie Jakobsen, Senior Director, Communications, at 212-834-0133 or ljakobsen@harryfox.com.

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