



Soundcheck

Volume V Number 3

April 2005

2005 – The Year So Far

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

HFA's first quarter 2005 results are in, and so far it appears our cautious financial projections for the year were wise. Our total collections for the quarter exceeded \$100 million, which was a favorable result compared to our budget. HFA's first quarter results reflect the sales and returns of the last quarter of 2004, and collections on core mechanicals (which exclude the results of any royalty compliance exams) were up more than 1% over the comparable period in 2004. While a small increase, this is very positive, considering retail sales of CDs for Q4 2004 were down from the prior year.

The RIAA and IFPI have released their sales data for 2004 and their results were in line with our own reports: last year was marked by a leveling off of the 5-year sales decline. The IFPI also noted a sharp increase in digital sales on a global basis, with 2004 downloads increasing ten times to over 200 million in the U.S., U.K., France, and Germany. They added that the trend has continued in 2005, with digital sales in the U.S. in the first two months more than double that of the same period in 2004.

One example of the dramatic rise in digital sales was the recent announcement by online music service Napster, which has revised its revenue estimates for the first calendar quarter of this year twice, from its initial projection of \$14 million to \$16.5-\$17.5 million, with a 53% increase in subscribers during the quarter.

However, sales of physical product do not look as rosy. First quarter 2005 sales are showing an 8% decline from the previous year. While it's much too soon to call it – as the year's release roster is still coming together – it's clear we are not out of the woods yet.

Additionally, we are all waiting for the ruling from the U.S. Supreme Court on the liability of Grokster and Streamcast for the illegal file-sharing activity taking place on their networks, which is expected to be issued in June. Rick Carnes and Lamont Dozier were in D.C. for the hearing on March 29, representing the viewpoint of the many songwriters that are outraged by the rampant copyright infringement facilitated by these systems, and we all owe them a great deal for speaking out on the behalf of the creative community. As always, I encourage publishers to become active members of the NMPA to support the work that is being done on your behalf in the courts and on Capitol Hill.

With all these factors in play, HFA continues to work hard to contain our costs while creating systems that improve efficiency and accuracy, while seeking new revenue opportunities for our affiliated publishers beyond the traditional mechanical license.

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

Royalty Payments Under \$3.00

Prior to January 2005, HFA had a policy of holding royalty payments of less than \$3.00 until additional amounts in excess of \$3.00 accrued. We have ended this policy and, accordingly, royalty payments under \$3.00 will now be issued as part of our regular distribution cycle. Some of you may have already received these payments and an accompanying letter explaining the policy change.

HFA encourages all recipients to cash their checks as soon as possible because unclaimed funds may need to be turned over to a state agency pursuant to laws governing abandoned property. Checks will not be reissued unless we receive a direct request from the payee.

We know that receiving small checks can be an annoyance, so we encourage you to enroll in our Electronic Funds Transfer (EFT) program. This authorizes the direct deposit of your royalty payments into your bank account so you do not have to make a special trip to the bank, and ensures that you will receive your royalty payments the fastest way possible. As part of the program, you will receive a mailed update when funds are transferred into your account. You can also see the amounts through HFA Online's Online Royalty Statements tool. You can visit our website at www.harryfox.com to find out more about signing up for EFT.

Special Discounts from Hertz & Music Connection for HFA Affiliates

HFA has arranged for its affiliate publishers and licensees to receive special rates on products and services from Hertz and Music Connection magazine.

Hertz

Hertz is offering year-round discounts on daily, weekly, weekend, and monthly rentals; traveling in the U.S. or worldwide. Call 1-800-654-2210 or visit the Hertz website at www.hertz.com when making your reservation, and use HFA Hertz IDC DP# 1595880.

Music Connection

Music Connection, a bi-weekly music trade publication catering to the music industry, fans and support services, is offering special rates to HFA affiliate publishers and licensees: a 15% discount on all new subscriptions, and for those who are already subscribers, additional free issues are offered for early renewals. You can redeem this offer by phone or mail (not through their website). Call (818) 995-0101 and request the "Harry Fox 15% discount," and for mail orders, include your payment by check with a note including the name and address for the subscription and mention of the Harry Fox 15% discount.

HFA Discounts & Special Offers are also listed in the secure area of the HFA website, HFA Online. After going to the main HFA Home page, click on the "Registered User" button and then log in with your user name and password. There is a box highlighting Special Offers right on the Welcome page.

Please be aware that HFA cannot take any responsibility for these third-party products and services. Please address any inquiries or concerns you may have about the products and services directly to the relevant vendor. Also, please note that in some cases, HFA may receive a referral fee from the vendor for making the goods and services available to you. By taking advantage of the offer made available through HFA, you are agreeing to any such fee arrangement.

Songwriters Hall of Fame to Induct Steve Cropper, John Fogerty, Isaac Hayes and David Porter, Richard and Robert Sherman, and Bill Withers at June 9, 2005 Event in New York City

NMPA Board Member Beebe Bourne to be Honored with the Abe Olman Publisher Award

Steve Cropper, John Fogerty, Bill Withers, and the songwriting duos Isaac Hayes and David Porter and Richard and Robert Sherman were announced as the 2005 inductees into the Songwriters Hall of Fame, and NMPA Board of Directors member Beebe Bourne will be honored with the organization's Abe Olman Publisher of the Year Award. Alicia Keys and Les Paul will also be honored at the event.

The Abe Olman Award, named after one of the founders of the Songwriters Hall of Fame, goes to a music publisher who has had a substantial number of songs that have become world-renowned and have furthered the careers and successes of many songwriters. Recent Abe Olman Award recipients have included Martin Bandier, Les Bider, Nicholas Firth, Ed Murphy and Ralph Peer, among others.

The induction ceremony will be held on June 9 at the Marriott Marquis Hotel in New York City. Tickets for the Songwriters Hall of Fame induction ceremony are now available through Buckley Hall Events, (212) 573-6933. Net proceeds from the event will go towards the Songwriters Hall of Fame programs.

Reminder:

**Response to Anomaly Ringtone Opt-In Agreement Due April 22
New Response Option Through HFA Online**

The opt-in form for the Anomaly ringtone agreement was sent to publishers for response by April 22, 2005. Publishers who are authorized to do so are now able to view and/or act on HFA opt-in/opt-out licensing arrangements through HFA Online, rather than signing forms and faxing or mailing them back to us. After going to the main HFA Home page, click on the "Registered User" button, and then log in with your user name and password. Once you are logged in, click the "Authorizations" tab on the top right. Please note that once an agreement has been acted upon, you cannot change the authorization through HFA Online. You will need to contact HFA Client Relations at client_relations@harryfox.com or 212-834-0100.

We will continue to send you the paper mailings for these arrangements for the time being. A user manual will be available for reference in the "Help" section of the Authorizations area. You will not be able to see the status of your company's licensing authorizations provided prior to March 21, 2005, but we hope to make that a part of a future T2 release.

Remember that by working through HFA, we can handle the licensing, collection and royalty compliance work related to these new digital licensing offerings. If you have any questions about this offer, please contact J.C. Lindstrom in our Business Development department at jlindstrom@harryfox.com or 212-922-3234.

Word on the Street . . . HFA Affiliate Publisher News

Songwriter/producer **Dave Tozer** has signed a worldwide co-publishing agreement with **Famous Music Publishing**. A six-year collaborator with John Legend, the multi-talented Tozer – producer, songwriter, guitarist who also plays keyboards and does drum programming – has contributed to eight tracks on Legend's major label debut *Get Lifted* on Kanye West's Sony-affiliated label Good Music. The album has hit #1 on Billboard's R&B/Hip-Hop charts as a Hot Shot Debut and is Top-5 on the Top 200 Album charts. Among Tozer's "Legendary" tracks are "I Can Change" featuring Snoop Dogg, "Stay With You," "Let's Get Lifted Again," "It Don't Have To Change," the Kanye West-produced "Let's Get Lifted," "Live It Up," "So High" and "Refuge (When It's Cold Outside)." Tozer's track "Stay With You" – which he produced and co-wrote – will be featured on UPN's hit show "Kevin Hill," with other Tozer tracks featured in the upcoming The Oxygen Network's "John Legend – Custom Concert." Tozer is also currently working on several new projects, including doing tracks with Kanye West's Good Music artist Consequence and RCA Records recording artist Heather Headley for her forthcoming album.

BMG Songs and music publishing veteran **Karen Conrad** have entered into a co-publishing agreement. Via the agreement, Conrad will sign country music songwriters to BMG Songs. She will also be a consultant to the Nashville-based company. Conrad was previously Senior Vice President of the Nashville office but decided to step down in February. In addition to her continued work with the Nashville songwriter community, Conrad is working on the Nehemiah Program, a not-for-profit group whose mission is to develop interim housing for homeless families, in conjunction with various local agencies.

Conrad joined BMG in 1997, after the company purchased her AMR/New Haven Music company, one of the top independent country music publishers in Nashville at that time, with chart-topping songwriters Aimee Mayo, Ed Hill, Bill Luther and Bob Regan on its roster (each writer joined Conrad at BMG). At BMG Songs, Conrad was responsible for all country music operations and quickly grew the division into one of the music publishing leaders in country music. Number one hits for the division during Conrad's tenure included Lonestar's "Amazed" (Song of the Year), Kenny Chesney's "The Good Stuff" (Song of the Year) and Mark Wills' "19 Somethin'." The company roster also included two Songwriters of the Year – Aimee Mayo and Craig Wiseman.

In Other News. . .

Mana's Sergio Vallin, Conjunto Primavera's Tony Melendez and Ozomatli are scheduled to perform in honor of **Carlos Santana** when the songwriter/artist is honored as an Icon by performing rights organization **BMI**. The presentation and performance will take place during the 12th annual BMI Latin Awards April 21 at the Four Seasons Hotel, Las Vegas. Santana will be the first songwriter designated a BMI Icon at the company's Latin Awards. The BMI Latin Awards recognize the songwriters and publishers of the most performed Latin songs on U.S. radio and television of the company's repertoire of approximately 4.5 million musical works from around the world. In addition, the second annual peermusic Latin Scholarship will also be presented. Funded by the music publishing company and a partnership with the BMI Foundation, the peermusic scholarship is open to music students around the country and is a \$5,000 award for continuing education.

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

HFA Affiliate Publisher Profile:

Memory Lane Music Group

By Fred Beteille & Eric Scott, HFA Client Relations

With its beginnings rooted in the days of Tin Pan Alley in the 1920's, Memory Lane Music Group is one of the oldest and most respected independent music publishers in the U.S. Members of HFA's Client Relations department had the opportunity to sit down with employees of Memory Lane to discuss the past, present and future of the company.



Memory Lane's story began in 1923, with the writing of the hit song "Memory Lane" by Larry Spier, Sr., Con Conrad and B.G. DeSylva. In 1938, Larry Spier, Sr. established Larry Spier Inc. to control "Memory Lane." While amassing other valuable copyrights under the scope of Larry Spier, Inc., Larry also held positions at Famous Music Publishing and then as General Manager of Chappell Music.

Larry Spier, Jr. began working for his father both at Chappell and Larry Spier, Inc. in 1951. This experience afforded Larry Jr. the opportunity to learn the specifics of the music industry, quickly developing the skills that made his father successful. When Larry Sr. suddenly passed away in 1955, Larry Jr. utilized all of the skills and insight he gained from his father to rejuvenate and grow Larry Spier, Inc.

Larry Jr. used his unique perspective on the music publishing business to become one of the pioneers in a new type of venture – catalog administration. Larry Jr. was ahead

of his time, as he realized the economic and artistic benefits of administration, and starting in 1975, was one of the first publishers to offer an administration contract. In no time, Larry Jr. was administering the catalogs of writers such as George Weiss, Carl Sigman, Louis Prima, Joe Meyer, and Larry Stock. Furthering the scope of the family business, Memory Lane Ltd. was established in 1981 to represent copyrights in the British Reversionary Territories. Some of the works represented include "Ain't Misbehavin'," "Honeysuckle Rose," and "Ghost Riders In The Sky."

Mark Spier, Larry Jr.'s son, joined the company in 2002, and after his father's untimely death in 2003, assumed the role of President. Under Mark's direction, Memory Lane has been signing and developing new songwriters and artists, adding to the acquisition and representation of their impressive existing catalogs.

In describing what she feels Memory Lane can offer prospective artists, Licensing Manager Heather Trussell stated, "One word - SERVICE. It's about personalization and attention to detail. We may be small, but because of our size we are able to offer a level of attention that a writer or client may not get at a major. And, because we maintain a smaller catalog than a major or even a larger independent, we know our catalog well, resulting in better representation. The combination of personalized attention and our effective infrastructure are attractive to writers and copyright holders looking for that type of publisher."

Mark Spier feels that Memory Lane can offer songwriters a "one-stop shopping" approach to their catalogs. When asked to define the specifics of this concept, he stated, "It's a complete worldwide publishing infrastructure including royalty representation, catalog protection, and connections within the business (labels, other publishers, producers, distributors, media, mechanical agencies and performing

rights societies). We have that infrastructure in place in virtually every territory of the world. We're able to sign a song and immediately begin the claiming and royalty collection process. Often we discover royalties are being held in suspense or improperly distributed because of a previous lack of proper follow-up. Without the local connections within each territory, it's difficult to correspond with the respective societies, media companies, record labels, distributors, etc. Not to mention the language issues, you're dealing with different copyright laws, title registration processes, and media structure. It's very important to have a local contact who understands the 'layout' of that particular territory."

To this effect, Memory Lane is currently cultivating a wide range of new songwriters/artists, most notably bassist Jerry Barnes and hip-hop artist Ithaka (aka Darin Pappas). Jerry Barnes is a versatile songwriter/musician/producer/artist located in Manhattan. In addition to writing, he's currently working with Roberta Flack on her latest project and playing bass with the legendary band Chic, fronted by Nile Rogers. As teenagers, Jerry and his sister, Katreese (who plays with and writes for the Saturday Night Live band) were the duo Juicy, and recorded, among others, the song "Sugar Free." His credits as a writer cover the gamut of musical styles and artists from Chuck Mangione's "Diana D" to "Focus" by Ashanti and "Karma" by Angie Stone.

Ithaka (aka Darin Pappas) has had previous success in Portugal and Spain. He's a very talented lyricist, drawing his lyrical content from his world travels. Currently, he's in Lisbon, Portugal promoting his latest album, *Recorded In Rio*. Memory Lane is working to securing distribution in the U.S., and to promote the album in Brazil and other areas of Europe.

With one eye on the past and another on the future, Memory Lane is preparing for the next generation. They are actively looking to

sign songwriters, acquire established catalogs, and expand their representation of the reversionary and termination interests of songwriters and/or their heirs/successors. They're working on heightening their presence as a source of quality, un-recorded material and looking for inventive ways to promote their catalog and ancillary sources of revenue. Currently, the company is in the process of reinventing their website to facilitate ease of use and digital availability of the majority of their catalog. In a nutshell, they are making it as easy as possible for prospective users to get their hands on their music.

To contact Memory Lane Music Group, call (212) 460-8677 or email Mark Spier: Mark@MemoryLaneMusicGroup.com. For general information about Memory Lane, visit their website www.MemoryLaneMusicGroup.com.

NMPA Members:

**Annual Meeting & Board
Elections Scheduled for
June 13, 2005
Four Seasons Hotel, Los Angeles CA
Discount Room Rates Available**

NMPA members will be receiving the official notice of the Annual Meeting and their ballots for the bi-annual Board elections in May. This year's meeting and election will take place at the Four Seasons Hotel in Los Angeles, CA, on Monday, June 13, 2005. Discounted room rates at the Four Seasons are available to NMPA members; call reservations at 310-273-2222, ext. 2100, and mention that you are attending the NMPA meeting.

HFA Employee Profile:

Troy Effner & Andres Sepulveda

When someone needs technical support from HFA, either internally or externally, they will probably end up speaking to Troy Effner or Andres Sepulveda, the team at the Tech Support Help Desk.



Troy Effner (left) started at the Help Desk in March 2002. He became involved in larger, inter-departmental projects, learning how people really used HFA's technology. To learn more, he participated in interdepartmental training; for example, he learned how to do basic licensing. This led to problem analysis between programs and business. He now holds the new position of IT Special Projects Coordinator, to address issues that are not specific to one area of the company. Troy says, "It's important for an IT person to know what a company does, in order to do their job more effectively. You need to have the ability to empathize, and find the right solution for that particular person in their situation." The best part of his job? "I like that I get to interact with people. The more problems there are, the more energized I get." Troy has degrees from Cobleskill and Rochester Institute of Technology. This past winter, he discovered a new hobby – skiing. Troy is also a modern art-style painter, and loves just walking around his adopted hometown of New York City.

Andres Sepulveda (right), Junior Tech Support, started at HFA last July. He has a B.S. degree from St. John's University in Computer Science, and additional Microsoft certifications. Andres generally works with internal HFA issues, including hardware set-up, but also troubleshoots POLI+ access and helps Client Relations resolve issues for clients. "I love it here. Everyone is serious about working, but it is a comfortable atmosphere," says Andres. Like Troy, he agrees that it's important to understand how HFA's departments interrelate and cooperate. Staying current on the latest IT information is a challenge he enjoys, and he's also learning HFA's new systems, such as eMechanical. When not answering distress calls on the helpline, Andres enjoys breakdancing, writing songs, and playing basketball.

***“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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