



Soundcheck

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2008: Year of the CRB

A few words from Gary Churgin, HFA President & CEO

Overall, it's looking like 2007 was a successful year for HFA. While I will give a full recap in an upcoming issue of Soundcheck, despite a 15% decline in album sales as reported by Nielsen Soundscan, HFA will have done about 4% better than 2006, with \$393.6 million total collections. This is mainly attributable to regular mechanical royalty collections and the Sharman/Kazaa settlement.

But this is no time to rest on our laurels. The Copyright Royalty Board (CRB) trial regarding mechanical rates for both physical as well as digital products is currently set to begin on January 28; originally, this was supposed to have concluded in 2007. This makes royalties for 2008 a bit of a wildcard. In theory, the last schedule of mechanical rates expired December 31, 2007. But we will continue to collect royalties at the current statutory rate of 9.1¢ for recordings of five minutes or less, pending the establishment of new rates and the effective date of those rates by the CRB.

Further, although we believe rates should be set for on-demand streams and limited downloads, it's unlikely that these royalties will be paid in 2008, given that the trial will not conclude until the fall. Given the various proposed rates, it's possible that these royalties

will not be a penny-based rate, as U.S. mechanicals have been historically, but instead be percentage-based rates.

All of this makes me particularly glad that HFA has spent the last several years shoring up and improving our technology systems so we can handle these kinds of demands. Since 2004, we've introduced entire suites of web-based tools for publishers and licensees, but we've also been optimizing the programs that HFA employees use every day. In addition to improving throughput and accuracy, we anticipated the need for options other than penny-rate royalty calculations, and we have already modified our systems handle these kinds of rates.

So, as much as you can prepare for the "known unknowns" – we are ready for what 2008 will bring.

Happy New Year!

A handwritten signature in blue ink, appearing to be 'G. Churgin', is positioned to the right of the 'Happy New Year!' text.

Introduction of Consolidated Royalty Payments

Starting in February 2008, HFA will introduce consolidated royalty payments. Instead of sending publishers one check and statement per licensee, HFA will now consolidate your payments and royalty statements until they reach one of the following two thresholds: \$500 cumulative payments, *or* the close of the calendar quarter (March 31, June 30, September 30, and December 31). This means that if we have *any* funds for you, they will be distributed quarterly, so you may continue to receive checks for small amounts. Our non-U.S. based affiliates will receive one wire transfer quarterly.

In 2007, HFA sent out almost 277,000 individual checks. The introduction of these procedures will reduce the number of checks and statements sent from HFA, which will help us contain our costs for postage and materials. It will also reduce your banking costs and the nuisance of handling many checks.

With this change, your checks and royalty statements may contain more than one manufacturer number and may cover more than one time period, but the format of the statements has not been altered. Each licensee royalty report in a statement will begin on a new page, and the total of all the licensees in the statement will be at the bottom of the final page. The corresponding check stub will indicate the amount for each licensee included in the total payment.

To further streamline your HFA royalty payments, we encourage you to sign up for Direct Deposit, if you have not already done so. With Direct Deposit, the funds for your royalty payments are submitted electronically to your bank. Within three business days, the money is in your account – usually well before the check would arrive in the mail. You get paid faster, and there’s no risk of losing the check in transit or under a pile of papers – and you don’t have to make any more extra trips to the bank. If you have an HFA Online account, you can see the deposit information immediately through our Online Royalty Statements, so you know in advance that the money was transmitted. You will also get a notice of the deposit in the mail.

If you have any questions about consolidated payments, or would like to sign up for Direct Deposit, please contact your HFA Publisher Services agent, or use the main Publisher Services phone (212-834-0100) or email (publisherservices@harryfox.com).



Disc Makers Discount for HFA Publishers & Licensees

Disc Makers, a leading independent media manufacturer whose services include CD and DVD replication, is offering HFA-affiliated publishers and licensees a special offer:

- The free DVD “Achieving Success With Your Music” – a guide to winning as an independent artist, with hard-hitting tips on marketing, A&R, record labels, and more;
- \$50 discount off disc replication (excludes re-orders and bulk orders, and cannot be combined with other discounts); and
- The free Fast Forward monthly e-newsletter, packed with tips on making it in the music business, interviews with successful artists, trade show opportunities, and discounts.

To obtain this special offer, sign up today at www.discmakers.com/hfa, or call 1-866-309-8676.

HFA Upgrades Songfile® Online Mechanical Licensing Service

Minimum Quantity of Licenses Reduced to 25;
Electronic Check Payment Option Added

In January, HFA announced it had upgraded its popular Songfile online mechanical licensing service by lowering the minimum quantity of licenses to 25 copies for all formats, and adding electronic check as a payment option. Songfile is an easy and fast way for musicians who plan to make and distribute 2,500 copies or less of their recordings to obtain the necessary licenses for cover versions of songs. Licenses can be obtained for CDs, cassettes, LPs, or permanent digital downloads (DPDs).

“We surveyed over 32,000 Songfile users, and a smaller transaction minimum was a top request,” said HFA’s CEO & President Gary Churgin. “We expect that the electronic check option will be a big help for individuals and organizations that don’t have credit cards yet still wish to use the service. If you did not write the song you recorded, you need a mechanical license, and HFA wants to make that process as simple as possible.”

“HFA works with everyone from the largest record companies in the world to the musician at home in their basement,” said Maurice Russell, HFA’s Vice President of Licensing. “Taken as a group, the Songfile community took over 50,000 licenses in 2007 alone, adding up to over \$4.4 million in collections – more than many well-known independent labels. It is a very important market for us.”

“Publishers should also know that HFA pays to them Songfile royalties at the statutory rate without deducting a commission – they receive 100% of the mechanical royalties from their songs. They can also affiliate with HFA just for Songfile licensing,” said Ed Hunt, HFA’s Senior Vice President of Publisher Services.

HFA’s Songfile, available at www.harryfox.com, makes obtaining mechanical licenses quick and simple. Customers can create an account, search HFA’s catalog of almost 1.9 million songs, and complete their mechanical licensing transaction in minutes. Royalties are calculated at the statutory mechanical rate (currently 9.1¢ per copy for songs 5 minutes or less in length, or 1.75¢ per minute (or fraction thereof) per copy, for songs over 5 minutes). There is also a nominal processing fee on each song licensed. If a user just wants to conduct research, there is a separate Songfile Public Search tool on the website available free of charge.

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Audio Fingerprinting Technology:

The Key to Lawful P2P Online Distribution

Audio fingerprinting technology identifies the distinct sound waves captured in a particular recording of music. It is sensitive enough to recognize different artists performing the same song, or even the same artist performing different versions of the same song, even when the audio has been altered for digital distribution or broadcast. Fingerprinting technology has been used by the performing rights organizations to monitor radio play, and in the online world, has been used to identify pirated material.

But rather than just being used for copyright enforcement, user-posted content services are implementing this technology in order to legalize their businesses. The effort to apply a recognition filter to the millions of tracks that might pass through such systems has been successful in early trials.

In addition to identifying the master recording, these systems must identify the proper songwriting and publishing credits to complete the licensing for a track. To that end, HFA and Audible Magic, one of the leaders in audio fingerprint technology, entered into a collaboration agreement in May 2007. We are now working out the model for our data to interact, and we're optimistic that publishers will receive royalties from HFA and Audible Magic-powered "PFP" services – peer-to-fingerprint-to-peer.

Attention NMPA Members: 2008 Annual Dues

In January, NMPA members should have received their 2008 annual dues invoice. Please return your payment to the NMPA by February 15, 2008 to maintain your membership in good standing.

If you have any questions concerning your NMPA membership, please contact Jamie Rozecki at (202) 742-4375 or by email at jrozecki@nmpa.org.

HFA affiliation is separate from NMPA membership, and with the ongoing mechanical rate proceedings, there is no better time to become a member of the NMPA than now. Application forms are available at www.nmpa.org.

HFA in Nashville

In November, HFA hosted a cocktail reception in the Rotunda at the Country Music Hall of Fame® and Museum. It was great to catch up with our friends in Nashville.

In photo at left, pictured from left to right, Robert Mather of EMI Music Publishing; David Ross of Music Row; Steve O'Brien of Steve O'Brien Music; and HFA President & CEO Gary Churgin. At right, Ranger Doug of Riders in the Sky (Songs of the Sage music publishing) stopped by on his way to Riders in the Sky's weekly Grand Ole Opry performance.



The HFA staff that attended were (photo below):
Back row: Nat Annamalai, Al Pedecine, Ed Hunt,
Michael Simon, Laurie Jakobsen, Chris Curley, and
Cordella Brown; Front row: Stephen Block, Marina
Kemelman, Maurice Russell, Gary Churgin, Brian
Durant, Paul Wallace, and Danielle Boone.

Photo credits: David Schenk



Upcoming AIMP Events

February 20 – Performing Rights Organizations: An Update in the Digital World – NY Chapter

5:30-7:30pm
Williams Club
24 East 39th Street

Join the AIMP for an update regarding Performing Rights licensing today. As affected as our industry is by the digital world, we need to understand how new companies and internet sites are approached and licensed for use of our music. Panelists include Richard Conlon of BMI, Matt DeFilippis of ASCAP, and Bill Lee of SESAC, and the event will be moderated by Helene Blue of Helene Blue Musique. This event is free for AIMP members and \$15 for non-members.

February 21 – A View from the Top 2008 – LA Chapter

11:30am-1:45pm
House of Blues
8430 Sunset Blvd.

In the AIMP's annual tradition to kick off the New Year, hear leaders of independent and multinational music publishing companies sharing their views on the current state of the worldwide music publishing industry. Learn what innovations and adjustments are being made artistically, technologically, financially and legally to address the challenges facing our industry. Speakers to be announced soon. Registration for this event opens February 1. This lunch event is \$32 for AIMP members and is \$45 for non-members.

For more information or to register online for either AIMP event, go to www.aimp.org, or call 212-391-2532 for the NY office; 818-771-7301 for the LA office.

Reminder: HFA Moved in 2007

Current HFA Address:
601 West 26th Street
Suite 500
New York, NY 10001

All phone numbers and email addresses remain the same.

Word on the Street . . . HFA Affiliate Publisher News

Cherry Lane Music Publishing Company Inc. has signed award winning film composer **Hans Zimmer** to a worldwide, long-term administration agreement. Zimmer's film scores include *Rain Man*, *Driving Miss Daisy*, *Thelma & Louise*, *Gladiator*, and *Pirates of the Caribbean: At World's End*. In the 1980's, Zimmer enjoyed success as a member of the group The Buggles, whose song "Video Killed the Radio Star" became a worldwide hit and was the first video to be shown on MTV.

Cherry Lane has also signed a worldwide long-term administration agreement with **E! Entertainment Television**. Under the terms of this agreement, Cherry Lane will administer all E! controlled music. This is the first time E! has had a music publishing partner.

Peermusic has announced a worldwide administration agreement with **Cat 5 Music Publishing**, a company run by graduate students in the Music Business and Entertainment Industries (MBEI) program at the Frost School of Music at the University of Miami. Established in 2002, Cat 5 is the first graduate student-run music publishing company in the country. The company recently placed several songs in the internationally released motion picture "Gringo Wedding."

EMI Music Publishing has completed an exclusive publishing agreement for the songwriting catalog of the late **Jim Croce**. Under the terms of this agreement, EMI will have the North American administration rights to the compositions of the late singer/songwriter. Croce's catalog includes such hits as "Bad, Bad Leroy Brown," "You Don't Mess Around With Jim," and "I'll Have To Say I Love You In A Song." Croce's debut solo album was released in 1972. *Bad, Bad Leroy Brown* became a hit in the summer of 1973 and went on to sell two million copies in the U.S. Croce was inducted into the Songwriter's Hall of Fame in 1990.

Ten Ten Music Group has added multi-award winning songwriter and Grammy nominee **Odie Blackmon** to its roster. Blackmon's number one hits include George Strait's "She'll Leave You With A Smile," Gary Allan's "Nothin' On But The Radio," and Lee Ann Womack's "I Hate Myself In The Morning." In 2005, "I Hate Myself in the Morning" received the CMA award for Single of the Year and Grammy and ACM nominations for Song of the Year. Also in 2005, Blackmon was named Billboard magazine's #1 Hot Country Songwriter. His songs have also been recorded by Elliot Yamin, Martina McBride, Andy Griggs, and Rachel Proctor.

Universal Music Publishing Group has signed Nashville singer/songwriter **Josh Turner** to an exclusive, worldwide publishing deal. Turner's 2003 hit album, *Long Black Train*, reached No. 1 on Billboard's Top Heatseekers and No. 3 on Billboard Top Country Albums chart. Its follow up, the double platinum *Your Man*, included the No. 1 singles "Your Man" and "Would You Go With Me." Turner's third studio album, *Everything is Fine*, debuted at No. 5 on the Billboard 200 chart. He was recently invited to become one of the youngest members of the Grand Ole Opry and was formally inducted by Vince Gill on October 27, 2007.

UMPG has also signed an exclusive worldwide songwriter/co-publishing agreement with **DJ Dirty Harry**, co-writer of Alicia Keys' No. 1 single "No One." Dirty Harry is a member of Keys' production company, Krucial Keys, and was head of the company's A&R division from 2004-2005. In addition to Alicia Keys, he has also produced for Nas, Run-DMC, and Method Man.

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

***“On the Road Again?”
Make Sure Your Mail’s Not Marked
“Return to Sender”***

On the move? Make sure HFA has your current contact information. You can obtain change of address information on our website at www.harryfox.com or by contacting HFA Publisher Services at 212-834-0100.

The HFA website also has a list of publishers for whom we may be holding royalties due to the lack of a valid mailing address - see the “Help Us Find Publishers” link.

**Go Green! Get HFA
Soundcheck by Email Only**

You can now opt to receive HFA Soundcheck by email only, instead of on paper. Email delivery gets Soundcheck to you faster, and helps us contain our costs for paper and postage. You will receive notification that a new issue is on the website, with a link.

If you would like to discontinue receiving the paper copy, please send an email to Soundcheck@harryfox.com and include your name and your company, and we will update your account.

If you have any comments regarding HFA Soundcheck, please contact Laurie Jakobsen at 212-834-0133 or Shaliza Thomas at 212-922-3290, or email soundcheck@harryfox.com.

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