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## Digital Music Royalty Checks Languish

SoundExchange seeks to deliver \$500,000 in fees but says some artists just aren't reachable.

By Dawn C. Chmielewski and Charles Duhigg, Times Staff Writers  
September 29, 2006

Rapper Mos Def, producer T-Bone Burnett and the Mormon Tabernacle Choir have gone missing.

The organization created by the recording industry to collect and distribute Internet and satellite radio royalties can't seem to find these and other artists to whom it owes checks.

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Washington-based SoundExchange released a list of 9,000 recording artists with unclaimed royalties in what it described as a last-ditch effort to distribute \$500,000 worth of checks to the musicians for digital broadcasts dating from the late '90s. And the clock is ticking: The artists forfeit the money to SoundExchange if they don't claim it by Dec. 15.

The release of the list of unpaid artists has become the butt of jokes on industry Internet forums. And the disclosure comes at an inconvenient time for SoundExchange, which is arguing before the Library of Congress that it should remain the

exclusive distributor of digital performance royalties that amount to millions of dollars a year.

"It says obviously how well they do their job — which is not well at all," said Fred Wilhelms, a Nashville lawyer who helps performers and songwriters collect back royalties. "How do you not find the Olsen twins? All you've got to do is get off a bus in Salt Lake City and you'll find the Mormon Tabernacle Choir."

The list of unpaid artists includes some surprisingly well-known acts, including Academy Award winner Three 6 Mafia, the classic folk group Peter, Paul and Mary and celebrity sisters Mary Kate and Ashley Olsen.

"Look, there may be people that you can Google and find," said John L. Simson, executive director of SoundExchange. "If they're well-known people, we've probably found them too. We've probably mailed multiple things to them without any response. What it shows you is perhaps for major artists or their management ... this may have been lower on the priority list than the current tour or the current recording."

Simson says it's not SoundExchange's job to hunt down performers any more than it's a bank's responsibility to hunt down depositors who have left money in inactive accounts.

Nonetheless, SoundExchange has registered 22,000 performers over the last year for royalty checks. It worked with CD Baby, an online retailer of music by independent artists, to identify 5,500 musicians who had unclaimed royalties.

CD Baby sent e-mail notices urging people to register with SoundExchange. And it has spread the word at countless industry events. "I'd say they've done a pretty fair job of going out there and making a fair effort," said Kevin Arnold, founder of the Independent Online Distribution Alliance.

Simson said SoundExchange sometimes notified performers or their managers but didn't receive paperwork back. He said he personally contacted rapper Chuck D, with whom

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Simson had made many public appearances, after discovering that influential hip-hop group Public Enemy was among the unpaid.

"In a lot of ways this list, and especially with the bigger performers on it, is a wake-up call," Simson said. "Hey guys, you're about to lose this."

Simson said most of the checks for royalties paid from 1996 through 2000 amounted to small change — about 6,000 performers are each owed \$50 or less. Fewer than 75 are due \$500 or more, he said. But those royalties will become a more significant source of income for artists as Internet and satellite radio become more popular. SoundExchange estimates that royalties in 2005 will exceed \$40 million.

Simon Renshaw, manager of the Dixie Chicks and other groups, said that until now, Webcasting and satellite radio royalties represented little money for big-name acts.

"For a lot of managers, they probably receive the form letter and throw it in the trash without even opening it," Renshaw said. "Now that there's a big sum involved, people will start to pay attention."

Indeed, an attorney for rap artist and actor Ice Cube reportedly filled out the required paperwork within hours of a Times reporter contacting his label, his management firm and his publicist for comment. Another famous name dropped from the list after inquiries by The Times was five-time Grammy winner Lauryn Hill.

Nonetheless, Renshaw called it "sloppy" that SoundExchange failed to track down major acts.

To some, SoundExchange's failure to pay artists' royalties has echoes of industry practices that came to the attention of New York Atty. Gen. Eliot Spitzer. In 2004, the world's biggest record labels agreed to pay \$50 million in back royalties to artists such as David Bowie, Sean "P Diddy" Combs and Dolly Parton, whom the companies said had gone missing.

"You're preaching to the choir when you say it sounds like standard industry practice," Nashville attorney Wilhelms said. "You've got to figure, when it comes to the industry and the royalties, there's nothing in it for them to do it."

Would-be competitor Royalty Logic Inc. of Woodland Hills seized on the unpaid artists as a reason why the copyright board should permit it to compete with SoundExchange.

"Competitors would jump at the opportunity to be part of this multimillion-dollar business and turn over every stone to sign up these unaffiliated artists and labels," said Kenneth D. Freundlich, a Beverly Hills attorney who represents Royalty Logic. "This list may just be the tip of the iceberg."

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