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Record Labels Must Pay Shortchanged Performers

By LOLA OGUNNAIKE

David Bowie may not need the extra money, and Elvis Presley will not be able to spend his windfall. But under an agreement announced yesterday by New York Attorney General Eliot Spitzer, record companies will be sending out checks for outstanding royalties owed to them and thousands of other artists.

Mr. Spitzer said that the settlement, which amounted to nearly \$50 million, was the result of a two-year investigation that found the world's largest recording companies had failed to maintain contact with many artists and writers and had stopped making required payments to them.

In an interview after a news conference that was filled with television cameras, Mr. Spitzer said that "an array of explanations" were offered by the record companies, "like 'we didn't really pay close attention,'" and none were "persuasive legally."

Already \$25 million has been paid out since his office began its investigation, Mr. Spitzer said.

Among the more prominent artists due money are Mr. Bowie, owed \$10,698, and Dolly Parton, owed \$17,568. Willie Nelson is owed \$2,325, Tom Jones \$16,399 and Public Enemy \$22,766. "It's not like it's hard to find them," Mr. Spitzer said. "You could go to a concert and throw the check at them onstage."

Money owed to artists now dead will go to their estates. Mr. Spitzer stressed that the settlement would bring the most benefit to "an enormous reservoir of artists for whom \$500 or \$1,000 will matter."

When told that she would receive \$3,079, Marian McPartland, an 86-year-old jazz pianist who is the host of "Piano Jazz" on National Public Radio, expressed surprise: "It's always nice to get money without doing anything, but I guess many

years ago I did do something."

Under the agreement, Warner Music Group, Bertelsmann Music Group, Sony Music Entertainment and EMI Group must list the names of artists and writers who are owed royalties on their Web sites; place advertisements in leading music-industry trade publications explaining procedures for applying for unclaimed royalties; work with music-industry groups and unions to find artists who are owed royalties; and share artist contact information with one another.

In a statement, Sony Music said, "We applaud the attorney general's efforts to focus attention on this area and sincerely hope that his announcement will encourage additional artists and their heirs to step forward and claim their royalties."

Bob Donnelly, an entertainment lawyer, said he brought the royalty matter to Mr. Spitzer's attention. Mr. Donnelly said that he had planned to file a class-action lawsuit against the music industry, "but every time we'd get a good plaintiff, the record company would offer to pay them."

Mr. Donnelly encouraged Mr. Spitzer to use New York State's abandoned-property law. "The law says that after five years of holding somebody's property that has been theoretically abandoned, you have to turn the money over to the state," Mr. Donnelly said.

Mr. Donnelly had previously secured royalty payments for the Ronettes, Foreigner and Bootsy Collins. "The labels had clearly violated the law" by not transferring the money to the state," he said.

Representatives from artist advocacy groups expressed satisfaction with the settlement. "Any time you can find a new source of income that can assist our constituents in maintaining their dignity and way of life we're happy," said Kendall Minter, chairman of the Rhythm and Blues Foundation.

L. Londell McMillan, a lawyer who helped found the Artist Empowerment Coalition, said the record companies' decision to distribute royalties may represent the beginning of a new era in the industry. "For so long the music business has been operating like the wild, wild West," Mr. McMillan said. "But with things like Enron and WorldCom going on, labels may be finally realizing that it's time to reel things in."

Leslie Eaton contributed reporting for this article.