

March 8, 2016 - Inside SESAC: A Sneak Peek At What's Ahead

NEWSLETTER

An Entertainment Industry Organization



The President's Corner

We are experiencing a very interesting time of change in the world of music and copyright. One of the biggest news stories from last year was SESAC's purchase of the Harry Fox Agency. Now that things have become official and both companies have begun to settle in, we are happy to have representatives from both SESAC and HFA here to share the latest on how things are going and what they are planning for the future.

Another item that has been making news is the House Judiciary Committee review of the US performance rights organizations (PRO) consent decrees. The US Copyright Office recently submitted a response arguing against the 100% licensing provision. If you had the opportunity to attend our joint AIMP event last month with Jacqueline Charlesworth of the US Copyright Office, she also touched on this issue in her discussion of their 2015 report *Copyright and the Music Marketplace*. We are fortunate to have Tim Cohan from peer music here to provide more information on the 100% PRO licensing topic and share how this could affect you. Make sure you are on the CCC email list to stay on top of updates and upcoming panel topics!

Diane Snyder-Ramirez
President, California Copyright Conference

July 7, 2015:

SESAC To Acquire The Harry Fox Agency

Deal Allows SESAC to Drive Efficiency and Enhance Value through Bundled Licensing and Offer Best of Breed Licensing Services and Solutions to Digital Music Platforms.

SESAC, Inc. today announced that it has entered into an agreement to acquire the **Harry Fox Agency** (HFA), the leading U.S. mechanical rights organization. The proposed transaction has been approved by the NMPA Board and is subject to NMPA member approval. The transaction positions SESAC as the only music rights organization in the United States, with the ability to offer singular licenses for the works of its affiliated writers and publishers that aggregate both performance and mechanical rights. This allows SESAC to drive greater efficiency in licensing for music users, as well as enhanced value for music creators and publishers. The announcement was made today by **John Josephson**, Chairman and CEO of SESAC, Inc.

“Licensing is fragmented across both multiple types of rights, as well as multiple territories for the streaming services that represent the future growth opportunity of the music industry. The result is a complex, opaque and currently inefficient licensing regime that fails to deliver the best outcomes for creators and publishers, as well as

end users,” said John Josephson. “What excites us about this transaction is the ability it provides to make the licensing process both simpler and more efficient, and in so doing create additional value for music creators and publishers, as well as the digital music platforms.”

SESAC's acquisition of HFA is part of a previously announced strategy under its new leadership team to pursue a simplified and more efficient, multi-right, multi-territory licensing model utilizing an ongoing focus on information technology and data science to meet the developing needs of music users, distributors, writers, composers, publishers and other stakeholders. The transaction enables SESAC to enhance value by offering music streaming and other digital platforms greater efficiency and transparency in the music licensing process, thereby delivering better monetization outcomes for its affiliated writer and publisher clients. It reflects the same forward

thinking and creative approach to rights management that has defined SESAC and the unique position it occupies in music licensing over the past two decades. The Harry Fox Agency is owned by the National Music Publishers Association.

"I am thrilled that we have found the perfect strategic buyer in SESAC given their forward-looking approach to rights management and commitment to servicing publishers and songwriters efficiently in the new digital music economy," said NMPA President & CEO, **David Israelite**. "Not only will this transaction ensure that mechanical licensing continues in the method best for creators, it will also strengthen NMPA for the many battles we are fighting on behalf of all songwriters and music publishers."

Through its unparalleled network of commercial relationships with over 48,000 music publishers, HFA has created one of the largest and most comprehensive databases of musical works in the world, including metadata on over 6.7 million compositions and 21.4 million unique master recordings. SESAC will integrate this database with its own and, utilizing SESAC's state of the art information technology and data systems, create the leading rights tracking, royalty accounting and payment platform in the music industry. In addition, SESAC plans to introduce an expanded suite of services for publishers on the HFA platform including micro-licensing on social video networks, automated license verification with RADKey™ and premium YouTube Content ID administration services via its Rumblefish subsidiary. These services will provide publishers on the HFA platform with enhanced access to emerging high-growth revenue streams and market-leading licensing technologies.

HFA's Slingshot platform provides royalty tracking, administration and payment services and solutions to virtually every digital music service of scale in the market today. SESAC plans to invest heavily in this segment of HFA's business in order to create a best of breed suite of data and administration services to digital service providers.

October 13, 2015:

SESAC Announces Merger of Harry Fox Agency's Slingshot division with Rumblefish

John Josephson, Chairman and CEO of SESAC, the only Music Rights Organization in the United States, today announced the merger of the Harry Fox Agency's (HFA) Slingshot business teams with Rumblefish, a leader in music micro-licensing, network monetization on platforms such as YouTube and license verification utilizing its patented RADKey® technology. SESAC acquired Rumblefish in 2013 and completed its acquisition of HFA, the leading U.S. mechanical rights organization, in September 2015.

"Merging the Rumblefish and Slingshot teams will focus our integration efforts, eliminate any overlaps in customer coverage and enable the combined team to maximize the power of a unified service offering, thereby allowing us to accelerate the introduction of an innovative, expanded suite of services," Josephson said. "The expanded service portfolio we are developing will streamline the licensing process and enhance the efficiency of our administration activities, driving value for both creators and users of music."

The combined team will be led by Michael Simon, HFA's President and CEO, and operate under the Rumblefish brand, with participation from the senior management teams of both companies. Paul Anthony Troiano, Rumblefish's Founder and CEO, has announced that he will be departing the company, but will remain as an active advisor to the combined company. Rumblefish's industry leading Content ID administration, Micro-licensing and RADKey® offerings will continue uninterrupted for its hundreds of clients and hundreds of thousands of content providers as part of an expanded portfolio of services to be offered by the combined company.

The acquisition of HFA provides SESAC with the ability to offer singular licenses for the works of its affiliated writers and publishers that aggregate both performance and mechanical rights. Slingshot, HFA's next generation rights management business unit, includes a suite of information management and technology solutions designed to simplify and facilitate the administration of intellectual property rights.

October 18, 2015:

Call to Action TODAY: The Department of Justice is Assaulting Songwriters Yet Again

When you write a song with another songwriter, do you ask them “Who’s your PRO?” Never, right? If the U.S. government has its way, you better start—because the Department of Justice wants to force ASCAP and BMI to license 100% of any song their affiliated songwriters control any part of, like a government-mandated controlled compositions clause.

Yes, you read that right. Example: You write a song 50/50 with another writer. One of you is ASCAP the other BMI. The U.S. government seems to think that the rule always has been—which we all know is utter and complete bullshit—that ASCAP and BMI could both license 100% of that song. Even though ASCAP and BMI want no part of it and have never done 100% licensing, the U.S. government wants to force them to do it. How would that work?

It can’t possibly work, never was the deal, and will stand the entire songwriter community on its head. This will screw up co-writes, parodies, samples, you name it. It will change everything for the worse. It will be a disaster. It’s all based on a quirky theory of U.S. real estate law applied to copyright that has never been applied to PROs. It will also create a huge disincentive for anyone outside the U.S. to co-write with a member of ASCAP or BMI.

We’ve all suffered through the U.S. government’s regulation of songwriters. The worst example of this is the regulation of songwriters through the ASCAP and BMI rate courts from antitrust consent decrees that are imposed on songwriters by the Department of Justice. Why? Wait for it...to promote competition. But what is really happening is that the Department of Justice is attempting to change the rules of the road to something manufactured out of thin air and then pretending those new rules were there all along.

Instead, the U.S. government and their consent decrees and hugely expensive rate courts have caused many songwriters to exit ASCAP and BMI for SESAC and Global Music Rights. So why can’t that solve the problem?

Because the U.S. government wants to fix it so that even if you leave ASCAP and BMI, if you write with a songwriter who is a member, then the government will force ASCAP and BMI to license 100% of your song. That’s right—even if you are at a PRO that isn’t subject to government regulation like SESAC or Global Music Rights, then the long hand of the Department of Justice can still take your rights by regulating your co-writer. Don’t we still have a Constitution in this country?

That’s interesting because Google, Pandora and the National Association of Broadcasters formed the MIC Coalition along with the Computer and Communications Industry Association, the Consumer Electronics Association, the Digital Media Association as well as hotel owners, retailers and of course Clear Channel (the absurdly rebranded iHeart). Purpose? To stop artists getting paid for radio play.

But the first official act of the MIC Coalition was to ask a revolving door lawyer in the Department of Justice who previously represented Google to investigate SESAC! That’s right—companies with trillions of dollars of market capitalization have to have their cronies in the government protect them from songwriters and put SESAC under a consent decree!

Don’t forget that songwriters with Global Music Rights are attempting to withdraw from YouTube on a fractional share basis to renegotiate their YouTube deal or just leave YouTube altogether. Those songwriters will also be affected by this new rule by the U.S. government. If these songwriters co-write with an ASCAP or BMI writer, then the U.S. government will force ASCAP or BMI (or both if its a three-way split) to license the co-write and collect the royalties.

It should not be lost on you that Google is in a battle with songwriters over YouTube and that Google dominates the Obama Administration which explains why there’s never been an antitrust prosecution of Google.

But Google isn't the only one. Apple is doing it, too. As SONGS CEO Mark Pincus said in a Billboard op-ed :

[I]n a break from industry convention, [Apple Music's] offer called for 100 percent licensing. This means Apple will accept licenses from a publisher for an entire song, even if the publisher only controls a fraction of it. Though it never has been the custom in music publishing, by copyright law publishers are allowed to issue a 100 percent license and account to the other rights holders owning shares of the work. That's right: A competitor can license your shares to Apple whether you like it or not. Now, other DSPs are asking for 100 percent licensing as well. What will happen if DSPs accept 100 percent licenses from their largest licensees (who have shares of more songs)? More control to the bigger companies; less control to everyone else.

That's right—by protecting its cronies in Big Tech, the government is actually destroying competition, not promoting competition. The opposite of what the antitrust laws are supposed to do. Fortunately, you can make your voices heard on this one. The Department of Justice is asking for public comments on a series of trick questions they have posted on their website which you can read here:

<https://www.justice.gov/atr/antitrust-consent-decree-review-ascap-and-bmi-2015>

Write your own comment and tell the DOJ what you think about this latest change in the rules. We have to stop this latest end run around our rights.

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Additional Reading on 100% Licensing:

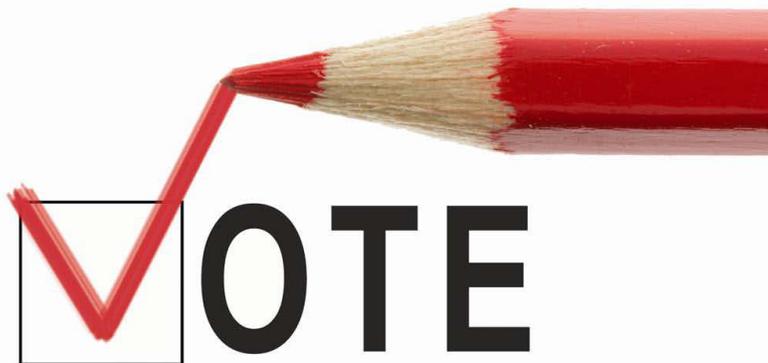
All 33 pages of the Copyright Office's January 2016 response to the Department of Justice available at

<http://copyright.gov/policy/pro-licensing.pdf>

CCC Members:

Please make sure your mailing address is up to date on the CCC website.

Ballots for you to vote for the 2016-2017 CCC board will be going out soon. If we do not have a correct physical mailing address, you may miss your ballot.



PANELIST BIOS

CHRISTOS BADAVAS

Christos P. Badavas is Senior Vice President and Associate General Counsel for SESAC. Christos focuses on cutting edge copyright issues affecting SESAC, its subsidiaries and its clients, including digital licensing, global rights administration, legislative and regulatory issues, and other complex legal matters. He was formerly Deputy General Counsel for The Harry Fox Agency, Inc. (HFA), the nation's leading provider of rights management, licensing and royalty services for the music industry. While HFA was a subsidiary of the National Music Publishers' Association (NMPA), Christos provided counsel to the NMPA regarding legislative matters, industry negotiations, litigation and settlements, such as Copyright Royalty Board Proceedings and statutory rate negotiations, and Section 115 reform. Badavas is a highly sought after lecturer, having recently participated in panel discussions at the Association of Independent Music Publishers and the U.S. Copyright Office-WIPO joint international training on "Contemporary Issues in Collective Management for Developing Countries and Countries with Economies in Transition" and the Music Biz Entertainment & Technology Law Conference Series. Badavas reports to SESAC's Chairman & CEO, John Josephson.

Prior to joining HFA in November 2004, Badavas served as Senior Director of Legal Affairs at EMI Music North America. Before moving to EMI, he was a co-founder and the general counsel for software company Zebware, Inc. Before the creation of Zebware, he was a litigation associate at Richards & O'Neil, LLP from 1994-2000. Badavas earned B.A. degrees in Music and in International Relations from Brown University and his J.D. from the College of William and Mary Law School. A musician himself, he has performed regularly in New York City with a jazz trio and other groups.

TIM COHAN

A member of the New York State Bar and California State Bar, Tim Cohan serves as counsel to peermusic's Chairman and CEO, Ralph Peer, II, oversees all legal and corporate matters for peermusic's U.S. companies, and heads all global negotiations with respect to the firm's digital and online agreements. Tim is also an active representative of Peermusic in various industry associations and committees, including as a member of the Board of the Los Angeles Chapter of the Association of Independent Music Publishers.

DENNIS LORD

Dennis Lord is the Executive Vice President of SESAC, the nation's most progressive performing rights organization. Known as a music industry executive with a special affinity for creative talent, Lord is also an entertainment lawyer who has a knack for writing hit songs himself. Earning his Bachelor of Arts degree in Political Science from Colorado State University, Lord attended both the University of San Diego and Vanderbilt University Schools of Law, completing his juris doctorate in 1987. After a stint with the law firm Jack, Lyon & Jones, P.A., Lord set up a successful entertainment law practice and served as the manager of the career of legendary guitarist Sonny Landreth. A fierce advocate of the rights of songwriters and intellectual property, Lord also led the Nashville Songwriters Association's legislative efforts in Washington, D.C. It was during these years that Lord also flexed his muscles as an A-list songwriter penning Travis Tritt's first major hit, the award winning "Country Club", as well as cuts for country artists T.G. Shepherd, Ruby Lovett and many others.

Drawn by this rare combination of creativity, business acumen and legal know-how, SESAC hired Lord as Vice President Writer/Publisher Relations in 1997. In 2005, Lord was named SESAC's Executive Vice President, a position he currently holds. As Executive VP, Lord is a leader in all creative, business and legal aspects of company operations.

Lord currently sits on the National Board of Directors of the T.J. Martell Foundation. He formerly served as the founding President of the Americana Music Association's Board of Directors and as a Governor for the Nashville Chapter Board of The Recording Academy. Lord served on the Academy of Country Music's Board of Directors and Executive Committee where he was also founding Chairman of the Board of the highly successful charitable arm of the Academy of Country Music, "Lifting Lives". Lord also served for seven years on the National Recording Preservation Board in Washington, D.C. In 2012, Lord was the recipient of the Americana Music Association's Jack Emerson Lifetime Achievement Award for an Executive.

JAMES R. LEACH, JR.

James began his music career as an intern at Famous Music Publishing before transitioning to ATV Music Group as an intern and where he eventually became Director of Creative Affairs, having the opportunity to work with artists such as Brownstone, and SWV among many others. Upon leaving ATV, James formed Leach Entertainment Enterprises where he consulted for several indie labels, music publishers and placed music in various film/television projects.

Later rejoining Famous Music Publishing as Creative Director, James was responsible for signing million-selling artist/producer AKON. He later served as Music Consultant and Music Coordinator for the groundbreaking TV show, “New York Undercover” as well as working for Fox Television as a Music Supervisor before joining SESAC in 2001.

Since joining SESAC, James has had the fortune of signing and working with many talented Songwriters/Producers and Music Publishers such as Jacob Luttrell, Danja, DJ Dahi, Scoop Deville, Jaylien & George Clinton to name a few. As Vice President of Writer/Publisher Relation/West Coast Operations, James is charged with leading the company’s exploration and development of branding opportunities on the West Coast as well as developing business synergies for SESAC in the Digital Music/Media landscape.

MICHAEL SIMON

Michael S. Simon is the President and CEO of Rumblefish and the Harry Fox Agency, Inc. (HFA), a premier American music rights management organization. Previously, Simon was HFA’s Senior Vice President of Business Affairs, General Counsel and Chief Strategic Officer. Since joining HFA in 2001, Simon has focused his efforts on creating new opportunities for the company and the over 48,000 publishers it represents while also improving HFA’s traditional mechanical licensing business. He has led the company’s expansion beyond its traditional mechanical licensing business and created its Slingshot rights management service, which provides customized, outsourced solutions for music distributors. His team has developed groundbreaking licensing arrangements for online music and music video services, ringtones, Express Live recordings, lyrics, guitar tablature, background music, digital jukeboxes, and other new media opportunities.

Before joining HFA, Simon was the Executive Vice President of Business Affairs and General Counsel for Razorfish, Inc. where he guided the company’s impressive growth from a small private company of 18 people to a public company of over 2,000 employees in five years. Prior to Razorfish, he founded Simon Ventures, an artist management and consulting company, whose roster included such major label acts as the Honeydogs and the Gigolo Aunts. Before that, Simon was Senior Director of Legal Affairs at Polygram Records. He also served as an associate in the entertainment and intellectual property law practice of Levine Thall Plotkin & Menin and the corporate, litigation and entertainment practice of Rubin Baum Levin Constant & Friedman. Simon received his Juris Doctor from the Columbia University School of Law, and he graduated magna cum laude from Amherst College. He lives with his wife and three children in New York and owns independent record label Simon Recordings.

SAVE THE DATE: The Next CCC Dinner is **Tuesday April 12th**

At the Sportsmen's Lodge Event Center

12833 Ventura Blvd, Studio City, CA 91604

6:15 PM Check-In • 6:30 PM Cocktails • 7:00 PM Dinner

Visit our website for more information soon!